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07028

Holger Müller:

- › Die Wirkung der Marke auf die Produktwahrnehmung - Empirische Befunde von Produkttests im deutschen Zigarettenmarkt

Abstract:

Der an Idealpunkten orientierten Positionierung von Marken in der subjektiven Wahrnehmung der Konsumenten fällt im Zuge der zunehmenden Angebotshomogenität vieler Märkte eine enorme strategische Bedeutung zu. Anhand einer Fallstudie in Form identifizierter und Blind-Produkttests des Zigarettenmarktes wird aufgezeigt, wie Positionierungsanalysen methodisch aufgebaut sind und welche Informationspotentiale sich hieraus erschließen lassen. Ein besonderer Schwerpunkt der experimentellen Untersuchung liegt dabei auf der Fragestellung, inwieweit die durch markierungspolitische Aktivitäten der Anbieter aufgebauten Markenimages die subjektive Wahrnehmung beeinflussen und positionierungstechnisch von rein objektiven Produktwahrnehmungen separierbar. Im Endeffekt zeigt sich, daß erst die Kenntnis der getesteten Marken eine hinreichende Differenzierung zwischen den aus funktionaler Perspektive hochgradig ähnlichen Produkten ermöglicht. Die Markierung wirkt dabei logischerweise auf die Imageanmutung, beeinflußt jedoch auch und gerade die geschmackliche Wahrnehmung der Produkte.

JEL:

Keywords: Produkttests, Positionierung, Markierung, Markenimages

07027

Christopher Schlägel, Birgitta Wolff:

- › Country-Specific Effects of Reputation and Information: A Comparison of Online Auctions in Germany, the UK, and the US

Abstract:

Empirical studies on the effect of sellers' reputation on closing prices in online auctions present mixed results. A large number of studies addresses reputational effects in one country, especially in the US. Only a small number of cross-country studies inspect the moderating role of institutional frameworks on bidder behavior. The purpose of this paper is to examine if country-specific differences in the formal and informal institutional framework influence the effects of reputation and information signals on final prices in online auctions. From the perspective of the New Institutional Economics, management decisions and individuals' characteristics are affected by the institutional framework, which consists of cultural aspects as well as a set of social and legal rules and regulations. Therefore, bidders that are influenced by one institutional framework have different preferences, expectations, and perceptions about reputation and information in online auctions than individuals socialized by another institutional framework. In order to examine the effects of reputation and information on prices as well as to assess cross-country similarities and differences in these effects, a sample of 6,166 homogenous online auctions, conducted on the respective eBay websites in Germany, the UK, and the US, is analyzed. The results suggest that either the effects of reputation and product information variables vary significantly across countries or that different variables have an impact on prices in different countries. It can be concluded that country-specific institutional frameworks influence bidder behavior in international online auction markets.

JEL:

Keywords: reputation, information, online auctions, cross-country studies

07026 Jens Robert Schöndube:

- › Early versus late effort in dynamic agencies with learning about productivity

Abstract:

In this paper we analyze a dynamic agency problem where contracting parties learn about the agent's future productivity over time. We consider a two period model where both the agent and the principal observe the agent's second period performance productivity at the end of the first period. This observation is assumed to be non verifiable information. We compare long-term contracts to short-term contracts with respect to their suitability to motivate effort in both periods. On the one hand short-term agreements allow for a better fine-tuning of second period incentives as they can be aligned to the observation of the agent's second period performance productivity. On the other hand in short-term agreements the effect of early effort on future performance is ignored as contracts have to be sequentially optimal. Hence, the difference between long-term and short-term agreements is characterized by a trade-off between inducing effort in the first and in the second period. We analyze the determinants of this trade-off and demonstrate its implications for performance measurement and information system design (e.g. we compare accrual to cash-accounting).

