



UNIVERSITY  
OF TASMANIA

# **School of Economics**

**Faculty of Commerce**

## **BEA306 Economics of Human Resources**

**Semester 2, 2003**

## **Unit Outline**

**Dr Paul Blacklow**

CRICOS Provider Code: 00586B

## Contact details

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## Unit details

**Campus & Mode:** Hobart, Web CT Supported  
**Unit Weight:** 12.5%  
**Prerequisite:** BEA110 Business Economics, (or BEA100 Principles of Economics 1or equivalent)  
**Teaching Staff:** Dr Paul Blacklow

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## Unit description

This unit is of an intermediate level and applied in nature. It examines and explores issues in the management of human resources through the application of economics. It is a compulsory unit in the Business Economics major in the BEc and BCom and in the Economics, Organisations and Industrial Relations major in the BEc. It is an elective unit in any other major in the BEc.

## Aim

This course is designed to provide the student with the economic tools of analysis to answer important questions in the area of human resource management. We apply economics to such issues as education and training, hiring and turnover, compensation and worker incentives, measuring performance, promotions as a motivator, and team-based production. With a specific focus on the management of human resources at the firm level, the unit provides a detailed but non-technical analysis of issues that are of fundamental importance to managers in general as well as human resource managers. The analysis of the main issues will be reinforced and complemented with reference to a series of firm-level case studies.

## Learning outcomes

On completion of this unit, you should be able to:

- Demonstrate an understanding of the concept of human capital and apply this concept to analyse the choice for education and training.
- Determine and evaluate how employers recruit the best employees for the job and how they keep them from leaving.
- Understand the pros and cons of a range of incentive mechanisms for worker performance.
- Organise and evaluate pay and promotion to obtain the best out of employees.
- Understand the problems of team based production and how to avoid them

## Generic graduate attributes

Attribute	Description	Exemplars
Knowledge	<i>Graduates will have an in-depth knowledge in their chosen field of study and the ability to apply that knowledge in practice. They will be prepared for life-long learning in pursuit of personal and professional development</i>	Learn both independently and co-operatively;  Learn new skills and apply learning to new and unexpected situations;  Apply technical skills and information skills appropriate to human resource management
Communication Skills	<i>Graduates will be able to communicate effectively across a range of contexts</i>	Demonstrate oral, written , numerical and graphical communication;
Problem Solving	<i>Graduates will be effective problem-solvers, capable of applying logical, critical and creative thinking to a range of problems. They will have developed competencies in information literacy</i>	Identify critical issue in human resources;  Conceptualise problems and develop a range of solutions;
Global Perspective	<i>Graduates will be able to demonstrate a global perspective and inter-cultural competence in their professional lives</i>	Operate in a multicultural or global context;
Social Responsibility	<i>Graduates will act ethically, with integrity and social responsibility</i>	Appreciate the impact of social change;

## Pre-requisites/co-requisites

### Assumed skills

- Graphical Analysis.
- Basic Algebra and Financial Maths.

### Prerequisite/corequisite units

BEA110 Business Economics

## Texts, references and learning resources

### Prescribed text(s)

The prescribed textbook is **Lazear, Edward, 1997, *Personnel Economics for Managers*, Wiley, 1998.**

Edward Lazear is the Jack Steel Parker Professor of Human Resources, Management and Economics at Stanford University's Graduate School of Business. His unique approach, using economics to explore human resource topics, builds human resource systems as an entire structure with no one department independent of another. After reading this book, you will finally have a detailed analysis in a field that has traditionally lacked the resources to back up theories and statements.

There is only one edition of this text, thus second hand copies are almost a perfect substitute to purchasing the text. A copy has been placed on reserve in the Morris Millar Library.

### Case Studies

Case studies are an important component of this unit, providing students with real-world examples of the issues, problems and possible solutions that arise in managing human resources. A number of workshops and lectures will be based on the analysis of these case studies, and the details of the case studies are examinable. Students are expected to read the case studies well in advance and come to the lectures/workshops prepared to discuss the case. To this end, discussion questions will be provided for each case.

## Teaching arrangements

### Lectures

The weekly lectures will be held in Life Sciences Lecture Theatre 2 from 9:00am to 10:50am Fridays. Lectures will be made available a few days before the lecture on WebCT.

