Welcome! Labor economics is interesting because it is about people, and particularly relevant to MBA students because so much of management is dealing with people. This MBA class is designed for students who already possess basic (principles-level) knowledge of economics, statistics, and finance. Please speak to me if you feel you may not have the necessary background for this class.

**Learning Objectives:** In this course, the student will learn the basic theory of labor market operation and firm compensation policy. In particular, we will discuss:

- how the level of pay and each of its components (time, skill, unpleasant working conditions, and effort) are evaluated;

- how firms and labor markets achieve acceptable staffing levels, encourage skill development, motivate workers appropriately, and match workers to jobs in accordance with their skills and preferences; and

- how managers can use these insights to design appropriate HRM policies.

In addition, through readings and assignments, we will see how these ideas play out in the real world.

**Getting Help:** My office hours are listed above. Since this is a graduate class, you should expect to come to office hours occasionally to get help on projects and homework. If you contact me before Wednesday at 4:00 pm, I should generally be able to commit to meet you at The Woodlands Center by 5:00 pm on Thursday to answer questions.

**By the Book:** Kaufman and Hotchkiss, *The Economics of Labor Markets*. I will use the 7th edition, but earlier editions are virtually identical and are acceptable by me. Both new and used copies of this book can be purchased inexpensively online. Please get a book and please read it—assigned chapters are listed on the schedule below. In addition to this book, there is a small, inexpensive supplement that we will use in February and March that you can order directly from University Readers, https://students.universityreaders.com/store/

**Attendance:** Attendance and punctuality are expected and are incorporated into your professionalism grade. You are allowed to miss one class without penalty. A student who misses more than three classes without an appropriate, appropriately documented excuse (severe illness or death in the family) will receive an F in the class. Being tardy to class equals half an absence; missing one hour or more of a class equals one absence.

**Making Up:** Since assignments are assigned well in advance, I cannot accept these late except in the most exceptional and unexpected circumstances. In those instances, I will ask for acceptable documentation. If possible, contact me ahead of time to see if I will accept your excuse. The same policy applies for make-ups to your final exam.
Our seminar-style class features lots of outside reading, application, and discussion, and the grading follows accordingly. Your grade will be based on your performance on two applied data assignments, a presentation, and an in-class, essay-style final exam, but I allow generous leeway to round grades up for good class participation.

Conscientious work on the assignments and presentation should earn a B, and exemplary or inspired work an A. For each, you are encouraged to speak with me, ask questions, or invite me to review your work (please give me at least a full day to respond) before you turn it in. The final exam is integrative and reflects technical skills developed in the homeworks, factual material from the notes, and class discussion of assigned readings.

The assignments and presentation will be graded on the following scale: A+ = 20; A = 19; A- = 18; B+ = 17; B = 16; B- = 15; C+ = 14; C = 13; D = 10; F = 5. The final exam will be graded directly on a scale of 0-20. Then, I add up the points achieved from the two assignments, the presentation, and your final exam, which counts double, and assign grades in the following way:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>90+</td>
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<tr>
<td>Fuzzy Region</td>
<td>86-89</td>
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<tr>
<td>B</td>
<td>75-85</td>
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<tr>
<td>Fuzzy Region</td>
<td>71-74</td>
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<tr>
<td>C</td>
<td>65-70</td>
</tr>
<tr>
<td>F</td>
<td>0-64</td>
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Please note, to be assured of an A for the class, you need an A- on each assignment and test, or its equivalent. A mix of A-’s and B+’s will put you in the fuzzy region. The same is true of the B/C borderline. To pass the course you need the equivalent of all C’s.

In the fuzzy region I can round you up or down at my discretion. This will depend on your total points, your class participation, and the distribution of your grades over the course of the semester. (This latter permits me to allow for an upward trend in grades over the course of the semester.) Class participation includes verbal participation, reading quizzes, attendance, tardiness, homework completion, homework presentations, etc.

