

Tamata Seminar

Professor Tamada Yasunari Associate Professor

Field of Specialization: Incentive / Contract Theory, Industrial Organization, Microeconomics

Interviewer: Ajimura, Nakajima

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“I study the economics behind organizations.”

What is your field of speciality?

As a research topic, I am working on Contract Theory and discussing their applications, such as the issues with internal organizations in companies. This is a field that has gained a lot of momentum from around the 80's, and many kinds of research in this field continues to be done to this day. There are many kinds of organizations, but for example, an organization within a company would be made of many constituent members, including employees, managers as well as shareholders right? We mainly focus on discussing how we can provide the necessary and appropriate incentive to those employers and employees in an organization. More specifically, we research how through rewarding a person financially and through promotions, a company would be able to direct the behavior of employees and employers to best suit the will of a company, reduce the likelihood of corruption and lies, or maximize their individual performance. For example, if there were 2 tasks that need to be completed, we would research group organization, and if discussing if these tasks are better completed individually, or as a group. The topic itself is pretty specific and small-scale, but we research how to tailor incentives and rewards to work best for the company, maximizing their performance at an individual scale.

“Adjusting individual incentives to raise the overall performance of an organization.”

Please tell us in more detail!

The purpose of the research is to improve the performance of individuals acting based on various incentives such as money, reputation, and motivation. There are “good organizations” and “bad organizations” when it comes to corporate organisation. I'm also interested in the whole story of industrial organization theory represented by competition between companies. I have also written about research that skilfully analyzes such factors and evaluates whether they

are “pro-competitive” or “anti-competitive”. Google is a platform where end users who use various services and sponsor companies who send out advertisements come together, right? However, the main field is the analysis of intra-company organization applying the contract theory I mentioned earlier, and the sub-field is research on industrial organization theorists and competition between companies.

“Analyzing using economic logic.”

Listening to just that made me think it would overlap across both economics and business studies.

No, this is completely economics. Of course, it can also be applied to business studies as well, but the method of research is completely economics. Therefore, in practice, we use economic tools such as contract theory and game theory, and follow the logic of economics to analyze the things I just mentioned. This can be said for the applied microeconomics as a whole, but the actual economy is treated as the object of analysis. In that case, there are some aspects that seem to overlap with the “business studies” that everyone imagines, but my understanding is that business studies is a comprehensive and interdisciplinary study that uses economics as well as psychology, sociology, and statistical methods. Economics, on the other hand, actually follows the discipline of economics and analyses economic phenomena such as actual corporate organizations and competition among companies based on a single closed logical system.

“Controlling the costs and benefits, especially the benefits, that an individual faces.”

What method do you use to find out what motivates people?

Recently, there is behavioral economics, but after all, the image of human beings assumed by economics is one that compares the costs and benefits, and rationally chooses this one because it is more profitable. And in that kind of human image, he definitely captures one side of the truth. Then, the “advantage” part, which is more profitable to act in a certain way, is controlled by rewards and authority. Let’s reward and empower managers and employees to move in the desired direction of the company as a whole, or if the person is interested in his own career, he can make sure that he has a good reputation. Trying to make it possible to appeal. In any case, the idea is to successfully guide managers and employees by controlling the costs and benefits that individuals face, especially the benefits.

"Let's design an organization considering people's incentive constraints"

I think that appropriate incentives differ from person to person, but how do you translate them into formulas and theories?

It's not possible to study each individual person individually, but it seems possible to say things like, "Such people tend to choose this kind of behavior," or "What kind of people would you like to work with?" So, for example, if you have a boss and a subordinate, and you ask your boss, "What kind of subordinates would you like?", there can be a variety of subordinates.

Submissive subordinates are more likely to persuade their superiors to act in accordance with his intentions, but may end up being mere yes-men. Yes man has his own problems. If he says "yes, yes!" no matter what he asks, the subordinate will obey his boss and will not produce or convey any useful information on his own. Even for obedient subordinates, you have to be like him who can independently produce productive information and properly convey your opinions to your superiors. Also, rebellious subordinates are hard to use, but he still wants to tell his boss why he's rebellious and what he's thinking. Then, the rebellious subordinates have a strong will to obtain information on their own.