### Workshops

There will be 12 weekly workshops, beginning in week 2 from 12:00 pm to 12:50 pm, Thursdays in Commerce Lecture Theatre 2. You are reminded that workshops are provided primarily to improve your understanding of the course material. To benefit most from them, you should come well prepared and should already have attempted the workshop exercises. Solutions to the workshop exercises will be put on WebCT a few days after the workshop is held.

## Unit schedule

Week	Topic	Readings/ Resources*
<b>Part I: Introduction</b>		
14	<ul style="list-style-type: none"> <li>Unit administration</li> <li>The Role of Economics in Human Resource Management</li> </ul>	Ch. 1
<b>Part II: Human Capital, Education, and Training</b>		
14 & 15	<ul style="list-style-type: none"> <li>The Theory of Human Capital</li> <li>The Role of Education</li> <li>Training: General versus firm-specific training</li> <li>Training and public policy in Australia</li> </ul>	Ch. 6
<b>Part III: Hiring, Recruitment, and Worker Productivity</b>		
16,17 & 18	<ul style="list-style-type: none"> <li>Hiring standards and worker quality</li> <li>Screening applicants</li> <li>Probationary periods and contingent contracts</li> <li>Signalling: credentials and the role of education</li> </ul>	Chs. 2, 3, 4 and 8 (pp.195-209)
	Case Study for Parts I-III: CS1 - United Parcel Service	on WebCT and on reserve in the library.
<b>Part IV Incentives: Variable Pay or Straight Salary</b>		
19&20	<ul style="list-style-type: none"> <li>Piece-rates, pay for performance</li> <li>Employee risk aversion and output uncertainty</li> </ul>	Ch. 5
	Case Study for Part IV: CS2 - Lincoln Electric	on WebCT and on reserve in the library.
<b>Part V: Incentives: Relative Pay, Promotion Tournaments, and Performance Evaluation</b>		
21 22 & 23	<ul style="list-style-type: none"> <li>Employee sorting and adverse selection</li> <li>Relative performance as a basis for promotion</li> <li>Issues: Collusion, lobbying the boss, and destructive behaviour</li> <li>Promoting from within versus external competition</li> <li>Alternatives to costly performance monitoring</li> </ul>	Ch. 9,10 & 17
	Case Study for Part V: CS3 – Merck Pharmaceuticals	on WebCT and on reserve in the library.

Week	Topic	Readings/ Resources
<b>Part VI: Incentives: Seniority-Based Incentive Schemes</b>		
24	<ul style="list-style-type: none"> <li>• Work or shirk</li> <li>• Mandatory retirement</li> </ul>	Ch. 11
<b>Part VII: Team-Based Production</b>		
25	<ul style="list-style-type: none"> <li>• Free-rider effect</li> <li>• Specialization and knowledge transfer</li> </ul>	Ch. 12

\* from *Lazear*, unless otherwise noted

## Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: [http://www.admin.utas.edu.au/hr/ohs/pol\\_proc/ohs.pdf](http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf)

## Learning expectations and strategies

### Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

*Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.*

### Learning strategies

If you need assistance in preparing for study please refer to your tutor or lecturer. For additional information refer to the Learning Development website : <http://www.utas.edu.au/learndev/>

If you will be using WebCT for the first time and would like some information on how to use WebCT refer to the following guide: [http://www.utas.edu.au/coursesonline/docs/using\\_webct.pdf](http://www.utas.edu.au/coursesonline/docs/using_webct.pdf)

Some of the units you will study use video conferencing to deliver lectures and tutorials. To enable you to get the best out of a video conference please refer to the following guide. <http://www.its.utas.edu.au/videoconf/vcstudentguide.pdf>

## **Assessment**

The final exam will be held in November and comprises 70% of the unit. Internal assessment will comprise the remaining 30% in the following structure:

### **Class Participation**

The material to be covered in this unit is particularly conducive to interactive learning and class discussion, and students can learn much from listening to and participating in these discussions. Thus, students are expected to participate regularly in class and workshop discussions. This participation can take many forms, for example, asking or answering questions, responding to other students' answers or questions, or offering additional comments relevant to the discussion. The participation component of the assessment is not intended to put students on the spot, and will not involve questions being targeted to specific persons. Rather, it is simply an incentive to encourage class discussion.