JEL:

Keywords:

07025 Sascha Füllbrunn:

- › Collusion or Sniping in simultaneous ascending Auctions

Abstract:

In simultaneous ascending price auctions with heterogeneous goods Brusco and Lopomo (2002) derive collusive equilibria where bidders divide objects among themselves, while keeping the prices low. Considering a simultaneous ascending price auction with a fixed deadline, i.e. the Hard Close auction format, a prisoner's dilemma situation results and collusive equilibria no longer exists, even for only two bidders. Hence, we introduce a further reason for sniping behavior in Hard Close auctions.

JEL: D44

Keywords: collusion, sniping, multi unit auctions, prisoner's dilemma

07024 Sascha Füllbrunn, Tibor Neugebauer:

- › An experimental investigation of collusion in hard-close auctions: partners and friends

Abstract:

We study collusion in the finitely repeated, hard-close auction experiment. Three subjects, identified by their bidder name, simultaneously compete in three auction markets. Due to the experimental design, subjects are enabled to the sharing of the benefits of cooperation by coordinating their individual demands. Similar collusive behavior has been suggested to play an important role in empirical markets (Klemperer 2002). We consider two treatments. In the first one, the partners treatment, subjects who are identified by bidder-names interact repeatedly but anonymously with each other. In the second one, the friends treatment, groups of three subjects who participate together in the experiment, interact repeatedly with another. In the experiment, we do not observe tacit collusion in the partners treatment; the outcome is efficient and prices converge quickly to the rational equilibrium prediction. Only in the friends treatment, cooperation gains can be realized, but much less cooperation is observed than one would imagine. We conclude that in the laboratory, cooperation is difficult to achieve in the hard-close auction market if anonymity prevails.

JEL: D44, C92

Keywords: multi unit auctions, collusion, experimental economics

07023 Alma Berneburg:

› Do Consumers' Stated Preferences in Choice Models Depend on Differences in Stimulus Presentation
2D versus 3D Presentation?

Abstract:

This study tries to contribute to the branch of research that is engaged in the analysis of different stimulus presentation formats and their influence on quality and validity of the test results in a Conjoint Analysis. This topic has gained special attention as new techniques became available that enable the inclusion of holographic three-dimensional stimuli in the research of consumers' preferences. Especially for examining design-related questions this proves very interesting. The study compares the results of two Choice Based Conjoint analyses with one presenting the test object via computer-based 2D-picture and the other using a holographic 3D-simulation. For the attributes at hand no differences between the results of the 2D- and 3D-test can be isolated on an aggregate level.

JEL:

Keywords: Stimulus presentation formats, Dimension effects, Consumer decision making, Choice experiments

07022

Holger Müller:

› Empirische Befunde der experimentellen Preisforschung: Wirkung der Transaktionskonsequenz und materieller Anreize auf das Entscheidungsverhalten in Kaufsimulationen

Preisresponsefunktionen lassen sich häufig nur auf Basis von Informationen aus experimentellen Kaufsimulationen gewinnen. Die externe Validität derartiger Kaufsimulationsdaten ist erfahrungsgemäß eingeschränkt, was sich primär auf die grundsätzlich artifizielle Entscheidungssituation zurückführen lässt. Hieraus resultierende Ergebnisverzerrungen (Bias) - die sich z.B. in überhöhten Zahlungsbereitschaften manifestieren - können indes durch geeignete Konfigurationsparameter der Kaufsimulation minimiert werden. Zu diesen zentralen Konfigurationsparametern sind die für den Probanden entstehenden Konsequenzen der getroffenen Entscheidungen (hypothetische vs. verbindliche Kaufentscheidungen) sowie die materiellen Anreize einer Kaufsimulation (Verwendung fiktiver, experimentell vorgegebener [externer] oder aber privater Budgets des Probanden) zu zählen. Eine hierzu durchgeführte empirische Erhebung im nationalen Markt für Zahnpflegeprodukte (Zahncremes) belegt, daß verbindliche Kaufentscheidungen unter Verwendung privater Budgets verzerrungsminimierende Resultate realisieren. Auch die Anwendung hypothetischer Kaufsimulationen scheint nach den Ergebnissen der Studie mit Einschränkungen empfehlenswert. Von der Vergabe externer Budgets ist wegen der signifikanten Verzerrungswirkungen hingegen grundsätzlich abzuraten.

