



WORKSHOP ON MICROECONOMICS

Lüneburg Workshop in Economics, March 3-4, 2016

PROGRAMMÜBERSICHT

ORGANISATOREN

Mario Mechtel
Christian Pfeifer

3. März 2016

ab 13 Uhr Empfang und Imbiss
13:45-19:00 Uhr Vorträge
20:00 Uhr Conference Dinner (Mälzer Brau- und Tafelhaus, Heiligengeiststr. 43)

4. März 2016

09:30-12:05 Uhr Vorträge
12:05-12:50 Uhr Mittagspause
13:00-18:50 Uhr Vorträge
ab 20 Uhr optionales Abendprogramm

» www.leuphana.de/institute/ivwl.html

Alle Vorträge und Pausen sowie der Empfang am 3. März finden in Raum C4.215 statt (Gebäude 4, Campus Scharnhorststraße, 2. Stock).

PROGRAMM

Donnerstag, 03. März 2016

ab 13:00	Empfang und Imbiss
13:40	Eröffnung und Begrüßung
13:45-15:30	Session 1: Field Experiments
15:30-15:45	Kaffeepause
15:45-16:55	Session 2: Contests & Tournaments
16:55-17:15	Kaffeepause
17:15-19:00	Session 3: Personnel Economics
20:00	Conference Dinner (Mälzer Brau- und Tafelhaus)



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KONTAKT

Katja Seidel
katja.seidel@leuphana.de
Fon 04131.677-2320

ORGANISATOREN

Mario Mechtel
Christian Pfeifer

Freitag, 04. März 2016

09:30-10:40	Session 4: Empirical Economics
10:40-10:55	Kaffeepause
10:55-12:05	Session 5: Turnover
12:05-12:50	Mittagspause
12:50-14:00	Session 6: Screening & Signaling
14:00-14:15	Kaffeepause
14:15-15:25	Session 7: Law & Economics
15:25-15:40	Kaffeepause
15:40-17:25	Session 8: Political Economy
17:25-17:40	Kaffeepause
17:40-18:50	Session 9: Peer Effects
ab 20:00	optionales Abendprogramm

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TEILNEHMERLISTE

- Daniel Arnold (ZEW Mannheim)
- Agnes Bäker (Universität Zürich)
- Florian Baumann (Rheinische Friedrich-Wilhelms-Universität Bonn)
- Christian Bruns (Georg-August University Göttingen)
- Adrian Chadi (IAAEU, Universität Trier)
- Philipp Denter (Universidad Carlos III de Madrid)
- Tim Friehe (Philipps-Universität Marburg)
- Daniel Herbold (CUNEF Madrid)
- Clemens Hetschko (Freie Universität Berlin)
- Florian Hett (Johann Wolfgang Goethe-Universität Frankfurt)
- Boris Hirsch (Friedrich-Alexander-Universität Erlangen-Nürnberg)
- Leonie Gerhards (Universität Hamburg)



Leuphana Universität Lüneburg
Institut für Volkswirtschaftslehre

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- Olga Lorenz (IAAEU, Universität Trier)
- Mario Mechtel (Leuphana Universität Lüneburg)
- Jens Mohrenweiser (University of Bournemouth)
- Henning Müller (Johannes Gutenberg-Universität Mainz)
- Christian Pfeifer (Leuphana Universität Lüneburg)
- Christoph Sajons (Walter Eucken Institut Freiburg)
- Felix Schmidt (Johannes Gutenberg-Universität Mainz)
- Jakob Schwab (Johannes Gutenberg-Universität Mainz)
- Katja Seidel (Leuphana Universität Lüneburg)
- Dana Sisak (Erasmus University Rotterdam)
- Rudi Stracke (Ludwig-Maximilians-Universität München)

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DONNERSTAG, 03.03.2016

Ab 13:00 **Empfang und Imbiss**
Raum C4.215 (Gebäude 4, Campus Scharnhorststraße, 2. Stock)

