



北京大學
汇丰商学院

Peking University HSBC Business School

MGT 521

Strategic Human Resource Management

Third Module, 2015-2016

Course Information

Instructor: C. James Yen

Office: PHBS Building, Room 664

Phone: 86-755-2603-3626

Email: jamesyen@phbs.pku.edu.cn

Office Hour: Wed. 4:00-5:00 pm, or by appointment

Teaching Assistant: Lefnaoui Hicham

Email: 1401214001@sz.pku.edu.cn

Classes:

Lectures: Mondays and Thursdays, 1:30-3:20pm

Venue: PHBS Building, Room 225

Course Website:

TBD

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 production technology, 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, or the intricacies of employment law. 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 organizational behavior, economics, and strategy. To integrate the conceptual and applied material, we will use a series of short cases. Each case will provide a hypothetical situation that is closely related to the topics of our sessions. For this reason, it is important that you always prepare the case before class. A case write-up will be due every week before we discuss the case. To help focus your analysis, a set of case questions for each case will be provided a week before. The questions can be used to guide your case preparation.

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 will 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 sections. 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 section deals with a number of key HR levers available to managers in developing an effective personnel system. The third section of the course provides a brief summary and integration of the material.

Prerequisites:

MGT520- Organizational Behavior

1.2 Textbooks and Reading Materials

Required 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. 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 (Optional):

1. Penrose, E. 1959. (2009, 4th Ed.). *The Theory of the Growth of the Firm*. Oxford University Press. (Hereinafter Penrose).
2. Meyer, M. 2002. *Rethinking Performance Measurement: Beyond the Balanced Scorecard*. Cambridge University Press. (Hereinafter Meyer).
3. Rosenzweig, P. 2014. *Left Brain, Right Stuff: How Leaders Make Winning Decisions*. Public Affairs. (Hereinafter Rosenzweig).
4. Cases in Drucker, P. 2008. *Management Cases*. (Rev. Ed.). HarperCollins. (Hereinafter Drucker).
5. 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

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 corporate strategy. While I work hard at promoting your learning, you need to understand it is ultimately *your* learning. Therefore, the quality of the learning experience heavily depends on your preparation, your contribution to the class discussion, and your collaboration with your team members. That is, what you learn depends on the effort of you and your colleagues. I will do my utmost to facilitate the learning process, but in the end, what you gain from the class is largely up to you (and your colleagues, too).

I have tried to organize and run the course in ways that emphasize pre-class preparation, in-class discussion, and after-class 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 chapter, and case for the session. I will ask questions related to the readings and your class participation 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 respond to the questions I ask. You will have to pay attention to my question 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?"

Your grades reflect your individual effort as well as that of your team. You will be randomly grouped as teams, and I encourage you to prepare for the class and to discuss course materials with your team members. Everyone needs to submit a case write-up every week except stated otherwise, while the three long cases and the final exam will be joint products of your team. Let me elaborate in the following section.

2.3 Assessment/Grading Details

Grading

Class Participation:	25%
Case Write-up:	25%
Group Negotiation:	20%
Group Final Exam:	30%

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 opinions about the cases in written format. Everyone is required to submit your own write-up, within 2 pages, before class discussion. That said, you are encouraged to discuss those short cases with your team members because your team needs to work together to write analyses for the three long cases (within 5 pages) and the final exam (within 5 pages), which will be elaborated below. It is reasonable to expect better performance in the final exam if you and your team members get together once or twice a week to discuss a case. There are six cases (including two long cases) that will be graded and each has five points. Out of the six case write-ups, the worse one will be excluded. So the case write-up grades would be up to 25 points. Note that two of the long cases are team basis, and your grade will be the same as your team members'.

Group negotiation grades are composed of two parts. One is a team based case write-up (5 points), and the other (15 points) is based on the negotiation results. Two teams will be paired together: one plays as the role of Walt Disney and the other as Hong Kong Government. Negotiation results depend on whether the two can reach a deal as well as whether one party out-bargains the other and grabs significant benefits. The winning team will get 10-15 out of 15 points and the other team will get 5-10 out of 15 points, depending on the specific terms agreed. However, if the two teams paired cannot reach an agreement, both will get 5-10 out of 15 points, depending on your rationales.

