

## Practical information

Course ID

FEB12001X

Credits

8 EC

Instruction language

English

Themes

- Bachelor 2 - IBEB
- Bachelor 2 - MrBsc
- Bachelor Courses
- Premaster Economics and Business

Registration procedure

Via SIN-Online

Secretariat

ESE-Secretariat Economics, E1-28, 010-4081441,  
ae-secr@ese.eur.nl

## Course description

Content

The course consists of two parts: personnel economics and public economics.

- The first part of the course focuses on incentives and workers' motivation inside organisations. The role of monetary and non-monetary incentives in motivating, selecting, and attracting workers to organisations is studied. Topics include the effects of pay-for-performance on motivating and selecting workers, optimal hiring and firing policies, education, team-work, promotion tournaments, and benefits.
- The second part of the course focuses on the functioning of markets in case of public goods, externalities, and asymmetric information, and the role of the government in reducing the inefficiencies that arise when markets do not function perfectly. The limits of government intervention are also discussed. The effects of taxation and redistribution are studied, and the normative discussion of government intervention is compared to a positive analysis of collective decision-making.

## Learning goals

- Understand how economic theory can be used to study how organizations can attract, select, and motivate employees.
- Understand how economic theory can be used to study the functioning of markets in case of market failures, and the effects of government intervention on efficiency and distribution.
- Apply concepts and techniques taught in the first-year Microeconomics course and the Mathematics courses to analyze the effects of proposed responses to problems faced by decision-makers in the public sector as well as in organizations more generally.

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## Study materials

### Required material

- **Book**  
Harvey S. Rosen and Ted Gayer, Public Finance, 10e edition (8e and 9e edition are also possible)

### Recommended material

- **Book**  
Edward P. Lazear en Michael Gibbs, Personnel Economics in Practice (ISBN: 0471594660) or the older version

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## Instructional modes

### Instructional modes

- **Lecture**
- **Tutorial**

## Assessment



### Toetsvorm

- Two interim tests with essay questions (20%)
- Written (re-)examination with multiple choice questions (80%)

### Tentamenstof

- Selected chapters from the required literature
- Lecture slides
- Exercises

### Assessments (as registered in OSIRIS)

- **Written examination**

Test weight 100

Minimum grade 4.5