

Employment Contracts (14202411) Winter semester 2024/25

16. September 2024

1 Organisational Issues

Intended audience:	Master BWL PO 2015: Specialisation: <i>Human Resource Management and Personnel Economics</i> Master BWL PO 2021: Specialisation: <i>Personnel and Organization</i>
Module:	PO 2015: <i>Organizing Work and Employment Contracts</i> PO 2021: <i>Human Resource Management, Personnel Economics, and Organization A</i> Please note that <i>Employment Contracts</i> is one part of the above modules. The remaining part(s) is (are) taught by Prof. Muehlfeld (and Prof. Semrau).
Credit points:	10 ECTS for the entire module The lecture <i>Employment Contracts</i> accounts for 50% of the total points. The entire exam has a maximum of 90 points. The portion of the exam related to <i>Employment Contracts</i> has a maximum of 45 points.
Contact hours:	2 hours lecture each week
Lecture:	Wednesday, 12:00 – 13:30, Room HS 4
Starting date of lecture:	06.11.2024
Registration:	Please register via PORTA using the course number 14202411. The registration is a prerequisite for downloading the course material via Stud.IP.
Office hours:	Please send an email to huang@uni-trier.de to arrange an appointment.
Questions:	Please send an email to huang@uni-trier.de or approach me after the lecture.
Final exam:	TBA

2 Content and Objectives

In this course, we will analyse employment contracts from an economic perspective, aiming to provide in-depth knowledge in selected areas of personnel and organizational economics. Our teaching approach will follow three steps. First, we will present a problem that a manager in a personnel department might encounter, emphasizing the economic dimension of the challenge. Second, we will apply economic theory to develop solutions to the identified issues. Finally, we will test these theoretical predictions against empirical evidence and derive practical recommendations for managerial decision-making.

The lecture will be complemented by exercises on selected topics. These exercises will allow participants to deepen their understanding of analytical approaches and apply the concepts and findings to real-world problems. As a result, the course equips participants with the knowledge and analytical skills necessary to understand and solve personnel-related problems.

3 Course Outline

1. Foundations

Part I: Hidden Information

2. Screening & Signaling
3. Risk-sharing

Part II: Hidden Action

4. Pay for Performance
5. Monitoring
6. Social Preferences
7. Teamwork

4 Bonus Points

Students will have the opportunity to submit solutions for up to two exercise sheets before the assignments are discussed. If requested, these submissions will be graded and can be used to improve the final exam grade, provided the exam is passed.

Each assessed exercise sheet increases the number of points allocated to the part covering the material of the lecture on *Employment Contracts* in the written exam, following the formula “4 – grade”. Only the grades 1 (very good), 2 (good), 3 (satisfactory), and 4 (sufficient) will be awarded. For example, if two exercise sheets are graded as ‘very good’, the score increases by $2 \times (4 - 1) = 6$ points. Credits for the winter semester 2024/25 can only be applied during this semester or the subsequent semester, as part of the repeat exam.

5 References

The lecture is primarily based on selected chapters of the subsequent books:

- Cahuc, P., Carcillo, S., & Zylberberg, A. (2014). *Labor Economics*, 2nd edition. The MIT Press.
- Greenberg, J. (2011). *Behavior in Organizations*, 10th edition. Pearson.
- Lazear, E. P. (1998). *Personnel Economics for Managers*. Wiley.
- Lazear, E. P. & Gibbs, M. (2014). *Personnel Economics in Practice*, 3rd edition. Wiley.
- Robbins, S. P. & Judge, T. A. (2023). *Organizational Behavior*, 19th global edition. Pearson.

Further references are provided in the lecture slides which will be made available via Stud.IP.