Perks at Work? HR Practices for Engineers

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Abstract: We analyze detailed reviews of employment practices and hiring processes collected by Glassdoor.com to examine how the need for rapid learning by firms at the technological frontier affects how firms source, screen, and compensate their engineers. After presenting an analytical model to motivate our key arguments, we provide empirical evidence that firms on the technical frontier (1) screen engineers for ability rather than prior experience, (2) compensate engineers with human capital and on-the-job perks (e.g., meals, transportation, and athletic facilities) that promote longer hours, rather than through higher wages, and (3) use these HR practices to accelerate the acquisition of new technical human capital, and thus complement frontier technology adoption when analyzed in a productivity framework. Moreover, firms using more mature technologies are better served by offering higher wages and fewer on-the-job perks. In other words, mismatched combinations of HR practices and technology in either direction appear to lead to sub-optimal performance.

Bio: Xuan Ye is a Ph.D. Candidate in Information Systems at Stern School of Business, New York University. Her research interests are in Economics of IT&Digitization, particularly areas related to how firms manage digital workplaces. In her dissertation, she studies how modern firms use non-monetary compensation to incentivize and attract high-skilled technical employees. Xuan holds a B.M. in Management Information Systems from Beijing University of Posts and Telecommunications, and a M.S in Economics from Georgia Institute of Technology.