Summary

Academe, through its graduates and its faculty, plays a crucial role in the supply of ‘innovations’. Jaffe (1989) for example finds that firms that are located in states with higher academic R&D expenditures, patent more, even after controlling for the firm’s R&D expenditures. Mansfield (1998) shows that over 10% of the new processes and products in seven industries could not have been developed without academic research. And these innovations are considered to be crucial determinants of economic growth (see Freeman and Soete (1997), Mokyr (1990) and Scherer(1999)).

Studying the behavior of scientists and universities thus has far-reaching implications as such knowledge should help us to improve the organization of the academic world which on its turn should improve economic performance.

Many authors have studied the incentive and evaluation mechanisms used by firms (see Prendergast (1999) for a literature survey) and stressed their importance for a firm’s performance. Much less, however, is known about the academic world (see Stephan (1996) for a survey). But there are many signs that incentives also matter for scientists and universities.

And if incentives are important, then academe also needs methods to evaluate performance. This thesis includes 5 chapters that add to the study of academe by looking at these incentives and these evaluation practices in academe. Chapter 1 studies how universities pay their top executives. Chapter 2 looks at the patent production functions of universities. In chapter three, I study the most widely used evaluation method in the academic world, peer review. In chapter four I present a new ranking of economics departments and economists based on their publication performance. The final chapter looks at the incentives generated by promotions in economics departments.