Collect it and maybe pass it on to your boss, which isn't bad for him, either. After all, while using carrots and sticks to some extent, you have to think carefully about what actions both obedient and rebellious subordinates tend to choose, and think about the best combination for the organization and bring out the best performance. I think that the approach to various subordinates and employees will change. But roughly speaking, you should be able to understand "If you do this, people will behave in this way". And since such human behavior patterns can be expressed by mathematical models, we should use them. In the model of contract theory, there is a constraint condition called incentive constraint, which is basically to guarantee that when there are desirable actions and undesired actions, people will take desirable actions. It's a constraint of If you design the reward well, he will choose this, or if you give him authority, he will choose that. The approach is to design an organization while considering people's incentive constraints. However, human beings are complicated, so there are many different people, and the problems related to organizations are complicated, so there are a huge number of research subjects. For example, there are textbooks on "organizational economics," but they are all really thick books, with detailed analyses and case studies on various topics. Even so, there are companies that succeed and those that fail, and companies that are not able to motivate their employees must figure out why and make corrections. You should be able to explain logically why you fail. If employees are unmotivated, if we logically analyze the reasons and correct them, we should be able to change people and organizations, so let's use economics to find out. That's what we study.

"I was very interested in how people behaved."

Q, Please tell us how you decided to do such research!

I originally wanted to study economics when I was in high school, but I was thinking of majoring in Marxist economics. Around that time. But when I actually entered and took Hiyoshi's microeconomics class (editor's note: Professor Tamada graduated from Keio University), I thought, "Ah, this one is more interesting!"

The reason is that microeconomics, like economics itself, sheds light on the incentives and behaviour of individual human beings, right? He said that he was very interested in the question, At that time, there is a coherent logical system called economics that explains the actions of individual people and companies, and the relationship between their actions. It may be a nasty point of view, but I found that I could explain it without failure, and that's how I fell in love with microeconomics. So I enrolled in a seminar on microeconomics. At the seminar, I learned game theory, which had risen to the centre of economics at that time. You can analyse various real-life phenomena in an interesting way. That's why it's still my field of study. But if anything, I'm more interested in the people inside the company than in the competition between companies. That's why the competition between companies is interesting, but the people inside the companies are more interested. Humans are weak and complicated, so there are complex incentives for various people, such as slacking off, lying, and sometimes trying hard, intertwined within companies. And a "good company" is born by skilfully controlling complicated people. I thought that part was very interesting. At that time, contract theory was just beginning to attract attention in economics, and I began to research fields such as corporate organisation and contract theory. In the end, I think I prefer the people in the company rather than the company itself.

"Use Economics Like You Ride a Bike"

Q, Please tell us about your educational philosophy!

I teach microeconomics classes at both Hiyoshi and Mita, and I also teach microeconomic theory, focusing on industrial organisation theory, contract theory, and game theory, in my seminars. Microeconomics is the most basic part of all economics. So, that's why he was required to study it in the second year, but he felt it was boring and put it away. fit in. I just want it to stop. Moreover, microeconomics, he says, is the foundation of all economics. I don't understand microeconomics, but I do understand economics, so it's impossible. When I do that,

I feel a great sense of responsibility (laughs). Especially Hiyoshi (introductory microeconomics). That's why

Do students really think that microeconomics is interesting and worth doing? This is the point that I pay the most attention to. There is one more thing, when I was studying abroad at a university in the United States a long time ago, a teacher there said something about him. , I was told, "Use economics like you ride a bicycle." In short, use economics as if you were playing with a toy or riding a bicycle, with the nuance of being able to use economics very naturally and freely. It's not only a researcher, but it's a word that can be understood by current students. After four years in the Faculty of Economics, many of them go out into the world by finding employment at companies. When he says he's faced real, complex problems after entering the workforce, he thinks economics is extremely capable of tackling and solving those problems. So, if he were to be able to use economics with good performance as easily as riding a bicycle to his neighbourhood , his way of looking at the world would change considerably. He says that he wants to cultivate such an eye, and that's the main purpose of his seminars and classes. That's why I think it's fun and interesting to learn economics deeply, and to casually look at reality from the perspective of economics, just like riding a bicycle. My educational philosophy is that I want you to become that kind of person. In the world, especially in Japan, there are not so many people who have an economic perspective, so if you can see things from an economic perspective, you will actually be able to think differently from other people. Moreover, even if it's not all of the truth, you'll acquire the ability to look straight ahead at certain parts of the truth. Even if it's one-sided, I want you to acquire the ability to shoot straight through the right things.

