

University of Toronto
ECO338H1F
Economics of careers
Instructor: Aloysius Siow
Lecture: T 9-11am, ES B142
Tutorial (mandatory): F11-1, ES B142
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 pages paper in pdf due Nov 14. 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.

<https://80000hours.org/>

A website which gives career advice to smart, motivated young adults (YOU) who want to make a social difference. Independent of its social mission, it has useful career advice.

Reading schedule:

- Required reading.

Principles of career success.

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

Sept 12 Lecture 1: Labor supply and heterogeneity

- Sheryl Sandberg, Barnard College Commencement Address 2011.
- Atlantic, “Why women still can’t have it all”.
- Altonji, J. G, and C. H Paxson. 1988. Labor supply preferences, hours constraints, and hours-wage trade-offs. *Journal of labor economics*: 254–276.

Sept 19 Lecture 2 Investment in human capital and on-the-job training

- Becker, Human Capital.
- 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.
- “CoCo Vandeweghe’s exercise routine” WSJ
- “Coding Boot Camp”, WSJ

Sept 26 Lecture 3: Being replaced by AI

- “How to beat the robots” NYT

Oct 3 Lecture 4 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.
- Petter Lundborg, Erik Plug, and Astrid Würtz Rasmussen, “Can Women Have Children and a Career? IV Evidence from IVF Treatments”, *American Economic Review* 2017, 107(6): 1611–1637
- *Azmat, Ghazala, and Rosa Ferrer. "Gender gaps in performance: Evidence from young lawyers." *Journal of Political Economy* (2017).

Oct 10 Lecture 5 Incentives

- 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.

Oct 17 Lecture 6 Hedonic labor market and finding the right fit

- 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 and hierarchies.

Oct 24 Lecture 7

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.

Oct 31 Lecture 8

Introduction to hierarchies. specialization and the division of labor.

Nov 14 Lecture 9

Investment and mobility within teams and hierarchies

- WSJ, "Breaking the competency curse".
- "An escape hatch from the professional rut", WSJ

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..

Nov 21 Lecture 10

Occupation Choice and Matching

- New Republic, "Harvard, Ivy League should judge students* by standardized tests."
- Kuhn, P, and C. Weinberger (2005): .Leadership Skills and Wages,.Journal of Labor Economics 23(3): 395-436.

Nov 28 Lecture 11

Reputation and collaborative skill.

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.

Dec 5 Lecture 12

How to get a promotion/raise

Dec 5 Lecture 13

Meetings