Group final exam grades are my assessment of *your team's* opinions about the exam case in written format. I will use both *relative* and *absolute* evaluation schemes. By relative, I mean that there will be as many different grades as the number of teams in class. For example, if we have five teams, there will be five different final exam grades. The grades are the same for all members of your team, as in the long case write-up. Thus, your exam grades depend on how your team does 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 short case write-ups that limits to only 2 pages, the final exam can be *up to 5 pages*, as in the long case write-up.

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

Summary of Class Sessions

Session	Month	Date	Day	Topic	Textbook	Case	Points
1	Feb.	22	Mon.	Introduction	Chapter 1		
2-1	Feb.	25	Thu.	Alignment	Chapter 2		
2-2	Feb.	29	Mon.		Chapter 3	<i>What is a Growth Company?</i>	3
3-1	Mar.	3	Thu.	Re-Alignment	Penrose, 1959		
3-2	Mar.	7	Mon.		Nickerson/Zenger, 2002; March, 1991	<i>Andy Grove of Intel</i>	3
4-1	Mar.	10	Thu.	Employment	Chapter 4 & 8		
4-2	Mar.	14	Mon.		Chapter 5	<i>Are You One of "Us" or One of "Them"?</i>	3
5-1	Mar.	17	Thu.	Performance Evaluation	Chapter 10		
5-2	Mar.	21	Mon.		Meyer, 2002	<i>What Are "Results" in the Hospital?</i>	3
6-1	Mar.	24	Thu.	Job Design	Chapter 13		
6-2	Mar.	28	Mon.		Chapter 9	<i>How to Staff the Dead-end Job?</i>	3
7-1	Mar.	31	Thu.	Strategic Motivation	Chapter 11		
7-2	Apr.	6*	Wed.*		Chapter 12	<i>Choosing the Ways to Motivate</i>	3
8-1	Apr.	7	Thu.	Training/ Career Development	Chapter 15		
8-2	Apr.	11	Mon.		Chapter 16	<i>New Training Director OR Failed Promotion</i>	4
9-1	Apr.	14	Thu.	Turnover/ Succession	Chapter 17		
9-2	Apr.	18	Mon.		Chapter 14	<i>The Function of the Chief Executive</i>	3
10	Apr.	21	Thu.	Integration	Chapter 20		
Exam	Apr.	25	Mon.	Final Exam	The exam is due on Apr. 25th (Mon.)		

Part I. Core Concepts in Strategic HRM

Session 1. Introduction: The Strategic in Strategic HRM (Feb. 22)

Reading: Baron/Kreps, Chapter 1 ("Introduction") and Lazear, Chapter 1 ("Introduction").
Porter, M. 1996. What is Strategy? *Harvard Business Review*.

Session 2-1. Alignment: Fitting with the Broader Context (Feb. 25)

Reading: Baron/Kreps, Chapter 2 ("The Five Factors").
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.

Session 2-2. Alignment: Internal Consistency (Feb. 29)

Reading: Baron/Kreps, Chapter 3 ("Consistent HR Practices: The Whole Can Be More than the Sum of the Parts").
Optional: Ichniowski, C., Shaw, K., and Prennushi, G. 1997. The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines. *American Economic Review*, 86 (3): 291-313.
Case: *What is a Growth Company?* (Case 3 in Drucker).

Session 3-1. Re-Alignment: Individual Learning and Change (Mar. 3)

Reading: Penrose, Chapter 4 ("Expansion without Merger"), and Chapter 5 ("Inherited Resource and the Direction of Expansion").
Optional: Baron/Kreps, Chapter 19 ("HRM in Emerging Companies").
Lazear/Gibbs, Chapter 14 ("Entrepreneurship and Intrapreneurship").

Session 3-2. Re-Alignment: Organizational Learning and Change (Mar. 7)

Reading: March, J. 1991. Exploration and Exploitation in Organizational Learning. *Organization Science*, 2 (1): 71-87.
Nickerson, J., and Zenger, T. 2002. Being Efficiently Fickle: A Dynamic Theory of Organizational Choice. *Organization Science*, 13 (5): 547-566.
Optional: Gupta, A., Smith, K., and Shalley, C. 2006. The Interplay Between Exploration and Exploitation. *Academy of Management Journal*, 49 (4): 693-706.
Case: *Andy Grove of Intel: Entrepreneur Turned Executive* (Case 39 in Drucker).

