

Economics 152
Personnel Economics
Spring 2009

Professor: Philip Babcock

Office: North 2036

Office Hours: T R 10:00-11:00

Course Webpage: <http://www.econ.ucsb.edu/~babcock/Econ152s.html>

Teaching Assistant: Ernesto Boffy-Rameriz, ebr@econ.ucsb.edu

Office Hours: W 11:00-12:00, NH 2049

Lectures:

T R 12:30- 1:45 WEBB 1100

Section:

Boffy-Ramirez 67033: F 3:00- 3:50 ARTS 1247

Boffy-Ramirez 67041: F 4:00- 4:50 ARTS 1247

Prerequisites: Economics 100B or 104B.

Description: Studies the allocation and pricing of labor within firms. Topics covered include employee selection, design of optimal piece rates, advantages and disadvantages of seniority-based pay, tournaments and promotions, and incentives in team production.

Textbook: Personnel Economics in Practice, 2nd Edition, by Edward Lazear & Michael Gibbs, 2009, John Wiley and Sons, Inc. Our textbook is an excellent hands-on book designed to help MBA students think about personnel management in the real world. We will cover both the informal approach in the textbook as well as the more mathematical proofs that are included in the appendices.

Clickers: We will use remote “clickers” in class to make sessions more interactive (and perhaps even fun.) These are required. You may purchase your clicker at the bookstore.

Exams & Grading

Midterm 1: April 16, class time

Midterm 2: May 19, class time

Final Exam: June 8, 12-3

Your grade will be a weighted average of your performance on Midterm 1 (~25%), Midterm 2 (~25%) and the Final Exam (~45%). There will also be a slight reward (no more than 5%) for attendance and answers to in-class clicker questions. The clicker is not optional. *You must have a clicker and use it in order to pass the class.* On the plus side, extra points will be awarded on midterms if you have clicked in at least once preceding the exam. (In other words, clicking in at least once before a midterm earns you easy points.) The 25-25-45 exam weights are approximate, and I might adjust them. The first

midterm exam will only test material covered until then; the second midterm exam will focus on the material taught after the first midterm, but *may* include earlier material as well. **The final exam will cover material from the entire quarter.** I will assign homework regularly, and it is important that you attempt to do all assigned problems. **You need not turn in homework. The catch is that answers will not be posted on the web.** The TA will go over solutions in sections and I will work out some problems in lecture.

Succeeding in the Course

Doing well in this course requires you to not only attend lectures and section, but to practice solving problems. Problem Sets will be available on the course web page. The TA will work through exercises in section. This will be most beneficial to you only if you have seriously attempted the problems on your own first. **Solutions to the problem sets will *not* be posted on the web. Please do not ask for them. (Even if you really want them.)** The TA may not always get to all the problems in section. If you wish for more assistance, you are encouraged to go to TA office hours or my own office hours.

Administrative Issues

The Economics department offices handles all matters related to dropping or adding the course, wait lists, etc. Please contact them regarding these issues. You are expected to take all three exams. Make-up exams will not be offered. If you have an exceptional medical circumstance, formally **documented** in a doctor's note, it may be possible to shift weight from a missed midterm to the other 2 exams. If you believe an exam has not been properly graded, you must submit a re-grade request in writing by the lecture after the one in which the exam was returned to you. You must explain clearly why you believe your score is in error. If you wish to contact me, you may email me at babcock@econ.ucsb.edu, but please type ECON 152 in the subject header so that I can identify the message as class-related (rather than Spam!) In general, do please check announcements, syllabus, and other material posted on the course webpage before emailing, as questions may already have been addressed there.

Schedule of Topics: (Subject to Revision)

Prologue
Chapter 1 Hiring Standards
Chapter 2 How to Improve Recruiting
Chapter 3 Investment in Employees
Chapter 4 Turnover, Buyouts
Special Topic: Discrimination in Hiring
Chapter 7 Job Design
Chapter 8 Advanced Job Design
Chapter 10 Rewarding Performance
Chapter 11 Career Incentives
Chapter 12 Options and Executive Pay