

University of Pennsylvania  
The Wharton School  
Department of Management

Professor Charles Heckscher  
609-644-4689  
charles@heckscher.us

Office Hours: To be determined

**MANAGEMENT 751**  
**The Strategic Management of Human Assets**  
**Version: November 28, 2007**

**Purpose and Course Description**

Successful firms often excel in the capability of employing and deploying human assets (resources) to achieve the effective implementation of business strategy. To understand this capability, this course will address two central themes: 1) How to think systematically and strategically about various aspects of managing the organization's human assets; and 2) What really needs to be done to implement these policies and achieve competitive advantage.

To order to think "systematically" about this topic for any particular organization, we will consider the sets of work practices and human resources processes that make up the overall system for managing people and evaluate whether these are internally consistent and aligned ("internal fit"). To think "strategically," we will then assess the relationship between practices/processes of managing people and the firm's strategy and strategic context, e.g. industry structure, competitive landscape, political, social, and economic environment ~ for evidence of external fit. By paying attention to implementation, we will recognize that although many organizations recognize the importance of managing the workforce effectively (and even "know" what approaches have been effective elsewhere), firms and managers very often fail to implement these approaches.

The strategic management of human assets is only one source of competitive advantage. Yet many managers recognize (and many successful organizations embody) the reality that the competitive edge gained from the newest technology, the latest marketing strategy, or the most creative product design may be relatively short-lived as competitors rush to imitate and follow. Aligning human resource systems with business strategy is not easy, but once achieved, it seems to offer a more sustainable — because more difficult to imitate — source of competitive advantage.

This course will not delve into the technical details of personnel management such as psychometric aspects of validating employment tests, the specifics of job evaluation methods, the mechanics of interviewing, the complexities of executive compensation, or the intricacies of employment law. Those topics are primarily relevant to those intending careers as human resource professionals. Instead, this course takes the position that the effective and ethical management of human assets is a general management responsibility. Hence we will adopt a general manager's perspective on the issues of this course and apply a strategic perspective to the questions of managerial action that will arise.

## **Prerequisites**

We will build in particular on the core course "Managing People at Work," which is a pre-requisite. You must either have completed MGMT621, have waived it, or have been granted permission to take MGMT751 as a substitute for MGMT621. You will also discover limits to other courses that you have taken in the core curriculum, such as MGMT652 (Foundations of Leadership) and MGMT654 (Competitive Strategy), as well as other electives tied to the major or minor in Management.

## **Curriculum**

The course's orientation will be both analytical, in giving you concepts and frameworks with which to think about the deployment of human assets in organizations, and managerial, in considering the action plans and implementation strategies necessary to put these practices and policies into effect and sustain them over time.

Every class will feature a case study that presents either a successful or struggling organization, supplemented by readings that supply concepts and frameworks. The case will provide an opportunity to apply the conceptual material. To assist with your preparation, study questions are included for each case.

## **Life in the Classroom**

I shall rely heavily on your active participation in class discussions. Each of you has multiple years of work experience in one or more organizations. For every topic in the course, we will consider how what we are discussing differs across settings — industry, customer segment, national or regional employment context, etc. Therefore, in addition to preparing assigned materials, please bring your own experiences and examples into the class discussion. Particularly valuable will be perspectives and illustrations from outside the U.S. to expand our sense of how the employment relationship can vary. Furthermore, both positive and negative experiences will be helpful to the discussion and to the learning process. If you have only experienced one kind of work environment (whether highly motivating or soul-deadening), you may find it difficult to imagine all the ways that organizations can differ in how they manage people. If you have experienced both, you surely can report on the differences.

## **Course Outline**

The first section of this course will explore three major models, or cultural orientations, that guide the selection of HR practices. The first of these, the "commitment model," seeks to build high levels of loyalty and commitment to the firm in order to motivate discretionary effort; major pillars include employment security and company-supplied benefits. The second, the "talent / performance" model, focuses on selecting high performers and offering them strong incentives for achievement. The third, the "knowledge / collaboration model," seeks to balance high performance with strong teamwork and knowledge sharing.