13:40 **Eröffnung und Begrüßung**

13:45-15:30 **Session 1: Field Experiments, Chair: Felix Schmidt**

- Henning Müller: “Working Memory Training for Primary School Children – Field Experimental Data from Germany”
- Mario Mechtel: “Should We Ban Smartphones from the Workplace to Increase Productivity? – Evidence from a Natural Field Experiment”
- Felix Schmidt: “Self-Regulation Training Increases Reintegration Probability for Long-Term Unemployed with Internal Locus of Control. Evidence from a Randomized Field Experiment”



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15:45-16:55 Session 2: Contests & Tournaments, Chair: Florian Hett

- Rudi Stracke: "Are Competitors Forward Looking in Strategic Interactions? Evidence from the Field"
- Florian Hett: "Competitiveness in Dynamic Contests: Evidence from Combined field and lab data"

17:15-19:00 Session 3: Personnel Economics, Chair: Boris Hirsch

- Daniel Arnold: "Workplace Flexibility and Quality of Work and Private Life"
- Olga Lorenz: "Is your commute really making you fat?": The causal effect of commuting distance on height-adjusted weight"
- Boris Hirsch: "Coming to Work While Sick: An Economic Theory of Presenteeism with an Application to German Data"

20:00 Uhr Conference Dinner (Mälzer Brau- und Tafelhaus, Heiligengeiststr. 43)

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FREITAG, 04.03.2016

09:30-10:40 Session 4: Empirical Economics, Chair: Christoph Sajons

- Adrian Chadi: “Does TV Consumption Affect Health and Well-being? Evidence from a Natural Experiment on the German Public”
- Christoph Sajons: “Does immigrants’ integration behavior change when their children obtain the host-country citizenship?”

10:55-12:05 Session 5: Turnover, Chair: Agnes Bäker

- Clemens Hetschko: “How Job Changes Affect People's Lives – Evidence from Subjective Well-being Data”
- Agnes Bäker: “Management and Outcomes of Academics”

12:50-14:00 Session 6: Screening & Signaling, Chair: Jens Mohrenweiser

- Daniel Herbold: “Endogenous communication frictions”
- Jens Mohrenweiser: “Performance Pay and Applicant Screening”



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Mario Mechtel
Christian Pfeifer

14:15-15:25

Session 7: Law & Economics, Chair: Florian Baumann

- Tim Friehe: "Volunteer's Uncertainty Dilemma"
- Florian Baumann: "Misleading advertisement, competitive pressure, and law enforcement"

15:40-17:25

Session 8: Political Economy, Chair: Christian Bruns

- Jakob Schwab: "Like it or not? How the Economic and Institutional Environment Shapes Individual Attitudes towards Multinational Enterprises"
- Philipp Denter: "Campaigning Equilibria"
- Christian Bruns: "On Ignorant Voters and Busy Politicians"

17:40-18:50

Session 9: Peer Effects, Chair: Dana Sisak

- Leonie Gerhards: "Because of you I did not give up - How peers affect perseverance"
- Dana Sisak: "Peer Evaluation and Team Performance: An Experiment on Complex Problem Solving"

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ABSTRACTS

Eva Berger, Ernst Fehr, *Henning Müller*, Daniel Schunk, Kirsten Winkel

Working Memory Training for Primary School Children - Field Experimental Data from Germany

Working Memory capacity (WMC) is a key determinant for a wide range of cognitive, non-cognitive, and educational outcomes. There is a growing body of literature that demonstrates substantial training effects of (mostly computer-based) working memory training on WMC. However, empirical evidence on transfer effects to non-trained tasks and schooling outcomes as well as long-term effects is rather inconsistent, uses small sample sizes and exhibits various problems in study design. We conducted a randomized-controlled field study with 575 first graders in Mainz/Germany to identify causal effects of a five-week computer-based working memory training compared to usual classroom teaching. We specifically focus on transfer and long-term effects for a period of 12 months after the training. We find substantial and lasting gains in WMC and long-term effects on Concentration Abilities and Math Geometry Abilities, but not on Math Arithmetic Abilities. We also report weaker positive effects on Reading Abilities and fluid IQ. Effect sizes are substantial and economically significant, ranging from 0.3–0.5 SD.

