Personnel Economics (7.5 ECTS)

Course Period: January - March 2025

General Information

Lecturer:	Orsa Kekezi
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Contact Hours:	Send an email to make an appointment.

The course consists of 7.5 ECTS and is designed for students of the PAO Master at Stockholm University.

Course Description

Personnel economics applies economic tools to topics from human resource management. This course introduces a wide range of topics relevant to HR managers, such as recruiting and hiring, training investments, or payment schemes. Underlying economic theories as well as empirical evidence will be discussed in the course. The course is based on selected chapters of the textbook of Lazear and Gibbs (2014), and will be complemented by additional literature.

The course is at an intermediate level in economics. There are no prerequisites, although basic knowledge of economics and statistics is useful. The course is held in English.

Learning Objectives

After successful completion of the course, the student should:

- Understand how economic theory can be used to analyze questions from human resource management, such as recruiting and hiring, training investments, and payment schemes.

- Understand how human resource practices can be analyzed empirically.
- Be able to apply theoretical and empirical findings to real-life cases.
- Be able to read and critically review research papers using a personnel economics approach.

Teaching

The course consists of lectures and seminars. Each topic is introduced in a lecture, which students should prepare for by reading the assigned literature. In seminars, students will discuss assignments and research papers to deepen the content from the lectures. At the start of the course, the students will be assigned to groups, each of which will propose and write an empirical research article that falls under a topic covered in the course. Over the course period, each group will work on their research project and will present it in a final presentation at the end of the course.

Examination and Grades

Students will receive points from the seminars, research project and exam:

1. **Take-home exam:** In the last week of the course, students will write a take-home exam. The exam consists of 40 points.
2. **Research proposal:** Students must write and present a research proposal for an empirical study in the field of personnel economics. All students must be present during the final presentation. The research proposal consists of 40 points (20 points for the report and 20 points for the presentation).
3. **Seminar participation:** There are 5 seminars, and attending each seminar and submitting the corresponding assignment will earn students 3 points per seminar. There are two articles assigned to each seminar. In groups, students will choose one of the articles to present to the class. Each group will give a 10-15 minute presentation on their chosen article. The presentation will be worth 5 points. In total the students can get 20 points from the seminars.

The final course grade will be calculated as follows:

- **A (Excellent):** At least 90 points
- **B (Very good):** At least 80 points
- **C (Good):** At least 70 points
- **D (Satisfactory):** At least 60 points
- **E (Sufficient):** At least 50 points
- **F (Fail):** Less than 50 points and/or failed the home exam

Students who receive grade Fx or F will be further tested to obtain grade E or higher, as long as the course is given. Once a student receives grade E or higher, they cannot retake the examination (or parts of it) to improve their grade. If students fail the exam, there will be one re-take exam towards the end of the academic year. The students cannot pass the course unless the exam is passed.

Course Structure

Lecture 1: Introduction
Literature: LG (Preface); Backes-Gellner (2004); Lazear and Shaw (2007); Grund et al. (2017)
Lecture 2: Data, regression analysis and experiments in firms
Literature: Angrist and Pischke (2008, Ch. 2); Levitt and List (2011); Smith (2018)
Seminar 1: Interpreting estimation results
Literature: Bloom et al. (2013); Levitt and List (2011)
Lecture 3: Hiring standards
Literature: LG (Ch. 1)
Lecture 4: Screening, signalling, and hiring discrimination
Literature: LG (Ch. 2)
Seminar 2: Hiring discrimination
Literature: Bertrand and Mullainathan (2004); Goldin and Rouse (2000)
Lecture 5: Performance evaluation and measurement
Literature: LG (Ch. 9); Sauermann (2016)
Lecture 6: Monetary incentives
Literature: LG (Ch. 10); Oyer and Schaefer (2011, Ch. 2)
Lecture 7: Tournaments and seniority-based pay

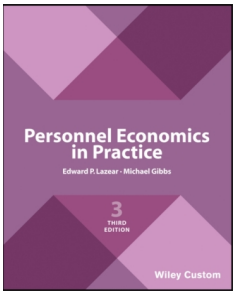
Literature: LG (Ch. 11); Sheremeta (2016)
Seminar 3: Incentivising workers
Literature: Lazear (2000), Gneezy and Rustichini (2000)
Lecture 8: Investments in skills: formal and informal learning
Literature: LG (Ch. 3); De Grip (2015)
Seminar 4: Learning and skills
Literature: De Grip and Sauermann (2012); Breuer and Kampkötter (2013)
Lecture 9: Retention and displacement
Literature: LG (Ch. 4)
Lecture 10: Labor market discrimination
Literature: Ronchi and Smith (2021), Goulão et al. (2023), Benson and Lepage (2023)
Seminar 5: Labor market discrimination and gender differences
Literature: Sarsons (2017); Kessler et al. (2024).

Course Literature - Personnel Economics

The course will draw on selected chapters from *Personnel Economics in Practice* by Lazear and Gibbs (2017). These chapters will be supplemented with selected journal articles, which will be accessible through Athena.

Coursebook:

- Lazear, Edward P., and Michael Gibbs. *Personnel Economics in Practice*. John Wiley & Sons, 2017.



Articles:

- Angrist, Joshua D., and Jörn-Steffen Pischke. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press, 2009 – Chapter 2.
- Babcock, L., Recalde, M. P., Vesterlund, L., & Weingart, L. (2017). Gender Differences in Accepting and Receiving Requests for Tasks with Low Promotability. *American Economic Review*, 107(3), 714-747.
- Benson, A., & Lepage, J. (2023). Learning to Discriminate on the Job.
- Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination. *American Economic Review*, 94(4), 991-1013.
- Breuer, K., & Kampkötter, P. (2013). Determinants and Effects of Intra-Firm Trainings: Evidence from a Large German Company. *Journal of Business Economics*, 83, 145-169.
- De Grip, A., & Sauermann, J. (2012). The Effects of Training on Own and Co-Worker Productivity: Evidence from a Field Experiment. *The Economic Journal*, 122(560), 376-399.
- Firpo, S. P. (2017). Identifying and Measuring Economic Discrimination. *IZA World of Labor*.
- Gneezy, U., & Rustichini, A. (2000). Pay Enough or Don't Pay at All. *The Quarterly Journal of Economics*, 115(3), 791-810.
- Goldin, C., & Rouse, C. (2000). Orchestrating Impartiality: The Impact of "Blind" Auditions on Female Musicians. *American Economic Review*, 90(4), 715-741.
- Kato, T., & Kodama, N. (2017). Women in the Workplace and Management Practices: Theory and Evidence.
- Lazear, E. P. (2000). Performance Pay and Productivity. *American Economic Review*, 90(5), 1346-1361.
- Levitt, S. D., & List, J. A. (2011). Was There Really a Hawthorne Effect at the Hawthorne Plant? An Analysis of the Original Illumination Experiments. *American Economic Journal: Applied Economics*, 3(1), 224-238.

- Ronchi, M., & Smith, J. (2021). Daddy's Girl: Daughters, Managerial Decisions, and Gender Inequality.
- Sarsons, H. (2017). Recognition for Group Work: Gender Differences in Academia. *American Economic Review*, 107(5), 141-145.
- Smith, J. A. (2018). The Usefulness of Experiments. *IZA World of Labor*.