The second section will explore aspects of some key HR policy areas — work organization, career development, compensation, and voice — paying attention to how these may differ according to the strategy you are pursuing and the culture you are trying to build.

The final classes will take up issues of organization and cultural change and the role of HR.

## Required Readings

There is a bulk pack of assigned readings available from Wharton Reprographics. These readings include short articles from professional and academic journals, chapters from books, and case studies. There may be additional handouts throughout the course (e.g., articles, cases, exercises or other readings) which will be billed at the end of the semester by the bursar. These supplementary handouts are expected to cost no more than \$10.00.

## Course Requirements

Students will be evaluated on class participation, written work and a group presentation.

### *Class Participation (25% of your grade)*

This course requires a great deal of student involvement. Each class period will include intense discussion of the topics and issues at hand that will require students to be in-class and prepared. Students will be graded on the quality of their comments in class, not the quantity. Quality is judged based on your ability to add substantively to class discussions and your ability to link to others' comments in the class or to advance the class discussion. I will occasionally call on students but will rely mostly on voluntary participation. Therefore, it is up to you to make sure your voice is heard.

Our class will have an "eRoom" in the Wharton School's WebCafe System. Besides gathering materials through shared files, you may also be asked to use our eRoom to participate in conversations or polls prior to coming to class. Your participation in the eRoom will also be factored into your participation grade. This system is in place for your benefit so feel free to use it regularly to make comments or queries to me and to your colleagues in the class.

### *Individual Written Work (60% of your grade)*

Everyone is required to write *two papers involving the application of course concepts to case analyses*. Each paper should be 1,250 words in length (+ or - 5% is OK). Please put a word count at the top of the paper.

- 1) The first paper (30%) will be a comparative analysis of cases. It will be due at the beginning of class on Monday, February 4.

For your analysis you will compare at least two of the three initial cases:

"Human Resources at Hewlett-Packard"

"Visionary Design System"

"Arthur D. Little"

- 1) For the second paper (30%), you will compare at least two of the following three cases:

"Scott Paper Company."

"IBM's Decade of Transformation: Uniting vision and values."

"Hewlett-Packard: Culture in Changing Times."

This paper is due at the beginning of the final class on Wednesday, March 5.

More details on these paper assignments, including specific questions to address in the case analyses, will be provided by the instructor during the course. Please see "Case Analyses Suggestions", below, for ideas about how to approach these assignments.

### ***Group Presentation (15% of your grade)***

Presentations will involve 2-4 students who will summarize and apply an article or relevant framework to the case/topic for that class. Presentations should be no more than 12 minutes long, at the beginning of class, using only a couple of slides. Presenters will post their slides and/or analysis to our webCafe site. These presentations and the slides they produce are meant to be a resource for the class but should not substitute for your own preparation and involvement in the discussion generated.

A sign up sheet with presentation dates will be distributed in class.

### **CASE ANALYSES: SUGGESTIONS**

Here are some general "dos" and "don'ts" about the case analyses assignments.

- You can get into trouble if you spend too much time/space on case facts and do not provide adequate analysis. Use the facts of the case to back up your conclusions and ideas. Assume I've read the case and know the assignment.
- Be careful not to draw- conclusions without the supporting arguments. Here's an example:

*"XYZ's process of [blank] did not support [concept a] and therefore failed to support [concept b]."*

This will work ONLY if the supporting framework is in place.. .why doesn't the process support concept a? Why does not supporting a necessarily mean no support for b? Support comes from both your analysis and the materials (e.g., case, readings).

- Start by identifying the problem/concept and build your arguments from the materials.
- Put the analysis that is running through your head on to the paper so I can see it.
- Good writing and cogent arguments are a plus.
- Look at both the big picture and the details - try to achieve a balance.
- Be careful not to look at only one side of the argument and ignore the other. Taking a balanced perspective will help you frame your arguments.
- Be consistent.. .taking one position in question #1 and then the opposite in question #2 is confusing to me. You cannot have it both ways.