JEL:

C72, J51

Keywords:

Kaufsimulationen, Materielle Anreize, Hypothetischer Bias, Preisresponsefunktionen

07021

Roland Kirstein:

› Internationaler Müllhandel aus Sicht der ökonomischen Analyse des Rechts

Abstract:

JEL:

Keywords:

07020

Andreas Knabe, Ronnie Schöb:

› Subsidizing Extra Jobs: Promoting Employment by Taming the Unions

Abstract:

We study the subsidization of extra jobs in a general equilibrium framework. While the previous literature focuses on symmetric marginal employment subsidies where firms are rewarded when they increase employment but punished when they reduce their workforce, we consider an asymmetric scheme that only rewards employment expansion. This changes the incidence substantially. In the asymmetric case without punishment, it becomes less costly for firms to lay off a substantial fraction of their workforce when trade unions raise wages. This tames the unions, which causes wage moderation and raises

aggregate employment and welfare. For moderate subsidy rates, all unions prefer to restrain their wage claims. At sufficiently high subsidy rates, labor market conditions improve so much that some unions enforce higher wages and let their firms shrink. This displacement of firms might have a negative impact on employment and welfare.

JEL: J38, J68, H25

Keywords: unemployment, marginal employment subsidies, general equilibrium

07019 Sven Wehke:

›Union Wages, Hours of Work and the Effectiveness of Partial Coordination Agreements

Abstract:

Small monopoly trade unions decide upon the wage rate per hour and the hours of work subject to firm's demand for union members. Since the resulting Nash equilibrium is characterized by excess unemployment, we study the employment and welfare effects when trade unions try to coordinate their policies. Firstly, we consider a joint agreement about marginal wage moderation, where trade unions remain free to choose the hours of work non-cooperatively. Secondly, we analyze in which way a joint change in the hours of work affects employment and welfare if trade unions are free to choose the wage rate.

JEL: C72, J51

Keywords: unemployment, wage setting, hours of work, partial cooperation

07018

Alisher Aldashev, Johannes Gernandt, Stephan L. Thomsen:

›Language Usage, Participation, Employment and Earnings

Abstract:

Language ability may not only affect the earnings of the individual, but the participation to participate in the labor market or becoming employed as well. It may also affect selection of people into economic sectors and occupation. In this paper the effects of language ability on earnings are analyzed for foreigners in Germany with joint consideration of up to four types of self-selection. The results show that language proficiency significantly increases participation and employment probability and affects earnings directly. However, when self-selection into economic sectors and occupation is regarded, the direct effects of language ability on earnings vanish.

JEL: J61, I12, J15

Keywords: Migration, Language Ability, Multiple Selection, Selection Bias, Germany

07017

Antje Henne, Sebastian Ostrowski, Peter Reichling:

›Dividend Yield and Stability versus Performance at the German Stock Market

Abstract:

It is often examined in the literature whether the dividend yields of stocks correlate with their total returns. This paper analyzes the effect of dividend yield on return as well as on risk and on performance of stocks and stock portfolios. Not only the influence of dividend yield but also of dividend stability is subject of our analysis. Furthermore, tax aspects are considered. Our data set comprises daily adjusted stock prices and dividend payment data from the German capital market over the period 2000 to 2006. We use stocks from the HDAX, which include blue chips (DAX), stocks of medium-sized companies (MDAX), and stocks of technology firms (TecDAX). Our findings suggest that the performance generally improves with an increasing dividend yield. However, this result is rather based on risk reduction than on a higher return where risk reduction diminishes by increasing the degree of diversification.

