

**LER 545**  
**Economics of Human Resources**  
**Fall 2009**

Professor Olson  
217 LIR  
333-2586 or caolson@illinois.edu

Class: TTh: 12:30-1:50pm  
35 LER  
Office Hrs: Th: 2-3 pm  
or by appointment

**Text:**

Edward P. Lazear & Michael Gibbs, Personnel Economics in Practice (Wiley, 2009, 2<sup>nd</sup> edition).  
Six Harvard Business School (HBS) cases & other readings which are available on-line.

**Course Description:**

This course is designed to provide students in industrial relations and human resource management with an introduction to labor economics and the contributions of labor economics to the field of industrial relations and the employment relationship.

Over the last century in the U.S. labor economists have played a more central role than any other single discipline in the development of new knowledge about industrial relations. Over the last 35 years this research has begun to include the application of labor economics to an understanding of firm human resource practices. This research began in the early sixties with the birth and growth of human capital theory at the University of Chicago and has led to a new field in labor economics that is referred to as personnel or human resource economics. This course provides an introduction to these developments in a way that stresses how the research in this area can help firms better manage their human resources.

**Course Requirements:**

The course will consist of both lectures and class discussion. The class discussions will center around the HBS cases and several "mini-cases" I will pass out during the semester. There are six HBS cases assigned for the semester. There will be two exams in the course, including a final that will be given during Finals Week. The grading scheme is:

Midterm	35%
Final exam	50%
Classroom contributions (Quantity & quality):	15%

CLASS SCHEDULE  
 LIR 545  
 Economics of Human Resources  
 Professor Craig Olson  
 Fall 2009, 12:30-1:50 TTh

Week of:	TOPICS	READINGS
25-Aug	Introduction, course mechanics & overview Introduction to human resource economics	Chpt 1
01-Sep	Hiring the right people	Chpts 2
08-Sep	<b>Case: MacTemps: Building Commitment in the Interim Workforce</b> Learning a worker's productivity	Chpts 4
15-Sep	Human capital: wage setting & worker skills <b>Case: UPS</b>	Chpt 3
22-Sep	Risk Aversion	
29-Sep	Piece rate versus salary <b>Case: Sear's Auto Centers</b>	
06-Oct	<b>MIDTERM</b>	
13-Oct	<b>Case: Lincoln Electric</b> Lincoln Electric Film Series	Chpt 9
20-Oct	Stock ownership & stock options	Chpt 10
27-Oct	Stock options - Continue	
03-Nov	Profit-sharing & Gain-sharing <b>Case: Vyaderm Pharmaceuticals</b>	Chpt 11
10-Nov	Promotion tournaments, merit pay & seniority based pay systems	Chpt 12
17-Nov	<b>Case: Cambridge Technology Partners (A)</b> <b>MIDTERM</b>	

24-Nov **Break**

01-Dec Fringe benefits & pensions  
Economics of employer provided health insurance

Chpt 13

08-Dec Economic models of discrimination  
Measuring & evaluating discrimination

8/20/2009