## COURSE OUTLINE: READINGS AND CASES

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### 1. Wednesday, January 16

#### *Strategic HR*

##### Readings:

1. Hammonds, K. H. (2005). "Why we hate HR." *Fast Company*, 97, 40-48.
2. Schuler, Randall and Susan Jackson. "Linking competitive strategies with human resource management practices." in Susan Jackson and Randall Schuler (eds.). *Strategic Human Resource Management* (1999), pp. 159-176.>
3. Case:  
"TRW's Information Services Division." HBS Case #9-496-003.>

##### Questions:

- What do you think of Sproule's SHRM process?
- What assumptions do you have about how SHRM should be done?
- What problem(s) does the IS division face?
- What now?

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### 2. Monday, January 21

#### *Competitiveness and HRM 1:*

##### *1. The commitment model*

##### Readings:

4. R. E. Walton, "From Control to Commitment," *Harvard Business Review* 63 (1985).
5. Pfeffer, Jeffrey. "The Business Case for Managing People Right." In *The Human Equation: Building Profits by Putting People First*. Boston, MA: Harvard Business School Press. 1998: Chapter 2 pp. 31-63.
6. Case:  
"Human Resources at Hewlett-Packard (A)." HBS Case #9-495-051.

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### 3. Wednesday, January 23

#### *Competitiveness and HRM:*

##### *2. The talent model*

##### Readings:

7. Baker, G. P., Jensen, M. C., & Murphy, K. J. (1988). "Compensation and Incentives: Practice vs. Theory." *The Journal of Finance*, 43(3), 593-616.

8. Chambers, E. G., Foulton, M., Handfield-Jones, H., Hankin, S. M., & Michaels III, E. G. (1998). "The War for talent." *McKinsey Quarterly*, (3), 44.
  9. J. Pfeffer, "Fighting the war for talent is hazardous to your organization's health," *Organizational Dynamics* 29, no. 4 (2001).
  10. Case:  
"Visionary Design System: Are incentives enough?" HBS Case #9-495-011
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#### **4. Monday, January 28**

##### ***Competitiveness and HRM:***

##### ***3. The knowledge / collaboration model***

11. Drucker, P. F. (1992). "The new society of organizations." *Harvard Business Review*, 70(5), 95-104.
  12. Foote, N. W., Galbraith, J., Hope, Q., & Miller, D. (2001). "Making solutions the answer." *McKinsey Quarterly*, 3, 84-93.
  13. Hamel, Gary (2000). "Waking up IBM: how a gang of unlikely rebels transformed Big Blue". *Harvard Business Review* July-Aug 2000: 5-12
  14. Case:  
"Arthur D. Little, Inc." HBS Case #9-396-060
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#### **5. \*\*\*\* NO CLASS on Wednesday, January 30 \*\*\*\***

***First paper assignment due at beginning of class on Monday, February 4***

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#### **6. Monday, February 4**

##### ***Changes in organization***

15. Galbraith, J. (2002). "Organizing to Deliver Solutions." *Organizational Dynamics*, 31(2), 194-207.
16. Häcki, Remo L. and Lighton, Julian (2001). "The future of the networked company". *McKinsey Quarterly* 3, pp 26-39.
17. Hammer, M., & Stanton, S. (1999). "How process enterprises really work." *Harvard Business Review*, 77(6), 108-18,216.
18. Case:  
"Procter & Gamble: Organization 2005 (A) and (B)." HBS case #9-707-519 and 9-707-402

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## Wednesday, February 6

### *Changes in work*

19. Govindarajan, V., & Gupta, A. K. (2002). "Building an effective global business team." *Engineering Management Review, IEEE*, 30(2), 28-28.
20. Guzzo, R. A., & Dickson, M. W. (1996). "Teams in organizations: Recent Research on Performance and Effectiveness." *Annual Review of Psychology*, 47(1), 307-338.
21. Case:  
"Mod IV Product Development Team." HBS Case #9-491-030.