“Rather than studying at university, I would go out and watch movies, that kind of student life.”

Q, Please tell us about your school days!

I understand. I'm from a local city called Himeji in Hyogo prefecture. So when I came to Tokyo, I was really undecided. When I was in the countryside, I was big headed and was “too cool for school”. So when I arrived, I was so uncommitted that I didn't study at all during my two years at Hiyoshi. I worked on microeconomics, macroeconomics, and mathematics from time to time, but my grades weren't that good.

But I thought that would be bad, so when I came to Mita I started studying. When I was in Hiyoshi, I used to be in a circle, in a movie circle. But, it wasn't the one where we made movies, just watched them, kind of a pathetic circle really. Basically, I don't know what how to put it, but I really admired the culture of Tokyo. I was very interested in watching movies and theatre and in the subcultures there were. But as I said earlier, I found microeconomics very interesting, and I had been thinking about going to graduate school and becoming a researcher since high school. After coming to Mita, I studied hard, mainly in seminars, and went on to graduate school. (Q, did you start job hunting?) No, I did, but for a long time I thought I would go to graduate school rather than get a job. I didn't think it would be easy to get into graduate school, so I thought I'd try to figure out, to some extent, what it would have been like if I had found a job. Through job hunting, I wanted to get an idea of what my life would have been like if I had gotten a job without going on to graduate school. I figured out where I could get a job offer, but when they gave me that offer, I turned it down. For me, getting an offer gave me a rough idea of the general idea of my future and the timings of some events. Since I'm going to graduate school, at least I want to live a better life than when I got that offer, so I did job hunting to weigh the opportunity cost of going to graduate school.

“Even after entering the seminar, I want people who have high aspirations to study economics, and who have a strong desire to go out into society after mastering it.”

Q, Please tell us what you look for in second-year students who want to join the Yasunari Tamada Study Group!

Looking at my seminar, I think that there are quite a lot of different people. I don't think there is such a trend. In that sense, I think my seminar has an atmosphere that makes it easy to approach and apply, and that's why it's interesting to have so many different personalities. In that sense, I don't have a particular type of person in mind, but if I'm forced to say, if you don't have high aspirations, you'll inevitably cut corners in seminar activities later, or tend to be absent-minded during my seminars. We also study about human incentives in contract theory, and I have to say there is no incentive quite like ambition. The height of the ambition that the person himself has is the biggest driving force to move him. Therefore, even after entering the seminar, I would like people who have high aspirations to study economics and have a strong desire to go out into society after mastering it. Of course, I want you to like microeconomics, but it doesn't matter if you like it after you enter. For the time being, I want motivated students to come.

“For the time being, I want you to take economics a little seriously.”

Q, Please give a message to the second graders!

Since I'm going to spend four years in the Faculty of Economics, I think it would be a huge loss if I didn't study economics to some extent. However, since economics is a fundamental subject, I think there are a few hurdles to overcome before you can find it interesting. just a little. You have to put in a little effort before you find it interesting. However, it will soon become very interesting, so for now I would like you to take economics a little seriously. If you try it for a while, it will be fun and you will want to do more and more on your own. And I think that the knowledge and thoughts you get there will be a sharp weapon for you even after you go out into society, so I want you to spend your student life in order to acquire that weapon.

[Editor's Note]

Dr. Tamada kindly supported us, as it was our first interview after taking over, and we were somewhat hesitant. lots of useful information

I was able to get some information. Unfortunately, the editor failed in the interview at the time of the entrance exam, but if he had another chance, he would definitely want to try again. Dr. Tamada, thank you very much for taking the time out of your busy schedule for this interview.

Editor: 味村