Part II. Key Levers in Strategic HRM

Session 4-1. Employment: An Economics Perspective (Mar. 10)

Reading: Baron/Kreps, Chapter 4 ("Employment and Economics"), and Chapter 8 ("Internal Labor Markets").

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

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

Session 4-2. Employment: A (Social) Psychological Perspective (Mar. 14)

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

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

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

Session 5-1. Performance Evaluation: Dimensions of Key Performance Index (KPI) (Mar. 17)

Reading: Baron/Kreps, Chapter 10 ("Performance Evaluation"), and Lazear, Chapter 8 ("Evaluation").

Rosenzweig, P. 2014. Chapter 3 ("Performance, Absolute and Relative").

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

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: KPI and Its Limitation (Mar. 21)

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

Optional: Meyer, M. 1994. Measuring Performance in Economic Organizations. In Smelser, N., and Swedberg, R. (eds.), *Handbook of Economic Sociology*, Princeton University Press and Russell Sage Foundation.

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

Session 6-1. Job Design (Mar. 24)

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

Optional: *Work Simplification and the Marketing Executive* (Case 15 in Drucker).

Session 6-2. Job Design: Team-based Design of HRM (Mar. 28)

Reading: Baron/Kreps, Chapter 9 ("High-Commitment HR"), and Lazear, Chapter 4 (Work-Life Incentive Schemes).

Optional: Lazear/Gibbs, Chapter 8: p. 201-215 ("Advanced Job Design: Teams").

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

Session 7-1. Strategic Motivation (Mar. 31)

Reading: Baron/Kreps, Chapter 11 ("Pay for Performance"), and Lazear, Chapter 2 (Fixed or Variable Pay?), and Chapter 3 ("Relative Compensation").

Optional: Baron/Kreps, Appendix C ("Agency Theory"), and Lazear/Gibbs, Chapter 10 ("Rewarding Performance").

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 7-2. Strategic Motivation (Apr. 6)¹

Reading: Baron/Kreps, Chapter 12 ("Compensation Systems: Forms, Bases, and Distribution of Rewards"), and Lazear, Chapter 5 ("Team Compensation"), and Chapter 6 ("Other Issues in Compensation").

Optional: Lazear/Gibbs, Chapter 12 ("Options and Executive Pay").

Case: *Choosing the Ways to Motivate* (by 司徒達賢, 選擇激勵方法).

Session 8-1. Training and Career Development I (Apr. 7)

Reading: Baron/Kreps, Chapter 15 ("Training").

Optional: Lazear/Gibbs, Chapter 3 ("Investment in Skills").

The Success and Failure of Management Associate (Article by Seetoo in Chinese, 儲備幹部的成敗).

Session 8-2. Training and Career Development II (Apr. 11)

Reading: Baron/Kreps, Chapter 16 ("Promotion and Career Concerns").

Optional: Lazear/Gibbs, Chapter 11 ("Career-Based Incentives").

Case²: *The New Training Director in the Hospital* (Case 20 in Drucker), or
The Failed Promotion (Case 31 in Drucker).

¹ The class will be on Wed., Apr. 6th.

² Choose either Case 20 or Case 31 for your write-up. This write-up accounts for 4 points of your grade.

Session 9-1. Turnover and Succession: Employee Turnover and Layoff (Apr. 14)

Reading: Baron/Kreps, Chapter 17 ("Downsizing").

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

Session 9-2. Turnover and Succession: Executive Succession (Apr. 18)

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

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).

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

Part III. Summary and Integration

Session 10. Recent Topics and Integration (Apr. 21)

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

Case³: *TBD*.

Final Exam (Apr. 25)

Final exam starts at 3:30pm on Monday. It is due on Apr. 26th (Tue.) at 9am. Every team needs to submit ONE copy of your case report before the deadline.

³ No write-up is due.