# Economics and Policy of Human Resources

## Prof. Elena Cottini

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide the tools needed for an economic analysis of human resources, from both the theoretical and the empirical viewpoint. The programme covers optimal decisions regarding the types of workers to be hired and about terminating an employment relationship; and the issues of personnel recruitment and incentives policies. Given its importance for the management of human resources in Continental Europe and in particular, Italy, the relationship between labour market’s institutional framework and personnel policies will also receive attention.

At the end of the course, students will be able to:

1. know and understand the main theoretical models underlying the microeconomic and macroeconomic policies of human resource use.
2. apply the knowledge gained and to develop the ability to solve problems related to an efficient and productive use of the labour resource.
3. rigorously analyse and critically evaluate the institutional aspects of labour and human resources policies.
4. autonomously carry out microeconomic analyses of the implementation and evaluation of labour policies in the field of personnel selection, skills usage, and commitment incentivisation.
5. use a technical language to communicate their acquired knowledge clearly and effectively.

***COURSE CONTENT***

The course programme is divided into two parts:

1. *Hiring a firing policies*

– Identification of the optimal skill mix.

– The trade-off between workers and hours of work.

– The trade-off between temporary and permanent employment.

* Hiring policies and adverse selection.
* Job creation and job destruction.
* Employment protection.

2. *Worker incentives and effort extraction*

– Optimal wages with homogeneous workers.

– Optimal wages with heterogeneous workers.

– Tournament theory and other wage-related topics.

– Group incentives and teamwork (time permitting).

***READING LIST***

The course contents are based on the following textbook:

P. Garibaldi, *Economia delle risorse umane,* Il Mulino, Bologna, 2005.

More precise indications about the parts of the books that will be covered during the course, and about supplemental reading materials (if any) will be indicated on Blackboard.

***TEACHING METHOD***

The course will be taught through lectures and assignments in class.

***ASSESSMENT METHOD AND CRITERIA***

Written exam (duration: 1 hour and 30 minutes), consisting in two open-ended questions (either theoretical questions or exercises), organised in subsections – 12 points out of 30 points each – and one closed-ended question – 6 points out of 30 – in which students will be asked to explain their answers.

The assessment method will be the same for all students, regardless of class attendance. There will be no interim tests. Further information will be made available on the lecturer’s webpage or on Blackboard.

***NOTES AND PREREQUISITES***

Students are required to know the fundamental features of microeconomic analysis and how to use the basic tools of statistics (probability, expected value and variance; regression analysis) and mathematics (algebra and analysis).

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.