

UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN
DEPARTMENT OF BUSINESS ADMINISTRATION

Labor and Employment Relations 568
Firm Performance and Human Resource management
Fall 2009

Instructor: Kiwook Kwon, Ph.D.

Class Location & Hours: 43 SLER, Thursdays, 2:00-4:50.

Office Hours: Tuesday 10:00 – 11:30, 17 SLER Building. Other times by appointment

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COURSE OVERVIEW

In most organizations, business functions should be able to address their contributions to firm performance. HRM is not an exception and also required to show how HRM could influence a firm's bottom line. To do so, it is imperative that HR managers understand "basic" ideas from the field of finance. This course, thus, aims to provide students with the financial analysis tools that help them to be successful in their post-graduate workplaces. We study many "basic" ideas and tools in finance such as net present value (NPV), financial statement, ratio analysis, firm valuation, etc., examine how these ideas are related to HRM, and discuss how HRM can influence diverse firm performance indicators. All LER students should be able to succeed in the course without any prerequisites.

ASSIGNMENTS AND GRADING

There is a class mid-term exam October 15th and a final exam in December. In addition, all students are expected to complete five assignments (problem sets) and to contribute to one team project, which develops "HR scorecard" for a firm. The details of a team project will be announced later. All assignments are due at the beginning of class on the assigned dates. Late problem sets and case reports will be rejected and a grade of zero will be assigned. All assignments and exams should be turned in with only your student identification number for identification. No student names should be provided on any written assignment. Grades will be assigned using the following weights:

Assignment	Percent of Overall Grade
Assignments	10 %
Group Project / Presentation	25 %
Mid-Term Exam	25 %
Final Exam	25 %
Class Participation	15 %

ACADEMIC INTEGRITY

Impeccable academic integrity is expected in this course (as it is in every endeavor at the University of Illinois). Briefly, this means that full credit must be given, with citations, when the work of others is used, and that everything (problem sets, case reports, exams, etc.) that carries a student's name must be the result of that student's efforts (at least in a substantial part, if it is the result of a group undertaking). Breaches of academic integrity will be punished as severely at the University of Illinois' policies will allow (see http://www.uiuc.edu/admin_manual/code for more information).

CLASS MATERIALS

The course textbook are available through the Illini Union Bookstore. A course website has been established to facilitate communication during the semester on Compass (<https://compass.illinois.edu>). It contains information about the course as well as all course assignments. Additional information, including class lecture notes, will be posted on an ongoing basis throughout the semester.

- 1) Brealey, R., Myers, S., & Marcus, A. 2007. *Fundamentals of Corporate Finance*, 6th Edition. New York, NY: McGraw-Hill Irwin.
- 2) Harvard Case Packet available at <http://cb.hbsp.harvard.edu/cb/access/4423820>
- 3) Becker, B. E., Huselid, M. A., & Ulrich, D. 2001. *The HR Scorecard: Linking People, Strategy, and Performance*. Boston, MA: Harvard Business School Press. (Supplemental)

SCHEDULE OF CLASSES

- August 27: Overview of Firm Performance and HRM / Financial Market
Readings:
1) BMM Chapters 1 & 2 (Skim)
2) Hammonds, K. H. 2007. Why We Hate HR. *Fast Company*
http://www.fastcompany.com/magazine/97/open_hr.html
3) Berman, K. & Knight, J. 2007. *Financial Intelligence for HR Professionals*.
Chapter3: Why Increase Your Financial Intelligence (p. 17-28).
- September 3: Financial Statements
Readings:
1) BMM Chapter 3
2) PepsiCo's 2006 Annual Report
3) Lowe's 2007 Annual Report
- September 10: Principle of Valuation
1) BMM Chapter 5
Assignment #1

- September 17: Project Valuation [1]
1) BMM Chapters 8 & 9
Assignment #2
- September 24: Project Valuation [2] / Firm Valuation [1]
1) BMM Chapters 10 & 7
- October 1: Firm Valuation [2]
1) BMM Chapter 7
Assignment #3
- October 8: Mid-term Review
- October 15: Mid-Term Exam, In Class
- October 22: Assessing Firm Performance
1) BMM Chapter 4
2) Costco Wholesale Corporate Case (HB case)
Assignment #4
- October 29: Linking HR with Firm Performance: HR Scorecard
Becker, G. E., Huselid, M. A., & Ulrich, D. *The HR Scorecard*
Verizon Communications Case (HB Case)
- November 5: Firm Performance and HR
Reading: Passed Out
Assignment #5
- November 12: Empirical Evidence in the relationship between HRM and Firm Performance
Reading: Passed Out
- November 19: Firm Performance and HR / Special Student Topics
Reading: Home Improvement Case
- November 26: Thanksgiving (No Class)
- December 3: Group Presentation / Final Exam Review
Group Project Due

Final Exam (TBA)