When are tournaments optimal for promotion? What are the benefits of tournaments relative to a promotion standard. Discuss the effects of the *spread* & *expected compensation*. What happens as individuals move up an organization’s hierarchy?

What are the gains from *back loading* pay, & what was the effect of eliminating mandatory retirement?

Why would a firm pay benefits and not simply straight pay?

In general, who becomes an entrepreneur? Suppose a specialist has income $SI = \max(x_1, x_2)$, & an entrepreneur has income $EI = \lambda \min(x_1, x_2)$, $\lambda > 1$, $x_1 > x_2$, with $x_1$ & $x_2$ the levels of skills 1 & 2 possessed by the individual. For what values of $\lambda$ will the individual choose to be an entrepreneur?

What are the costs & benefits of worker empowerment, & will a firm choose the level of empowerment that maximizes total firm value?