JEL: G11, G14

Keywords: dividend yield, dividend stability, diversification, performance

07016

Karl Inderfurth, Tobias Schulz:

›Zur optimalen Parametrisierung der Lagerkennlinie nach Nyhuis/Wiendahl

Abstract:

Mit dem von P. Nyhuis und H.-P. Wiendahl entwickelten Konzept der logistischen Kennlinien ist das Zie verbunden, den Zusammenhang zwischen verschiedenen Kenngrößen eines logistischen Systems mit einem einfachen Funktionsverlauf hinreichend genau abzubilden. Im Rahmen von Lagerkennlinien soll dabei die Beziehung zwischen den Kenngrößen Bestandshöhe und Lieferverzug in einem Lagersystem wiedergegeben werden. Ausgehend von der exakten Darstellung des entsprechenden Zusammenhangs in einem idealisierten, deterministischen Umfeld empfehlen die Autoren, diese Beziehung in einer realer durch stochastische Störinflüsse geprägten Umwelt approximativ durch eine einfache Anpassung des unter deterministischen Bedingungen ermittelten Funktionsverlaufs zu beschreiben. Eine entscheidende Rolle spielt hierbei ein Parameter, der die Krümmung der Lagerkennlinie kennzeichnet. Im vorliegenden Beitrag wird gezeigt, wie mittels einer lagerhaltungstheoretischen Analyse eine Optimierung dieses Parameters für vorgegebene Wahrscheinlichkeitsverteilungen der Störgrößen vorgenommenen werden kann. Daraus lassen sich allgemeine Hinweise darauf ableiten, wie Lagerkennlinien in Abhängigkeit vor wesentlichen Eigenschaften der hinter realen Planabweichungen steckenden stochastischen Störungen (wie Ausmaß von Streuung und Schiefe der entsprechenden Wahrscheinlichkeitsverteilungen) bestmöglich zu parametrisieren sind.

JEL:

Keywords: Lagerkennlinie, Logistikperformance, Bestandsanalyse

07015 Jannette Brosig, Timo Heinrich, Thomas Riechmann, Ronnie Schöb, Joachim Weimann :
› A sceptic comment on "A sceptic's comment on the study of economics"

Abstract:

This paper provides a critical re-examination of Rubinstein's survey in which he questions the way of teaching economics. The observations obtained in our new survey cast some doubts on the original findings, and in particular, question Rubinstein's conjecture that our students' views on economic issues are influenced by the way we teach economics.

JEL: A2, C9

Keywords: Survey, Economics Education, Teaching of Economics

07014 Annette Kirstein, Roland Kirstein:
› Iterative Reasoning in an Experimental "Lemons" Market.

Abstract:

In this paper we experimentally test a theory of boundedly rational behavior in a "lemons" market. We analyze two different market designs, for which perfect rationality implies complete and partial market collapse, respectively. Our empirical observations deviate substantially from the predictions of rational choice theory: Even after 20 repetitions, the actual outcome is closer to efficiency than expected. We examine to which extent the theory of iterated reasoning contributes to the explanation of these observations. Perfectly rational behavior requires a player to perform an infinite number of iterative reasoning steps. Boundedly rational players, however, carry out only a limited number of such iterations. We have determined the iteration type of the players independently from their market behavior. A significant correlation exists between the iteration types and the observed price offers.

JEL: D8, C7, B4

Keywords: bounded rationality, market failure, adverse selection, regulatory failure, paternalistic regulation

07013 Marijana Gunkel, Edward J. Lusk, Birgitta Wolff :
› Profiles of stress: an empirical comparison of employee stress factor differences in Germany and the US.

Abstract:

According to The HR Magazine (May, 2006 p. 14), "Today, American workers are saying that they are accomplishing less than they did a decade ago and are feeling more rushed on the job". This is the point of departure for our study. Using a questionnaire based upon the work of Geert Hofstede, we surveyed

employees of a MNC headquartered in Germany with branches in the US. We create three stress groupings: High, Middle and Low based upon selected variables measured on Likert-type scales, e.g., How often do you feel nervous or tense at work? We examine these stress groups on a variety of variables to develop profiles of these three groups. The dataset with 1,300 observations on more than 7 variables provides a rich rendering of the profiles both overall and by country. For example, we find for both the German and US respondents that more stress is associated with less satisfaction in particular respecting Fringe Benefits and Having Challenging Work. And the German employees, who were classified as exhibiting high levels of stress, are less satisfied with Fringe Benefits than their US counterparts.

