

## Organizational Economics

**Schedule:** Wednesday, 08:15 – 09:45 and 10:15 – 12:00 (see detailed schedule on next page). **Please note that the course will start on February 25.**

### Contacts:

Lecture: Prof. Dr. Holger Herz ([holger.herz@unifr.ch](mailto:holger.herz@unifr.ch))

Exercise sessions: Louis-Gabriel Nobs ([louis-gabriel.nobs@unifr.ch](mailto:louis-gabriel.nobs@unifr.ch))

Office hours by appointment

### Content:

This course provides an introduction to Organizational Economics. Organizational Economics is concerned with economic behavior within firms and between firms. Topics include optimal incentive provision within firms, covering optimal piece rate incentives, tournament incentives, relative performance contracts as well as career concerns. The course covers both explicit and implicit performance contracts. Further, the course provides an introduction to the boundaries of the firm (should certain supplies be produced in-house or outsourced) and the role of hierarchies for incentives. Topics will be assessed both from a theoretical and empirical perspective.

The course will be split in lectures as well as exercises in order to rehearse and practice the course content.

### Prerequisites:

This course will be relatively formal and requires knowledge of microeconomics at least at the level of microeconomics 1 and 2 at the Bachelor level. Prior attendance of the Master course “advanced microeconomics” is highly recommended.

### Literature:

The course will be based on selected book chapters and papers

## Materials

The course material will be provided through Moodle:

<https://moodle.unifr.ch/course/view.php?id=312638>

## Tentative Course Outline

### 1. Introduction

#### ***Part 1: Theory of the Firm***

2. Foundations and Boundaries of the Firm
3. The Property Rights Approach

#### ***Part 2: Incentives Inside Firms***

4. Incomplete Contracts and Moral Hazard
5. Optimal Risk Sharing
6. Optimal intensity of incentives
7. The Information Principle in Incentive Contracts
8. Monitoring
9. Multitasking
10. Ratchet Effects

#### **Part 3: Other Forms of Incentives and their Problems**

11. Tournaments and Career Concerns
12. Cooperation and Sabotage
13. Bilateral and Multilateral Relational Contracting
14. Subjective Performance Measures in optimal incentive contracts

#### ***Part 4: Behavioral Organizational Economics: Dysfunctional Incentives***

## Detailed (tentative) schedule

Please note that there will be no lecture in the first week; the first lecture is on February 25.

HH: Holger Herz (Lectures) / LGN: Louis-Gabriel Nobs (Exercises)

Date	Time	Lecture / Exercise	
<b>18.02.2026</b>	<b>COMPENSATION</b>		
25.02.2026	08:15-10:00	1. Introduction	HH
	10:15-12:00	2. Foundations and Boundaries of Organizations	HH
04.03.2026	08:15-10:00	3. Property Rights Approach	HH
	10:15-12:00	4. Property Rights Approach	HH
<b>11.03.2026</b>	<b>COMPENSATION</b>		
18.03.2026	08:15-10:00	5. Pay for Performance	HH
	10:15-12:00	PS1: Theory of the Firm, Property Rights, Hold-Up	LGN
25.03.2026	08:15-10:00	6. Pay for Performance Model Extensions	HH
	10:15-12:00	PS2: Moral Hazard, Optimal Incentives	LGN
01.04.2026	08:15-10:00	7. Tournaments	HH
	10:15-12:00	8. Tournaments + Tournaments Model Extensions	HH
<b>08.04.2026</b>	<b>EASTER VACATION</b>		
15.04.2026	08:15-10:00	PS3: Optimal Incentives	LGN
	10:15-12:00	PS4: Optimal Incentives	LGN
22.04.2026	08:15-10:00	PS5 : Multitasking / Ratchet Effect	LGN
	10:15-12:00	PS6: Tournaments	LGN
29.04.2026	08:15-10:00	9. Relational Contracts and Explicit Incentives	HH
	10:15-12:00	10. Relational Contracts and Explicit Incentives	HH
06.05.2026	08:15-10:00	11. Dysfunctional Incentives	HH
	10:15-12:00	PS7: Tournaments Extensions	LGN
13.05.2026	08:15-10:00	PS8: BGM	LGN
	10:15-12:00	PS9: Authority and Dysfunctional Incentives	LGN
<b>20.05.2026</b>	<b>COMPENSATION</b>		
27.05.2026	08:15-10:00	COMPENSATION	
	10:15-12:00	Repetition & Questions	LGN

