

## Course: Organization and Management (Master)

### Course content

We study fundamental coordination and incentive problems in organizations and analyze these problems by applying methods from organizational economics, contract theory, and game theory.

In particular, we cover the following topics:

1. The theory of the firm (transaction cost approach, rent-seeking approach, property rights approach)
2. Incentive conflicts within firms (the firm as a nexus of contract, postcontractual and precontractual informational problems)
3. Optimal contracting under adverse selection
4. Optimal contracting under moral hazard
5. Problems of imperfect performance measurement
6. Relative performance evaluation
7. Teamwork

### Literature

#### Textbooks:

- **Chapter 10** of Brickley, Smith, Zimmerman (2009), "Managerial Economics and Organizational Architecture," McGraw-Hill Companies.
- **Chapter 2, 4, and 5** of Laffont and Martimort (2006), "The Theory of Incentives," Princeton University Press.
- **Chapter 12** of Besanko, Dranove, Shanley, Schaefer (2013), "Economics of Strategy", John Wiley & Sons.
- **Chapter 8** of Garibaldi (2006), "Personnel Economics in Imperfect Labour Markets," Oxford University Press.

#### Research papers:

Bandiera, Barankay, and Rasul (2013): Team Incentives: Evidence from a Field Experiment, Journal of the European Economic Association 11, 1079-1114, <https://doi.org/10.1111/jeea.12028>

Blanes i Vidal and Nossol (2012): Tournaments without Prizes: Evidence from Personnel Records, Management Science 58, 94-113, <https://doi.org/10.1287/mnsc.1110.1383>

Casas-Arce and Martinez-Jerez (2009): Relative Performance Compensation, Contests and Dynamic Incentives, Management Science, 55, 1306-1320, <https://doi.org/10.1287/mnsc.1090.1021>

Delfgaauw, Dur, Sol, and Verbeke (2013): Tournament Incentives in the Field: Gender Differences in the Workplace, Journal of Labor Economics 31, 305-326, <https://doi.org/10.1086/667996>

Lazear and Rosen (1981): Rank-Order Tournaments as Optimum Labor Contracts, Journal of Political Economy 89, 841-864, <https://doi.org/10.1086/261010>

Lazear (1989): Pay Equality and Industrial Politics. Journal of Political Economy 97, 561—580, <https://doi.org/10.1086/261616>

Bandiera, O., Barankay, I., and Rasul, I. (2013). Team incentives: Evidence from a firm level experiment. *Journal of the European Economic Association*, 11(5):1079-1114, <https://doi.org/10.1111/jeea.12028>

Hamilton, B. H., Nickerson, J., and Owan, H. (2003). Team incentives and worker heterogeneity: An empirical analysis of the impact of teams on productivity and participation. *Journal of Political Economy*, 111(3):465-497, <https://doi.org/10.1086/374182>

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