JEL:

Keywords:

07012

Andreas Knabe, Steffen Rätzel :

› Quantifying the psychological costs of unemployment: the role of permanent income

Abstract:

Unemployment causes significant losses in the quality of life. In addition to reducing individual income, it also creates non-pecuniary, psychological costs. We quantify these non-pecuniary losses by using the life satisfaction approach. In contrast to previous studies, we apply Friedman's (1957) permanent income hypothesis by distinguishing between temporary and permanent effects of income changes. This allows us to account for intertemporal spillovers of income compensations. Our results show that, without this distinction, the non-pecuniary costs of unemployment are overestimated by roughly one-third. Nevertheless, the non-pecuniary costs of unemployment with this modified quantification method still amount to 2.3 (1.5) times the pure pecuniary costs of unemployment for men (women). This confirms the high value of work for life satisfaction.

JEL:

J28, J60, D91

Keywords:

unemployment, happiness, life satisfaction, permanent income

07011

Tim Hoppe, Abdolkarim Sadrieh:

› An Experimental Assessment of Confederate Reserve Price Bids in Online Auction

Abstract:

Confederate bids (i.e. bids placed by sellers' confederates) are sometimes assumed to enhance sellers' revenues, if not detected by bidders. As compared to public reserve prices, confederate bids may be used to increase bidding activity (perhaps causing "auction fever") or to evade placement costs without increasing the risk of unacceptably low prices. We present two field experiments with parallel auctions of identical units of a popular DVD and a memorial coin using three different reserve price and confederate bid settings. We find statistically indistinguishable prices and price dispersion in all three auction types. Sellers' payoffs, however, are significantly lower with public reserve prices, due to placement costs.

JEL:

D44, C93

Keywords:

internet auctions, bid shilling, reserve price, internet fraud, market design

07010

Sven Wehke:

› Fighting Tax Competition in the Presence of Unemployment: Complete versus Partial Tax Coordination

Abstract:

In this paper, we analyze the welfare consequences of tax coordination agreements which cover taxes on mobile capital and immobile labor, respectively. In doing so, we take into account two important institutional details. First, we incorporate decentralized wage bargaining, giving rise to involuntary unemployment. Second, we distinguish between complete tax coordination, which effectively covers both tax instruments, and the more plausible case of partial tax coordination, where one tax is marginally increased by all countries, while the other tax rate can still be freely chosen by all countries. It is shown that complete tax coordination remains to be welfare enhancing in the presence of unemployment. In

contrast, for partial tax coordination, the welfare effects become ambiguous and are different to the case of competitive labor markets.

JEL: H21, H87, J51

Keywords: factor taxation, (partial) tax coordination, wage bargaining, unemployment

07009 Gangolf Groh:
› Involuntary Unemployment in a Competitive Labour Market

Abstract: High and persistent unemployment, especially in the sector of low-skilled work, is usually attributed to the presence of minimum wages or unemployment benefits creating a reservation wage at which labour demand of firms is insufficient. While not refusing this view this paper argues that also without these obstacles a situation is likely to occur which is similar to unemployment and in a rigorous sense even worse: people not finding a job in the sector of "honest work" at a wages sufficient to meet minimum consumption are forced to recourse to less desirable activities. The topic is analyzed in an OLG-context with two working periods for each generation.

