This course is an introductory survey of personnel economics. Personnel economics takes an economic approach to the two key problems of human resource management (HRM): employee selection and employee motivation. Our approach will combine elements of microeconomic theory, behavioral economics, and evidence from lab, field, and natural experiments. Familiarity with intermediate microeconomic theory, such as budget constraints and indifference curves, is presupposed. A small amount of calculus (maximizing a function of a single variable) will be used. Familiarity with basic probability and regression analysis is helpful but not essential.

Evaluation in the course will consist of:

- **Computer-based Midterm:** Thurs. Feb 1, **7:00-8:30 pm** in Phelps labs 20%
- **Written Midterm:** Thurs. Feb 15, 12:30--1:45 pm in our regular classroom 20%
- **Computer-based Final:** Thurs. Mar 8, **7:00-8:30 pm** in Phelps labs 30%
- **Written Final Exam:** Mon. Mar 20, 12:30-1:45 pm in our regular classroom 30%

Note that the computer-based exams are **NOT DURING OUR NORMAL CLASS TIME, and NOT IN OUR NORMAL CLASSROOM**. Please seat yourself in one of the following computer labs: Phelps 1525, 1526, 1529; SSMS 1005, 1007.

Most sections of the course include a problem set, each of which will be distributed in class at the appropriate times. Many of the problems will require the use of Microsoft Excel. Problem sets will not be handed in or graded, but answers will be posted on the course web site. It is strongly advised that you do the problem sets before looking at the answers, then check your answers against the posted ones after you are done. In most cases this will be essential for you to pass the two computer-based exams. Doing the problem sets will also be helpful in preparing for the two written exams, although these will be based primarily on your knowledge of the lectures.

The course text is my own book *Personnel Economics (PE)* (Oxford University Press, 2017). It is available for purchase from the bookstore, from Oxford University Press and from Amazon. All the other materials for this course, including slides and original research papers underlying the lectures are available on Gauchospace. You will also use Gauchospace to submit your computer-based exams.

My office hours are Tuesdays, 2:30-3:30 pm in North Hall 3036. Or you can talk to me at the end of class any day.
TOPICS:

I. THE PRINCIPAL-AGENT MODEL: WHAT IS THE OPTIMAL PIECE RATE?
PE, Chapters 1-5
Problem Set 1

II. EVIDENCE ON EMPLOYEE MOTIVATION
PE, Chapters 8-10

III. RECRUITMENT, SELECTION AND WAGE-SETTING
PE, Chapters 13-15

IV. COMPETITION IN THE WORKPLACE: TOURNAMENTS AND PROMOTIONS
PE, Chapters 20-22.3
Problem Set 2

V. COOPERATION IN THE WORKPLACE: TEAMS
PE, Chapters 24-25, Sections 26.2-26.4