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## 7. Monday, February 11

### *Careers: Mobility and loyalty*

#### Readings:

22. Cappelli, Peter (2000). "Managing Without Commitment," *Organizational Dynamics*, Vol. 28. No. 4. pp. 11-24.
23. Barley, Stephen and Gideon Kunda (2006). "Contracting: A New Form of Professional Practice," *Academy of Management Perspectives*, Vol. 20, pp. 45-66.
24. Case:  
"MacTemps: Building commitment in the interim workforce," HBS Case #9-497-005.

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## 8. Wednesday, February 13

### *Uses (and Misuses) of Compensation, Benefits, and Appraisal*

#### Readings:

25. Hall, B. J. (2002). *Incentive Strategy Within Organizations*. Boston, MA: Harvard Business School.
26. Pfeffer, J. & Sutton, RI (2006). "Do financial incentives drive company performance?" In *Hard Facts, Dangerous Half-Truths, and Total Nonsense: Profiting from Evidence-Based Management*. Harvard Business School Press: Boston, MA.: 109-33.
27. Case:  
"Compensation & performance evaluation at Arrow Electronics." HBS case #9-800-290.

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## 9. Monday, February 18

### *Experiments in appraisal and compensation*

28. Kaplan, R. S., & Norton, D. P. (1993). "Putting the Balanced Scorecard to Work." *Harvard Business Review*, 71(5), 134-147.

29. Peiperl, M. A. (2001). "Getting 360 degree feedback right." *Harvard Business Review*, 79(1), 142-147.

30. Case:

"Rob Parson at Morgan Stanley (A)." HBS case #9-498-054.

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## **10. Wednesday, February 20**

### ***Unions and labor relations***

31. SEIU: United we win. Retrieved December 8, 2007, from <http://www.global-labour.org/seiu.htm>

32. Rodriguez-Garavito, C. A. (2005). Global Governance and Labor Rights: Codes of Conduct and Anti-Sweatshop Struggles in Global Apparel Factories in Mexico and Guatemala. *Politics & Society*, 33(2), 203.

33. Case:

"Showdown on the Waterfront: The 2002 West Coast Port Dispute (A)." HBS case #9-904-045

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## **11. Monday, February 25**

### ***Culture and change***

34. Beer, Michael and Nohria, Nitin (2000). "Cracking the Code of Change". *Harvard Business Review* May 1, 2000

35. Heckscher, Charles (2007). "Crossing the Collaborative Frontier." In Heckscher, C. (2007). *The Collaborative Enterprise: Managing Speed and Complexity in Knowledge-Based Businesses*. Yale University Press: ch. 7.

36. Case:

"IBM's Decade of Transformation: Uniting vision and values." HBS Case #9-807-030

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## **12. Wednesday, February 27**

### ***Organization trauma: Dealing with M&A, Restructuring, Downsizing***

Readings:

37. Bower, J. (2001). "Not All M&As Are Alike - and That Matters." *Harvard Business Review*, pp. 93-101.

38. Cascio, W. (2002). "Strategies for responsible downsizing." *Academy of Management Executive* 16(3), pp. 80-91.

39. Case:

"Procter & Gamble: Global Business Services". HBS Case #9-404-124.

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### **13.Monday, March 3**

#### ***The HR Function and Strategic HRM: From Bureaucracy to Strategic Partner?***

Readings:

40. Becker, B. E., & Huselid, M. A. (2006). "Strategic Human Resources Management: Where Do We Go From Here." *Journal of Management*, 32(6), 898.
41. Lawler, Edward E. III. "From Human Resources Management to Organizational Effectiveness." in Losey, Michael. Sue Meisinger. and Dave Ulrich. *The Future of Human Resource Management*. New York: Wiley, 2005, pp. 144-52
42. Case:  
"Human resources at the AES Corporation: The case of the missing department," Stanford University Case #HR-3.

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### **14.Wednesday, March 5**

#### ***Final integrative discussion***

43. Scenario working paper (The Challenge! Forum).  
<http://www.chforum.org/scenarios/new/scen9.html>
44. Case:  
"Hewlett-Packard: Culture in Changing Times." HBS case #9-404-087.

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***Second Paper Assignment Due at Beginning of Class on  
Wednesday, March 5<sup>th</sup>***

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