

Employment Contracts (14202411)

Winter semester 2026/27

9. September 2026

1 Organisational Issues

Intended audience:	Master BWL PO 2021: Specialisation: <i>Personnel and Organization</i>
Module:	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 parts 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 – 13:45, Room HS 4
Starting date of lecture:	21.10.26
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 voorin Holt@uni-trier.de to arrange an appointment.
Questions:	Please send an email to voorin Holt@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

(Exercise 1)

3. Risk-sharing

Part II: Hidden Action

4. Pay for Performance

(Exercise 2)

5. Monitoring

(Exercise 3)

6. Social Preferences

7. Teamwork

4 Bonus Points

Students will have the opportunity to participate in up to three in-class small exams (henceforth referred to as quizzes) with a duration of approximately 15 minutes at the start of the lectures in which the exercises are discussed. As the three quizzes will be heavily based on exercise material, students are expected to prepare the corresponding exercises at home to study for the quiz.

The two quizzes on which a participant has obtained the highest score can be used to improve the final exam grade, provided the exam is passed. Each included quiz increases (by a maximum of six) the number of points allocated to the part covering the material of the lecture on *Employment Contracts* in the written exam. This implies that in case of two perfect quiz scores, the above-mentioned number of points increases by 6. The exact grading formula is to be determined. Credits for the winter semester 2026/27 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.