

**Economics 152**  
**Personnel Economics**  
**Fall 2009**

Professor: Philip Babcock

Office: NH 2036

Office Hour: 5:00-6:00 Thurs

Course Webpage: <http://www.econ.ucsb.edu/~babcock/Econ152f.html>

Teaching Assistant: Bonnie M. Queen [bqueen@umail.ucsb.edu](mailto:bqueen@umail.ucsb.edu)

Office Hours: M 1:30-2:30 PM, NH 2047

**Lectures:**

T R 3:30- 4:45 TD-W 1701

**Section:**

54239 F 10:00-10:50 GIRV 2116

54247 M 12:00-12:50 SH 1430

**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 (Optional):** Personnel Economics in Practice, 2nd Edition, by Edward Lazear & Michael Gibbs, 2009, John Wiley and Sons, Inc. The relevant material will be covered in lecture, readings, and problem sets, and you may choose not to avail yourself of the textbook. However, the textbook is an excellent hands-on book designed to help MBA students think about personnel management in the real world and offers more detail than the lectures. We will cover both the informal approach in the textbook as well as the more mathematical proofs that are included in the appendices, and some supplementary material. There will be a copy on reserve in the library.

**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: Oct. 15, class time

Midterm 2: Nov. 17, class time

Final Exam: Dec. 11, 4:00-7:00

Your grade will be a weighted average of your performance on Midterm 1 (~20%), Midterm 2 (~25%) and the Final Exam (~50%). 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 20-25-50 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 material taught after the first midterm, but *may* include earlier material. **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](mailto: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)**

Preface

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

Special Topic: Social Networks and Productivity