Adrian Chadi, *Mario Mechtel*, Vanessa Mertins

Should We Ban Smartphones from the Workplace to Increase Productivity? – Evidence from a Natural Field Experiment

We conducted a natural field experiment to investigate the causal effect of a smartphone ban at the workplace on workers' productivity. Our experimental conditions allow us to disentangle the basic effect of the ban from potential distrust effects due to a higher level of control. The results show a large and highly significant productivity effect of the ban. On average, individual productivity increased by more than 10 percent.

We do not find evidence for a negative distrust signal coming from the ban. Exploiting data from a post experimental online survey, we discuss the results in detail and the potential channels through which the treatment worked.

Eva Berger, Günther König, *Henning Müller*, Felix Schmidt, Daniel Schunk

Self-Regulation Training Increases Reintegration Probability for Long-Term Unemployed with Internal Locus of Control. Evidence from a Randomized Field Experiment

Long-term unemployment is a challenge many European countries have to deal with, even in times of economic recovery. Recent findings point out that non-cognitive factors such as self-regulation and goal setting play a crucial role in the labor market context in general and in the reactivation success in particular, and this seems to hold especially for long-term unemployed. We conduct a field experiment where a targeted intervention was embedded in a standard German reactivation program for long-term unemployed. The treatment group was taught a self-regulatory strategy called mental contrasting with implementation intentions (MCII). Our findings can be summarized as followings: Participants in the treatment group had a 0.2 points better score (rated by the administration staff of the employment company on a scale from 1–poor to 4–excellent) or a 36.7 percent higher chance to achieve a “good” rated CV (i.e. being scored 2 to 4). The overall treatment effect on the probability of getting a full-time position is (close to) zero and not significant. However, for participants with an internal locus of control (median-split for self-reported score) our self-regulation training increases the probability of finding a full-time position by 13.1 percentage points, compared to an overall integration probability of 14.4 percent for the whole sample.

Mario Lackner, *Rudi Stracke*, Uwe Sunde, Rudolf Winter-Ebmer

Are Competitors Forward Looking in Strategic Interactions? Evidence from the Field

This paper investigates empirically whether decision makers are forward looking in dynamic strategic interactions. In particular, we test whether decision makers in multi-stage tournaments take heterogeneity induced changes of continuation values and the ability of their immediate opponent into account when choosing effort. Using data from professional and semi-professional basketball tournaments, we find that effort is negatively affected by the ability of the current opponent, consistent with the theoretical prediction and previous evidence. More importantly, the results indicate that the expected relative strength in future interactions does affect behavior in earlier stages, which provides support for the “standard” view that decision makers are forward looking in dynamic strategic interactions.

Yann Girard, *Florian Hett*

Competitiveness in Dynamic Contests: Evidence from combined field and lab data

We analyze data from a field setting in which students participate in a dynamic group contest with feedback. We combine this information with a laboratory measure of competitiveness. We find that participants react to intermediate performance: a better rank in a given period increases the number of points in the subsequent period, even after controlling for group heterogeneity in average performance. In line with our theoretical predictions, we find this effect to be driven by competitive groups. In addition, we show that in our setting this difference in the sensitivity to dynamic incentives leads to a worse performance of competitive groups overall.

Daniel Arnold, Susanne Steffes

Workplace Flexibility and Quality of Work and Private Life

In this paper we empirically investigate the relationship between working from home (WFH) and interrole conflicts between work and family life. As in the psychological literature, we distinguish between work interfering into family life (work-family conflicts) and family life interfering into work (family-work conflicts). We use a representative linked employer-employee data set from Germany (LPP) and distinguish between working from home during working time and during leisure time. Moreover we can take account of self-selection into WFH by restricting the control group to non-users who have a preference for WFH. Applying a matching approach to make treatment and control group comparable, we find that WFH (both types) reduces the intrusion of family life into work. However it does not affect the intrusion of work into family life. Hence, WFH helps employees to integrate family demands into work but not to integrate work demands into private life.

