

TOPICS IN PERSONNEL ECONOMICS – COURSE SYLLABUS

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1. Overview and course objective

This course covers selected topics from personnel economics, labor, and behavioral economics, related to topics in human resources. The topics discussed include compensation schemes, peer effects in the workplace, and gender differences in career outcomes. The goal of the course is to present and discuss recent developments in the field, and to enable you to develop and test research questions by yourself. While we will be discussing theoretical foundations of the topics, the main focus will be on empirical applications.

The course is mostly based on journal articles. The textbooks by Lazear (1995) and Garibaldi (2006) can be used for background reading. The survey papers by Bloom and Van Reenen (2011), Oyer and Schaefer (2011), and Lazear and Shaw (2007) give a good overview over more recent empirical studies.

The course consists of both lectures and student presentations on selected papers that are assigned in advance. For completing the course, participants are required to attend all sessions, and to present one research paper during the course.

The course consists of 6 days with 3 hours each. Each student is asked to present one research paper from the reading list. Please read your assigned very thoroughly. Depending on the topic, the “presenter” will give a presentation of the paper of 25 minutes. The format should just be like on any of the major international conferences. You should present the paper as if it was your own. Make sure that you get across the main idea of the paper, its motivation, the basic structure of the model and/or empirical strategy and the main results.

The course will be held at the Department of Economics, University of Hamburg, from Wednesday to Friday, May 25-27 and June 1-3, from 15:00 to 18:00.

2. Course structure and literature

Papers will be provided in electronic form in advance.

Part 1: Introduction and motivation of the course

Garibaldi, P. (2006), *Personnel Economics in Imperfect Labour Markets*, Oxford University Press (Chapter 1).

Lazear, E. (1995), *Personnel Economics*, MIT Press (Chapter 1).

Lazear, E. (2002), *The Future of Personnel Economics*, *Economic Journal* 110, pp. 611-639.

Lazear, E., and K. Shaw (2007), *Personnel Economics: The Economist's View of Human Resources*, *Journal of Economic Perspectives* 21(4), pp. 91-114.

Part 2: Performance pay

2a: Individual performance pay

Falk, A., and M. Kosfeld (2006), *The hidden costs of control*, *American Economic Review* 96(5), pp. 611-1630.

Gneezy, U., and A. Rustichini (2000), *Pay enough or don't pay at all*, *Quarterly Journal of Economics* 115(3), pp. 791-810.

Lazear, E. (2000), *Performance pay and productivity*, *American Economic Review* 90(5), pp. 1346-1361.

Paarsch, H., and B. Shearer (2000), *Piece rates, fixed wages, and incentive effects: Statistical evidence from payroll records*, *International Economic Review* 41(1), pp. 59-92.

Shearer, B. (2004), *Piece rates, fixed wages, and incentives: Evidence from a field experiment*, *Review of Economic Studies* 71, pp. 513-534.

2b: Dynamic and multi-period effects

Asch, B.J. (1990), *Do incentives matter? The case of Navy recruiters*, *Industrial and Labor Relations Review* 43, pp. 89S-106S.

Carmichael, L., and W. MacLeod (2000), *Worker Cooperation and the Ratchet Effect*, *Journal of Labor Economics* 18, pp. 1-19.

Delfgaauw, J., R. Dur, A. Non, and W. Verbeke (2014), *Dynamic incentive effects of relative performance pay: A field experiment*, *Labour Economics* 28, pp. 1-13.

Oyer, P. (1998), *Fiscal year ends and nonlinear incentive contracts: The effect on business seasonality*, *Quarterly Journal of Economics* 113, pp. 149-185.

Part 3: Multi-tasking and team incentives

3a: Multi-tasking and incentives

Al-Ubaydli, O., S. Andersen, U. Gneezy, and J.A. List (2015), *Carrots That Look Like Sticks: Toward an Understanding of Multitasking Incentive Schemes*, Southern Economic Journal 81(3), pp. 538-561.

Bartel, A., B. Cardiff-Hicks, K. Shaw (2013), *Compensation Matters: Incentives for Multitasking in a Law Firm*, NBER working paper no. 19412.

Holmstrom, B., and P. Milgrom (1991), *Multitask principal-agent analyses: incentive contracts, asset ownership and job design*, Journal of Law, Economics and Organization, 7, pp. 24-52.

3b: Team incentives

Bandiera, O., I. Barankay, and I. Rasul (2013), *Team incentives: Evidence from a firm level experiment*, Journal of the European Economic Association 11(5), pp. 1079-1114.

Hamilton, B., J. Nickerson, and H. Owan (2003), *Team incentives and worker heterogeneity: An empirical analysis of the impact of teams on productivity and participation*, Journal of Political Economy 111(3), pp. 465-497.