JEL:

Keywords:

07008 Heike Hausner, Jessica Knauel, Gerhard Wäscher:
› Tourenplanung für den Menübringdienst des Deutschen Roten Kreuzes Magdeburg - Eine Fallstudie

Abstract: Den Gegenstand dieser Arbeit bildet die Planung von Master-Touren für einen Menübringdienst des Deutschen Roten Kreuzes. Es wird untersucht, ob und ggf. in welchem Umfang bei der Belieferung der Kunden Rationalisierungspotentiale durch eine verbesserte Tourenplanung erschlossen werden können. Da nur einige wenige Zeitfensterrestriktionen zu beachten sind, wird das zugrunde liegende Tourenplanungsproblem zunächst unter teilweiser Vernachlässigung dieser Restriktionen (mit Hilfe eines exakten Ansatzes) gelöst. Anschließend wird eine Heuristik eingesetzt, mit der die ermittelte Lösung dahingehend überarbeitet wird, dass auch die letzten verbliebenen Verletzungen von Zeitfensterrestriktionen aufgehoben werden. Der zum Einsatz vorgeschlagene neue Master-Tourenplan erweist sich gegenüber dem aktuellen Plan als erheblich kürzer, und zwar sowohl im Hinblick auf die zurückzulegenden Entfernung als auch in Bezug auf die dafür benötigte Zeit.

JEL:

Keywords: Tourenplanung, Master-Touren, Zeitfenster, Zeitbeschränkungen

07007 Jörn Hendrich Block, Thorsten Staak, Philipp Tilleßen:
› Ist das staatliche Eingreifen ins Gründungsgeschehen theoretisch legitimiert?

Abstract: In der wirtschaftspolitischen Diskussion wird häufig geäußert, für Unternehmensgründer relevante Märkte würden versagen. Folglich müsse der Staat intervenieren, um das Allokationsergebnis zu verbessern. Auf Grundlage der Wohlfahrtstheorie wird in diesem Papier hinterfragt, inwieweit sich Marktversagen im Gründungsgeschehen theoretisch begründen lassen. Als Marktversagensursachen werden dabei Externe Effekte, Asymmetrische Informationen auf Faktor- und Absatzmärkten sowie Unteilbarkeiten betrachtet und auf ihre Bedeutung für den Gründungssektor hin geprüft. Abschließend werden nicht-ökonomische Zielstellungen skizziert, die in der politischen Diskussion als Rechtfertigung für einen Staatseingriff in den Gründungssektor hervorgebracht werden.

JEL: D60, H00, L26

Keywords: Externe Effekte, Asymmetrische Information, Unteilbarkeiten, distributives Marktversagen

07006 Barbara Schöndube-Pirchegger:

Abstract:

This paper offers an explanation for audit committee failures within a corporate governance context. We consider a setting in which the management of a firm sets up financial statements that are possibly biased. These statements are reviewed/audited by an external auditor and by an audit committee. Both agents report the result of their audit, the auditor acting first.

The auditor and the audit committee use an imperfect auditing technology. As a result of their work they privately observe a signal regarding the quality of the financial statements. The probability for a correct signal in the sense that an unbiased report is labelled correct and a biased one incorrect, depends on the type of the agent. Good as well as bad agents exist in the economy. Importantly, two good agents observe identical informative signals while the signal observed by a bad agent is uninformative and uncorrelated to those of other good or bad agents.

The audit committee as well as the auditor are anxious to build up reputation regarding their ability in the labor market. Given this predominate goal they report on the signal in order to maximize the market's assessment of their ability.

At the end of the game the true character of the financial statements is publicly learned and the market uses this information along with the agents' reports to update beliefs about the agents' type.

We show that herding equilibria exist in which the auditor reports based on his signal but the audit committee .herds. and follows the auditor's judgement no matter what its own insights suggest.

JEL:

Keywords: corporate governance, audit committee, game theory, herding

07005

Jeannette Brosig, Thomas Riechmann, Joachim Weimann:

› Selfish in the end? An investigation of consistency and stability of individual behaviour

Abstract:

This paper puts three of the most prominent specifications of 'other-regarding' preferences to the experimental test, namely the theories developed by Charness and Rabin, by Fehr and Schmidt, and by Andreoni and Miller. In a series of experiments based on various dictator and prisoner's dilemma games we try to uncover which of these concepts, or the classical selfish approach, is able to explain most of our experimental findings. The experiments are special with regard to two aspects: First, we investigate the consistency of individual behavior within and across different classes of games. Second, we analyze the stability of individual behavior over time by running the same experiments on the same subjects at several points in time.

