Module title		Abbreviation
Incentives in Organizations		12-M-AO-222-m01

Module coordinator		Module offered by
holder of the Chair for Human Resource Management and Organisation		Faculty of Management and Economics

ECTS	Method of grading	Only after succ. compl. of module(s)	
5	numerical grade	--	

Duration	Module level	Other prerequisites	
1 semester	graduate	--	

Contents

Based on the classical principal-agent theory, this course discusses methodological and empirical aspects of incentives in organisations. It uses contents from advanced text books and original (mainly empirical) research articles.

Outline of syllabus
1. Principal-agent theory
2. Do top managers earn too much? (application)
3. Performance-based payment
4. Implementation of performance-based payment in companies (application)
5. Seniority payment (with application)
6. Financial incentives to work after retirement (with application)
7. Wage bargaining (with application)
8. Efficiency wages (with case study)
9. Team incentives (with case study)

Literature
Milgrom and Roberts (1992), Economics, Organisation and Management, London.
Mishel and Sabadish (2013), CEO Pay in 2012 was extraordinarily high, EPI Issue Brief 367, Washington DC.
Fabbri and Marin (2016), What Explains the Rise in CEO Pay in Germany? A Panel Data Analysis for 1977-2009, Scandinavian Journal of Economics 118(2),235-263.Lazear (2000), Performance Pay and Productivity, American Economic Review 90, 1346-1361.
Lazear (1979), Why is there mandatoryretirement? Journal of Political Economy 87, 1261-1284. Hutchens (1989), Seniority, Wages and Productivity: A Turbulent Decade, Journal of Economic Perspectives 3 (4), 49-64.
Zwick (2011), ConsequencesofSeniorityWages on theEmploymentStructure, Industrial and Labor Relations Review 65(1), 108-125.
Lorenz and Zwick (2021), Money also issunny in a retiree´s world-financial incentives and work after retirement, Journal for Labour Market Research, 55 (21).
Bartolucci (2012), Credible Threats in a Wage Bargaining Model with on-the-job Search, Economic Letters, 117(3), 657-659.
Lukesch and Zwick (2023) Do outside options drive wage inequalities in retained jobs? Evidence from a natural experiment, British Journal of Industrial Relations, published online, https://doi.org/10.1111/bjir.12771.
Salop (1979), The model of the natural rate of unemployment, American Economic Review 69, 117–125.
Becker and Stigler (1974), Law enforcement, Malfeasance, andtheCompensationofEnforcers, Journal of Legal Studies III, 1-18.
Garibaldi (2006), Personnel Economics in Imperfect Labour Markets, Oxford University Press, Chapter 13.
Hjort (2014), Ethnic Divisions and Production in Firms, QuarterlyJournal of Economics, 1899-1946.
Kandel and Lazear (1992), Peer Pressure and Partnerships, Journal of Political Economy 100(4), 801817.

Intended learning outcomes

Students acquire a working knowledge of key incentive models models, selected empirical applications and the necessary econometric background. This enables them to identify the advantages and disadvantages of different incentive systems that are applied in the enterprise context, to make informed management analyses and to critically evaluate current controversies and developments as well as to conduct their own research.

Courses (type, number of weekly contact hours, language — if other than German)
V (2) + Ü (2) Module taught in: English

Method of assessment (type, scope, language — if other than German, examination offered — if not every semester, information on whether module is creditable for bonus)

a) written examination (approx. 60 minutes) or b) term paper (approx. 15 pages) Language of assessment: English

Allocation of places

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Additional information

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Workload

150 h

Teaching cycle

Teaching cycle: winter semester

Referred to in LPO I (examination regulations for teaching-degree programmes)

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Module appears in

Master's degree (1 major) Information Systems (2022)
Master's degree (1 major) International Economic Policy (2022)
Master's degree (1 major) Management (2022)
Master's degree (1 major) Economathematics (2022)
Master's degree (1 major) Management International (2024)
Master's degree (1 major) Management (2024)
Master's degree (1 major) International Economic Policy (2024)
Master's degree (1 major) Economathematics (2024)
Master's degree (1 major) International Economic Policy (2025)
Master's degree (1 major) Management (2025)
Master's degree (1 major) Management International (2025)
Master's degree (1 major) China Business and Economics (2025)
Master's degree (1 major) China Language and Economy (2025)
Master's degree (1 major) Economathematics (2025)