Laszlo Goerke, Olga Lorenz

“Is your commute really making you fat?”: The causal effect of commuting distance on height-adjusted weight

This paper explores the relationship between height-adjusted weight (BMI) and commuting distance in Germany, using micro-level data for the period 2004 – 2012. In contrast to previous papers in the literature, according to which commuters are more likely to suffer from overweight and obesity, we find no evidence that longer commutes are associated with a higher BMI, in general. The non-existence of a relationship between BMI and commuting distance prevails when physical activity and eating habits are adjusted for. If anything, the results reveal that an exogenously induced increase in commuting distance produces a decrease in BMI.

Boris Hirsch, Daniel S.J. Lechmann, Claus Schnabel

Coming to Work While Sick: An Economic Theory of Presenteeism with an Application to German Data

Presenteeism, i.e. attending work while sick, is widespread and associated with significant costs. Still, economic analyses of this phenomenon are rare. In a theoretical model, we show that presenteeism arises due to differences between workers in (health-related) disutility from workplace attendance. As these differences are unobservable by employers, they set wages that incentivise sick workers to attend work. Using a large representative German data set, we test several hypotheses derived from our model. In line with our predictions, we find that bad health status and stressful working conditions are positively related to presenteeism. Better dismissal protection, captured by higher tenure, is associated with slightly fewer presenteeism days, whereas the role of productivity and skills is inconclusive.

Adrian Chadi, Manuel Hoffmann

Does TV Consumption Affect Health and Well-being? Evidence from a Natural Experiment on the German Public

Economists interpret the fact that watching television is the most time-consuming human activity besides work as an example for irrational behavior decreasing well-being and health. Given the lack of causal evidence on the individual costs of television consumption, we question this notion by exploiting a large-scale natural experiment on the German public, in which private broadcasts reached viewers in certain regions by chance. Household panel data allows us to analyze individual well-being and leisure as a manipulation check. Contrary to common belief, we detect no apparent health impacts due to television consumption. Strikingly, individual life satisfaction is significantly positively affected.

Christoph Sajons

Does immigrants' integration behavior change when their children obtain the host-country citizenship?

This study examines the effect of obtaining the citizenship of the host-country for newborn children of immigrants on the integration behavior of their parents. Using the introduction of birthright citizenship in Germany in 2000, I exploit the discrimination of different birth-year cohorts around the enactment date for a regression discontinuity analysis. The empirical results show that: (1) Using the reported citizenship status of the child as explanatory variable leads to overly optimistic estimates of the impact on parental integration behavior. (2) The effect itself is not uniformly positive, but varies across gender of the parent and different integration dimensions. I find that fathers are less likely to naturalize themselves if their child is born as German citizen, but do not react otherwise, while mothers seem to decrease their labor market attachment in favor of more social integration.

Adrian Chadi, Clemens Hetschko

How Job Changes Affect People's Lives – Evidence from Subjective Well-being Data

For representative German panel data, we document that voluntary job switching is associated with higher levels of life satisfaction, though only for some time, whereas forced job changes do not affect life satisfaction clearly. Using plant closures as an exogenous trigger of switching to a new employer, we find that job mobility turns out to be harmful for satisfaction with family life. By investigating people's lives beyond their workplaces, our study complements research on the well-being impact of labour mobility, suggesting some positive welfare effects of flexible labour markets, but also a previously undocumented potential for negative implications.

