

University of Toronto
ECO338H1S
Economics of careers
Instructor: Aloysius Siow
Lecture: T 9-11am, SS 1069
Tutorial (mandatory): F11-1, SS 1069
Office hours: T4-6pm
Office: rm 301, 150 St. George St.

This course **USES MICROECONOMICS** to study the economics of careers, focusing on university graduates. It will include discussions of occupational choice, investment in human capital, gender considerations, inter-firm mobility, mobility in hierarchies, team production and matching, specialization and the division of labor, cognitive versus communication skills, incentives, commitment and meetings.

Prerequisite: Intermediate microeconomics, calculus and introductory statistics.

Grading scheme:

(25%) In class quizzes

(25%) 5 page paper due March 1. Guidelines on paper in dropbox.

(50%) final exam.

Class notes and readings will be posted on dropbox:

https://www.dropbox.com/sh/k16svjxek2hocua/AABlQQuQw_SgDcoCHzWeaHyca?dl=0.

Reading schedule:

First half of the course is on individual incentives and decisions.

Jan 10 Lecture 1: Labor supply and heterogeneity

Time is money

Altonji, Joseph G., and Christina H. Paxson. *Labor supply, hours constraints and job mobility*. No. w3474. National Bureau of Economic Research, 1990.

Sheryl Sandberg, Barnard College Commencement Address 2011.

Atlantic, “Why women still can’t have it all”.

Jan 17, 24: Lecture 2 Investment in human capital and on-the-job training

Oster, Emily, Ira Shoulson, and E. Dorsey. 2013. "Limited Life Expectancy, Human Capital and Health Investments." *The American Economic Review* 103 (5): 1977-2002.

Lazear, Edward P. "Balanced skills and entrepreneurship." *The American Economic Review* 94.2 (2004): 208-211.

Gronqvist, Erik, and Erik Lindqvist. "The making of a manager: evidence from military officer training." *Journal of Labor Economics, Forthcoming* (2015).

“Coding Boot Camp”, WSJ

“An escape hatch from the professional rut”, WSJ

Jan 31: Lecture 3 Gender roles

Bertrand, Marianne, Claudia Goldin, and Lawrence F. Katz. "Dynamics of the gender gap for young professionals in the financial and corporate sectors." *American Economic Journal: Applied Economics* (2010): 228-255.

Bailey, Martha J. “More Power to the Pill: The Impact of Contraceptive Freedom on Women's Life Cycle Labor Supply.” *The Quarterly Journal of Economics*, vol. 121, no. 1, 2006, pp. 289–320.

Leonardo Bursztyn, Thomas Fujiwara, and Amanda Pallais. `Acting Wife': Marriage Market Incentives and Labor Market Investments, 2016 working paper.

Read Sandberg and Slaughter again.

Feb 7: Lecture 4: Incentives

You get what you pay for, not what you want.

LAZEAR, EDWARD P. 2000. "Performance Pay and Productivity." *The American Economic Review* 90 (5): 1346-1361.

Kaur, Supreet, Michael Kremer, and Sendhil Mullainathan. "Self-control at work." *Journal of Political Economy* 123.6 (2015): 1227-1277.

Flammer, Caroline, and Pratima Tima Bansal. "Does long-term orientation create value? Evidence from a regression discontinuity." *Evidence from a Regression Discontinuity (December 17, 2014)* (2014).

Crépon, Bruno, and Francis Kramarz. "Employed 40 Hours or Not Employed 39: Lessons from the 1982 Mandatory Reduction of the Workweek." *Journal of Political Economy*, vol. 110, no. 6, 2002, pp. 1355–1389.

"P&G overhaul bonus system", WSJ

Feb 14: Lecture: Reputation building: They are talking about you.

The strength of weak ties.

Kellaway, "Do nice guys finish first?", Financial Times, May 26, 2016.

Nunley, John M., et al. *College Major, Internship Experience, and Employment Opportunities: Estimates from a Résumé Audit*. No. auwp2014-03. Department of Economics, Auburn University, 2014.

Burks, Stephen, Bo Cowgill, Mitchell Hoffman, and Michael Housman. 2013. "The Facts about Referrals: Toward an Understanding of Employee Referral Networks.", University of Toronto manuscript.

Feb 28 Lecture Hedonic labor market: How do I find the right fit? Go all in.

Bloom, Nicholas, James Liang, John Roberts, and Zhichun Jenny Ying. 2013. Does Working from Home Work? Evidence from a Chinese Experiment. NBER WP.

Wiswall, Matthew, and Basit Zafar. *Human capital investments and expectations about career and family*. No. w22543. National Bureau of Economic Research, 2016.

The second half of the course is on team production, hierarchies and matching.

Mar 7: Lecture 6 Team production and matching..

Adam Smith, *Wealth of Nations*, Book 1: Chapters 1- 4

Groshen, Erica L. 1991. "Sources of Intra-Industry Wage Dispersion: How Much do Employers Matter?" *The Quarterly Journal of Economics* 106 (3): 869-884.

Mar 14: Lecture 7 Introduction to hierarchies. specialization and the division of labor.

Firms are hierarchical and bureaucratic.

Garicano, Luis, and Thomas N. Hubbard. "Specialization, firms, and markets: The division of labor within and between law firms." *Journal of Law, Economics, and Organization* 25.2 (2009): 339-371.

Mar 21: Lecture 8 Careers in hierarchies & team work

Why can't I get promoted?

WSJ, "Breaking the competency curse".

Read "An escape hatch..." again.

Ariga, Kenn, Yasushi Ohkusa, and Giorgio Brunello. 1999. "Fast Track: Is it in the Genes? the Promotion Policy of a Large Japanese Firm." *Journal of Economic Behavior & Organization* 38 (4): 385-402..

Mar 28 Lecture 9: Cognitive versus communication skills

Those who can, do. Those who can't, teach.

Kuhn, P, and C. Weinberger (2005): .Leadership Skills and Wages,.Journal of Labor Economics 23(3): 395-436.

Stevenson, Betsey. "Beyond the classroom: Using Title IX to measure the return to high school sports." *The Review of Economics and Statistics* 92.2 (2010): 284-301.

Devereux, Kevin, and Aloysius Siow. "Own and collaborative skills in team production: The case of professional tennis".

New Republic, "Harvard, Ivy League should judge students by standardized tests."

Toronto Star. "John Chen: The man who saved Blackberry".

April 4 Lecture 10: Meetings.

Who gets invited to the meeting?

WSJ, "Asia's Aging Tech Leaders Struggle to Find Successors."