

Economics of Contracts and Organizations: Syllabus

University of Tokyo

2023

Administrative Information

- Course Title: Economics of Contracts and Organizations
- Instructor: Akifumi Ishihara (Institute of Social Science)
 - Office Hour: Wednesday pm 2:00-3:00 or appointment *via* email
 - Email: `akishihara[at]iss[dot]u-tokyo[dot]ac[dot]jp`
- Day and Time: A1 term, Monday pm 1:00-2:45, 2:55-4:40
 - We have a meeting on 9th October, though it is a public holiday.
 - We have no meeting on 1st November, though Monday classes will be held on this day.
- Venue: Economics Research Bldg 517
- Course Website:
 - `akishihara.github.io/teaching/C02023`
 - ITC-LMS: `itc-lms.ecc.u-tokyo.ac.jp/login`

Course Description

This course discusses organizational economics, with emphasis on problems of incentive and information, at a graduate level. The aim is to provide a basic ground of economic research on organizational economics and to stimulate participants' research activities on organizational economics (including both theoretical and empirical works).

The course is mainly for second-year graduate students or above. Other students or post-doctoral scholars interested in this course are also welcome as long as they satisfy the prerequisite described below.

Course Outline

The course is going to be based on a series of lectures. We will mainly discuss theoretical insights and their empirical implications on the following topics (subject to change).

1. Introduction
2. Careers and Labour Markets
 - (a) Compensation
 - (b) Human Capital Acquisition
 - (c) Promotion
 - (d) Wage Distribution in Labour Markets
3. Organizations of Work
 - (a) Complementary Practices
 - (b) Communication
 - (c) Hierarchies
 - (d) Delegation and Empowerment
 - (e) Coordination versus Adaptation
 - (f) Job Design
4. Management Styles
 - (a) Leadership and Vision
 - (b) Conformism and Favouritism

Prerequisite

Participants must have knowledge of (ideally advanced or at least intermediate) microeconomics and mathematics for economists: especially, game theory, economics of information and contract, constrained optimization, and probability.

The instructor offered a course in contract theory for graduate students (2022, A1). We will discuss different topics this year, but the knowledge may be helpful.

Grade

The grade will be based on two essays (mid-term and final), assigning *mock referee reports* on scholarly papers or *research proposals*.

Textbook

The lecture notes will be distributed. The note is mainly based on the following handbook and original scholarly articles cited therein. (The reading list of scholarly articles will be distributed.)

- Gibbons, R. and Roberts, J. (2013): *Handbook of Organizational Economics*, Princeton University Press.

The following materials are useful as a survey of personnel economics at undergraduate and MBA.

- Milgrom, P. and Roberts, J. (1992): *Economics, Organization and Management*, Prentice-Hall.
- Lazear, E. P, and Gibbs, M. (2014): *Personnel Economics in Practice*, Third Edition, Wiley.
- Kuhn, P. (2017): *Personnel Economics*, Oxford University Press.
- DeVaro, J (2020): *Strategic Compensation and Talent Management: Lessons for Managers*, Cambridge University Press.

Miscellaneous

- The lecture will be in English (subject to change to Japanese, conditional on the participants' language fluency).
- Students without registration or outside of U of Tokyo are also welcome (provided that they are enthusiastic about the topics in the course and satisfy the prerequisite). Whether you register for this course or not, please notice the instructor *via* e-mail if you intend to participate in this course (just for the instructor's understanding of the participants' background).
- The course material and important information are distributed *via* ITC-LMS. If you are not a student of the University of Tokyo, please notice the instructor.

Last updated: 29th August 2023