### **Assessment summary**

<b>Component</b>	<b>Weight/Value</b>	<b>Due date</b>
Assignment 1	7.5%	Week17 Friday 8 <sup>th</sup> August 5pm
Assignment 2	7.5%	Week24 Friday 26 <sup>th</sup> September 5pm
Midterm Test	10%	Week21 Friday 5 <sup>th</sup> September 9am
Class Participation	5%	NA
Examination	70%	Examination Period: Saturday 25 <sup>th</sup> October to Tuesday 11 <sup>th</sup> November

### **Submission of assignments**

All work must have the School of Economics Assignment Cover Sheet attached. The cover sheet will be available on the unit page on WebCT.

Please remember that you are responsible for lodging your written work on or before the due date. We suggest that you keep a copy – photocopying is ideal. Even in the most 'perfect' of systems, items sometimes go astray. Lodge your assignments in the box marked BEA306 on Level 4, Foyer Area, Commerce Building. Work will be returned during classes. Uncollected assignments will be available from the Secretary's office, Room 407.

### **Requests for extensions**

Extensions will only be granted on the basis of consultation with your lecturer before the due date. If you are ill, please provide a medical certificate so that this can be noted. If you are unable to attend the mid-semester test due to circumstances beyond your control, please inform your lecturer or the School Secretary before the test date.

## Access to WebCT

The WebCT entry page is at <http://webct.utas.edu.au:8900/>. Click 'Log on to myWebCT' and enter the same username and password that you use for your University email account. Your personal WebCT page will appear, with the units in which you are enrolled listed at the top left of the screen. Click on the 'BEA306 Economics of Human Resources' link to gain access to the home page for this unit. Details about WebCT features are available on <http://www.webct.com/quickstart>. If you run into problems with WebCT, contact the Help Desk on Telephone: 6324 3888, or Email: [HelpDesk@weboffice.utas.edu.au](mailto:HelpDesk@weboffice.utas.edu.au).

## Penalties

Late submission of assignments and other forms of assessment will incur a penalty of:

1 business day late	=	10% penalty
2 – 5 business days late	=	25% penalty
More than 5 business days	=	100% penalty

## Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions that they have used. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. It is important that students understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is

Baumol, William (1986), "Productivity Growth, Convergence and Welfare", *American Economic Review*, vol. 76, pp. 1072-85.

Maddison, Angus (1970), *Economic Progress and Policy in Developing Countries*, London, Allen and Unwin.

For information on presentation of assignments :

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

## Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation or copying another student's work.

In fact the intentional copying and submission of someone else's work as one's own is a serious offence tantamount to academic fraud. It is a University offence punishable by a range of penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, exclusion from a unit, a course, or the University. **When in doubt consult your lecturer or tutor.** Details of penalties that can be imposed are available in the Ordinance of Student Discipline or at: [www.utas.edu.au/plagiarism](http://www.utas.edu.au/plagiarism)

Useful resources on academic integrity, including what it is and how to maintain it, are also available at [http://www.utas.edu.au/tl/academic\\_integrity/index.html](http://www.utas.edu.au/tl/academic_integrity/index.html)

## Additional assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should raise these with your lecturer.

Student Services staff are located in Hobart, Launceston and Burnie and provide a wide range of services to assist students, they include:

- Student Counsellor
- Careers Adviser
- Disability Adviser
- Student Employment Service.

Or visit the Student Services website at :  
<http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

Your contact Librarian for this unit is :

Heather Mitchell (ext 2306)

International Services website provides information on the assistance available to international students, visit their site at :  
<http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies, visit their site at : <http://www.utas.edu.au/learndev/>

## Help resolving concerns about this unit

If you have any concerns or complaints with the administration and/or management in this unit or your BEc course of either a general or personal nature, then you should in the first instance discuss the matter with your lecturer. If you feel that you would rather discuss the issue with an independent person within the School of Economics, then contact the Ombusperson:

**Dr Sarah Jennings**  
**School of Economics**  
**Room 413**  
email [sarah.jennings@utas.edu.au](mailto:sarah.jennings@utas.edu.au)

If the matter is still unresolved and you would like to know who to contact or the procedures for resolving your concern refer to the following website :  
<http://student.admin.utas.edu.au/services/complaints/index.html>

The Hobart based Tasmanian University Union (TUU) or the Launceston/Burnie based Student Association (SA) may also be able to assist.

## Unit feedback

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to :

<http://student.admin.utas.edu.au/setl/index.html>