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: Tues. Feb 7, 12:30--1:45 pm in SSMS labs 20%
- Written Midterm: Thurs. Feb 16, 12:30--1:45 pm in our regular classroom 20%
- Computer-based Final: Tues. Mar 7, 12:30--1:45 pm in SSMS 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 IN OUR NORMAL CLASSROOM. Students will be assigned to one of the following computer labs: Social Sciences and Media studies (SSMS) 1007, 1301 or 1304.

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.

All the readings for this course are available on Gauchospace. You will also use Gauchospace to submit your computer-based exams. The course text is a book I am currently writing, Personnel Economics (PE). Draft versions of all relevant chapters are posted on Gauchospace. Gauchospace also provides access to the slides used in class, and links to key research papers we discuss. These original research papers are supplementary background reading for students who are interested in the details of how the research actually was done.

My office hours are Thursdays, 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?
Problem Set 1
PE, Part One (chapters 1-5)

II. EVIDENCE ON EMPLOYEE MOTIVATION
PE, Part Two (chapters 8-10), plus Sections 18.3 -18.5

III. COMPETITION IN THE WORKPLACE: TOURNAMENTS AND PROMOTIONS
Problem Set 2
PE, Part Four (chapters 20-23)

IV. COOPERATION IN THE WORKPLACE: TEAMS
Problem Set 3
PE, Part Five (chapters 24-27)