Heinz, M., G. Friebel, M. Krüger, and N. Zubanov (2015), *Team Incentives and Performance: Evidence from a Retail Chain*, CEPR Discussion Paper No. 10796.

Part 4: Ranks, tournaments, and social comparisons in the workplace

Ammann, M., P. Horsch, and D. Oesch (2016), *Competing with Superstars*, Management Science, forthcoming.

Bandiera, O., I. Barankay, and I. Rasul (2005), *Social preferences and the response to incentives: Evidence from personnel data*, Quarterly Journal of Economics 120(3), pp. 917-62.

Barankay, I. (2012), *Rank incentives: Evidence from a randomized workplace experiment*, unpublished discussion paper.

Blanes i Vidal, J. and M. Nossol (2011), *Tournaments without prizes: Evidence from personnel records*, Management Science 57(10), pp. 1721-1736.

Brown, J. (2011), *Quitters never win: The (adverse) incentive effects of competing with superstars*, Journal of Political Economy 119(5), pp. 982-1013.

Card, D., A. Mas, E. Moretti, and E. Saez (2012), *Inequality at work: The effect of peer salaries on job satisfaction*, American Economic Review 102(6), pp. 2981-3003.

Carpenter, J., P. Matthews, and J. Schirm (2010), *Tournaments and office politics: Evidence from a real effort experiment*, *American Economic Review* 100(1), pp. 504-517.

Montizaan, R., and M. Vendrick (2014), *Misery Loves Company: Exogenous shocks in retirement expectations and social comparison effects on subjective well-being*, *Journal of Economic Behavior & Organization* 97, pp. 1-26.

Part 5: Gift Exchange, reciprocal behavior, and non-monetary payoffs

Becker, S., D. Messer, and S. Wolter (2013), *A gift is not always a gift: Heterogeneity and long-term effects in a gift exchange experiment*, *Economica* 80, pp. 345-371.

Bellemare, C., and B. Shearer (2011), *On the relevance and composition of gifts within the firm: Evidence from field experiments*, *International Economic Review* 52(3), pp. 855-882.

Breuer, K., and P. Kampkötter (2014), *Do employees reciprocate to intra-firm trainings? An analysis of absenteeism and turnover rates*, *International Journal of Human Resource Management*, *forthcoming*.

Kube, S., M.A. Maréchal, and C. Puppe (2012), *The currency of reciprocity: Gift exchange in the workplace*, *American Economic Review* 102(4), pp. 1644-62.

Leuven, E., H. Oosterbeek, R. Sloof, and C. Van Klaveren (2005), *Worker reciprocity and employer investment in training*, *Economica* 72 (285), pp. 137-149.

Part 6: Formal and informal learning in the workplace

De Grip, Andries, J. Sauermann, and I. Sieben (2016), *The Role of Peers in Estimating Tenure-Performance Profiles: Evidence from Personnel Data*, *Journal of Economic Behavior & Organization* 126, pp. 39-54.

Lazear, E. (2009), *Firm-specific human capital: a skill-weights approach*, *Journal of Political Economy* 117, pp. 914-940.

Leuven, E., and H. Oosterbeek (2008), *An alternative approach to estimate the wage returns to private-sector training*, *Journal of Applied Econometrics*, 23(4), pp. 423-434.

Levitt, S., J. List, and C. Syverson (2013), *Toward an understanding of learning by doing: evidence from an automobile assembly plant*, *Journal of Political Economy* 121(4), pp. 643-681.

Part 7: Team composition: peer and network effects

Bandiera, O., I. Barankay, and I. Rasul (2010), *Social incentives in the workplace*, Review of Economic Studies 77(2), pp. 417-458.

Cornelissen, T., C. Dustmann, and U. Schönberg (2016), *Peer Effects in the Workplace*, unpublished manuscript.

Falk, A., and A. Ichino (2006), *Clean evidence on peer effects*, Journal of Labor Economics 24, pp. 39-58.

Guryan, J., K. Kroft, and M. Notowidigdo (2009), *Peer effects in the workplace: evidence from random groupings in professional golf tournaments*, American Economic Journal: Applied Economics 1(4), pp. 34-68.

Mas, A., and E. Moretti (2009), *Peers at work*, American Economic Review 99, pp. 112-145.

Lindquist, M., J. Sauermann, and Y. Zenou (2015), *Network Effects on Worker Productivity*, CEPR Working Paper 10928.

Part 8: Hiring

Cappelli, P. and K. Chauvin (1991), *An interplant test of the efficiency wage hypothesis*, Quarterly Journal of Economics 106(3), pp. 769-87.

Hensvik, L., and O. Nordström Skans (2015), *Social networks, employee selection and labor market outcomes*, Journal of Labor Economics, *forthcoming*.

Jacob, B.A. (2013), *The effect of employment protection on worker effort: Evidence from public schooling*, Journal of Labor Economics 31(4), pp. 727-761.