Our results demonstrate that in the first wave of experiments, all theories of other-regarding preferences explain a high share of individual decisions. Other-regarding preferences seem to wash out over time, however. In the final wave, it is the classical theory of selfish behavior that delivers the best explanation. Stable behavior over time is observed only for subjects, who behave strictly selfish. Most subjects behave consistently with regard to at least one of the theories within the same class of games, but are much less consistent across games.

JEL:

C91, C90, C72, C73

Keywords:

individual preferences, consistency, stability, experimental economics

07004

Roland Kirstein, Annette Kirstein:

› Inefficient Intra-Firm Incentives Can Stabilize Cartels in Cournot Oligopolies

Abstract:

The instability of Cournot cartels can be overcome by a collective wage agreement if this agreement stipulates minimum fixed wages and piece rates that are legally enforceable. This new view on the

institution of collective wage agreements is not only relevant for strategic management, it also has an important implication for economic policy: competition authorities should observe such agreements for their potentially collusive effect on product markets. Moreover, the model contributes to the explanation of the "fixed wage puzzle", i.e., the observation that firms pay lower than efficient variable wages and higher fixed wages than predicted by contract theory.

JEL: C72, C78, D43, J33, J50, K31, L41

Keywords: Piece rate, fixed wage, collective wage agreements

07003 Stefan Felder:
The variance of the length of stay and the optimal DRG outlier payments

Abstract:

Prospective payment schemes in health care often include supply-side insurance for cost outliers. In the early US Medicare and the current German DRG systems, the outlier scheme fixes a length of stay (LOS) threshold, constraining the loss risk for the provider. This threshold is to increase with the standard deviation of the LOS distribution. The present paper addresses the adequacy of the DRG threshold rule of risk-averse hospitals with preferences depending on expected profits and its variance. It first shows that the optimal threshold solves the hospital's tradeoff between higher profit risk and lower premium loading payments. It then demonstrates for normally distributed LOS that the optimal threshold generally decreases with an increase of the standard deviation. The intuition for this result is that a higher variance increases the profit risk, which in turn leads hospitals to insure a larger part of the LOS distribution.

JEL: G22, I11

Keywords: Optimal outlier DRG payments, supply-side insurance in health care, stop loss insurance

07002 Harald Simons:
› Transfers, non-tradable goods and a distorted economy in eastern Germany

Abstract:

A neoclassical 2x2 model with one tradable and one non-tradable good is used to examine some effects of the public transfers to eastern Germany. Results indicate that transfers enlarge the non-tradable sector at the expense of the tradable sector. In the case of minimum-wage-induced unemployment, transfers have a similar localisation effect.

Using data from social security employment statistics, the localisation effect can clearly be shown. The paper concludes with some speculation on the effects of transfers on growth prospects and hypothesises whether the transfer itself might be one cause for the low growth rates of the eastern German economy.

JEL: F11, P24, R11

Keywords: transfer, non-tradable goods, eastern Germany

07001 Roland Kirstein, Robert D. Cooter:
› Sharing and Anti-Sharing in Teams

Abstract:

Compared to budget-balanced Sharing contracts, Anti-Sharing may improve the efficiency of teams. The Anti-Sharer collects a fixed payment from all team members; he receives the actual output and pays out its value to them. If a team member becomes Anti-Sharer, he will be unproductive in equilibrium. Hence, internal Anti-Sharing fails to yield the first-best outcome. Anti-Sharing is more likely to yield a higher team profit than Sharing, the larger the team, the curvature of the production function, or the marginal effort cost. Sharing is more likely to be better, the greater the marginal product, the cross-partial of the production function, or the curvature of the effort cost.

JEL: D23, L23, C72

Keywords: Budget-breaker, supermodularity, constrained efficiency

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