In order to give me a more objective basis on which to make this decision, I will give very short multiple choice quizzes on each outside (non-textbook) reading, and will ask for a photocopy of your work on each homework, not to make sure it’s all correct, but to see if you completed it thoughtfully.

Note that on the calendar below, your first assignment is listed as a “practice assignment.” Many students need the practice assignment to get the hang of things. But if you do well on that assignment, I will give you a grade for it and you can skip one of the others.

E-Mail Policy: E-Mail is an acceptable form of communication for all class matters. I will sometimes send messages out through the Blackboard system to your SHSU e-mail address.
Research Component: This course, as a graduate class, has a required research component. We do two things to meet this requirement. First, graded assignments require you to gather and analyze labor market information with elementary statistical methods using a spreadsheet program such as Excel. These assignments are intended to give you practice applying elementary economic principles of labor market operation to actual labor markets. Second, we will read and discuss a couple of relatively non-technical academic articles that do the same thing. I think research is interesting—I hope you will find this to be one of the most intriguing aspects of this course.

High Fidelity: We at Sam Houston expect you to conduct your studies with integrity. If I catch you cheating, my minimum penalty for cheating is a grade of 0 on that assignment.

Much of your grade comes from assignments that are to be completed outside of class. Unless otherwise stated, you must not communicate with anyone except me about these. Please don’t cheat—I will catch you. It is acceptable to work in groups on the homeworks, which are checked for completion but not graded for accuracy.

Policy on Electronics: SHSU requires that each course syllabus have a policy regarding electronic equipment, such as cellphones, that can be used for communications purposes. Please turn off cell phones and smart phones and store them out of sight. Even one violation will adversely affect your participation “grade” (used in rounding grades in the fuzzy region) and multiple violations can lead to more severe penalties, such as your final grade being lowered. Use of a cell phone during an exam is, by university policy, de facto evidence of cheating.

And More: For policies regarding students with disabilities and student absences on religious holy days, and university policy regarding academic honesty, see www.shsu.edu/syllabus.
Class Format: The class uses the following format. There are four units, each of three or four weeks’ duration. Each unit begins with a discussion of a particular labor market, featuring a combination of readings from academia and from the popular press. It continues with one or two lectures, and is capped with a day when we go over homework problems and discuss the assignment you were given for that unit. Here is the schedule:

Hi There

Jan. 15 What’s the Problem?

Valuing Labor: Demand, Supply, and Equilibrium

Jan. 22 Moneyball
Jan. 29 The Demand for Labor (parts of Ch. 4, 5)
Feb. 5 Labor Supply and Equilibrium, featuring Ball Four and the Priests articles (Ch. 6)
Feb. 12 Go over Homework 1; review “Practice Assignment”

Putting Competition to Work: Employee Sorting and Motivation

Feb. 19 Compensating Wage Differentials, featuring “The Ship” (parts of Ch. 8)
Feb. 26 The Basic Theory of Incentives (Supplement, Ch. 11)
Mar. 5 Go over Homework 2; turn in and discuss Teachers Assignment

Human Capital: Investing and Financing

Mar. 19 Gang Leader for a Day
Mar. 26 Human Capital and the Career of Jeremy Brown (Moneyball Ch. 5; text Ch. 7)
Apr. 2 Internal Labor Markets (Supplement, Ch. 10)
Apr. 9 Go over Homework 3; turn in and discuss Data Analysis Assignment

Solving the Problem: HRM Systems

Apr. 16 HRM Systems, featuring “How Much Shall We Pay the Pastor?”
Apr. 23 More Examples of HRM Systems, and Review HRM Homework (not turned in)
Apr. 30 Market Analysis Presentations

See Ya

May 7 In-class Final Exam

Please give me a photocopy of your homework on each homework day, which I will review for completion, and be prepared for a short reading quiz on each reading day. Multiple pages of homeworks and assignments that are turned in must be stapled or paper-clipped together. Reading quizzes and the turning in of homeworks / assignments occur at the very beginning of class.