Part 9: Entrepreneurship and self-employment

Lazear, E. (2004), *Balanced Skills and Entrepreneurship*, American Economic Review 94(2), pp. 208-211.

Lazear, E. (2005), *Entrepreneurship*, Journal of Labor Economics 23(4), pp. 649-680.

Lindquist, M., J. Sol, and M. Van Praag (2015), *Why Do Entrepreneurial Parents Have Entrepreneurial Children?*, Journal of Labor Economics 33(2), pp. 269-296.

Viinikainen, J., G. Heineck, P. Böckerman, M. Hintsanen, O. Raitakari, and J. Pehkonen (2016), *Born Entrepreneur? Adolescents? Personality Characteristics and Self-Employment in Adulthood*, IZA Discussion Paper No. 9805.

Part 10: Managers, management practises, and performance

Bertrand, M., and A. Schoar (2003), *Managing with Style: The Effect of Managers on Firm Policies*, Quarterly Journal of Economics, CXVIII (4), pp. 1169-1208.

Bloom, N., B. Eifert, A. Mahajan, D. McKenzie, and J. Roberts (2013), *Does management matter? Evidence from India*, Quarterly Journal of Economics 128(1), pp. 1-51.

Bloom, N., and J. Van Reenen (2007), *Measuring and Explaining Management Practices across Firms and Countries*, Quarterly Journal of Economics 122(4), pp. 1341-1408.

Bender, S., N. Bloom, D. Card, J. Van Reenen, and S. Wolter (2016), *Management Practices, Workforce Selection and Productivity*, CEP Discussion Paper No 1416.

Ichniowski, C., K. Shaw, and G. Prennushi (1997), *The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines*, American Economic Review 87(3), pp. 291-313.

Lazear, E., K. Shaw, and C. Stanton (2014), *The value of bosses*, CEP Discussion Paper No 1318.

Part 11: Gender, competition, and negotiation

Boschini, A., and A. Sjögren (2007), *Is team formation gender neutral? Evidence from coauthorship patterns*, Journal of Labor Economics 25(2), pp. 325-365.

Dufwenberg, M., and A. Muren (2006), *Gender composition in teams*, Journal of Economic Behavior & Organization 61, pp. 50-54.

Hederos Ericsson, K., and A. Sandberg (2012), *Gender differences in initiation of negotiation: Does the gender of the negotiation counterpart matter?*, Negotiation Journal 28(4), pp. 407-428.

Leibbrandt, A., and J.A. List (2012), *Do women avoid salary negotiations? Evidence from a large scale natural field experiment*, NBER Working Paper No. 18511.

Niederle, M., and L. Vesterlund (2007), *Do women shy away from competition? Do men compete too much?*, Quarterly Journal of Economics 122(3), pp. 1067-1101.

Kuhn, P., and M.C. Villeval (2015), *Are women more attracted to co-operation than men?*, Economic Journal 125(582), pp. 115-140.

Part 12: Personnel economics in the public sector: sorting, performance measurement, and incentives

Ashraf, N., O. Bandiera, and S. Lee (2015), *Do-Gooders and Go-Getters: Career Incentives, Selection, and Performance in Public Service Delivery*, Working Paper.

Dohmen, T., and A. Falk (2010), *You Get What You Pay for: Incentives and Selection in the Education System*, *Economic Journal* 120 (546), pp. F256-F271.

Ferraz, C., and F. Finan (2009), *Motivating Politicians: The Impacts of Monetary Incentives on Quality and Performance*, NBER Working Papers No. 14906.

Finan, F., B. Olken, and R. Pande (2015), *The Personnel Economics of the State*, NBER Working Paper No. 21825.

Mocan, N., and D. Altindag (2013), *Salaries and work effort: an analysis of the European Union parliamentarians*, *Economic Journal* 123, pp. 1130-1167.

Survey articles

Bloom, N., and J. Van Reenen (2011), *Human resource management and productivity*, In: D. Card and O. Ashenfelter (eds.), *Handbook of Labor Economics*, Volume 4, Part B (Chapter 19), Elsevier, pp. 1697-1767.

Lazear, E., and P. Oyer, (2012), *Personnel economics*, In: R. Gibbons, and J. Roberts (eds.), *Handbook of Organizational Economics*, Princeton University Press, pp. 479-519.

Lazear, E., and K. Shaw (2007), *Personnel economics: The economist's view of human resources*, *Journal of Economic Perspectives* 21(4), pp. 91-114.

Oyer, P., and S. Schaefer (2011), *Personnel economics: Hiring and incentives*, In: D. Card and O. Ashenfelter (eds.), *Handbook of Labor Economics*, Volume 4, Part B (Chapter 20), Elsevier, pp. 1769-1823.