Amanda Goodall, *Agnes Bäker*, Nikoletta Giatras

Management and Outcomes of Academics

The relationship between leadership and employee job satisfaction is not fully understood. There is some evidence that workers who are led by bosses with a deep understanding of the core business - 'expert leaders' - report higher levels of job satisfaction. Job satisfaction is also believed to influence individual productivity. This study contributes to the literature in three important ways: first, it replicates in new data the finding that expert leaders are associated with higher levels of job satisfaction. Second, we add an important test: we separate job satisfaction from life satisfaction and find, remarkably, that the expert-leader variable explains most of the difference between reported life satisfaction and job satisfaction. This emphasises the important role of managers and leaders, and specifically managers who are core business experts. Finally, we try to examine the issue of how expert leaders influence job satisfaction. The key mechanisms we reveal include: the level of consultation and feedback between worker and expert manager; the amount of independence the worker has to do his/her job; the extent to which the worker believes his or her manager understands the nature of the worker's job; the quality of colleagues, and finally the quality of administrative support. Our data include information on over 700 scholars in UK and Swedish research universities.

Mark Bernard, *Daniel Herbold*, Florian Hett

Endogenous communication frictions

This study proposes a cheap-talk model with belief-based preferences to illustrate a strategic tension arising from the fact that someone who communicates, beyond conveying a message, inevitably communicates that he sees the need to communicate, a fact which in itself may offend the message's recipient. A large literature in economics has studied how to overcome communication frictions when the incentives of sender and receiver are misaligned. This paper, by contrast, studies another aspect of strategic information transmission that has received much less attention, namely the trust (or distrust) in the decision-maker's knowledge, which is signaled by the sender's message. We develop a theoretical framework in which we show that too much communication may lead to inefficient decision-making, when decision-makers are offended by the senders' beliefs that they might not be informed about the true state of the world, even though they are. In turn, less communication may lead to improved decision-making, a finding which contrasts with most of the existing literature. We interpret the different communication equilibria as different corporate cultures emphasizing different style of communication. Thereby, our paper contributes to the topical debate on the more soft factors that determine firm success such as managerial ability, communication skills and corporate culture.

Uwe Jirjahn, *Jens Mohrenweiser*

Performance Pay and Applicant Screening

Using German establishment data, we show that the relationship between performance pay and intensity of applicant screening depends on the nature of production. In establishments with increased multitasking, performance pay is associated with a greater intensity of applicant screening. In establishments without increased multitasking, it is associated with a reduced intensity. The findings fit the hypothesis that

performance pay induces a positive self-sorting of employees if jobs are less multifaceted. In this case, employers using performance pay need no intense applicant screening to ensure a high quality of matches between workers and jobs. However, if jobs are more multifaceted, performance pay can entail problems of adverse self-sorting. In order to mitigate or overcome these problems, employers tying pay to performance screen applicants more intensely.

Tim Friehe, Avraham Tabbach

Volunteer's Uncertainty Dilemma

Tragic outcomes in emergency and alike situations are commonly attributed to free-riding incentives of bystanders. In the classic volunteer's dilemma, potential volunteers trade off the costs of helping against the expected costs they incur when the victim does not receive help from anyone. In this paper, we highlight uncertainty about whether or not help is actually needed as an important cause of inefficiency. In equilibrium, potential volunteers rely on both their informative but imperfect signal about the state of affairs and the anticipated behavior of others when deciding whether to help or not. Potential volunteers thus make use of social proof. We show how the equilibrium changes with important parameters such as the number of potential and required helpers, and the quality of the signal, and analyze possible social interventions.

Florian Baumann, Alexander Rasch

Misleading advertisement, competitive pressure, and law enforcement

In this paper, we investigate a duopoly market a la Hotelling in which a firm may falsely advertise a higher product quality. We analyze incentives for filing an injunction suit for different potential plaintiffs and distinguish between naïve and sophisticated consumers. Our results indicate that in order to increase deterrence, the right to file an injunction suit should be placed with parties that are more aggressive than a governmental agency interested in ex-post welfare. With naïve consumers, more intense competition results in more injunction suits and a higher incidence of false advertising. In consequence, fiercer competition as a result of lower transportation costs can decrease welfare for high trial costs. With sophisticated consumers, a reduction in transportation costs always increases welfare.

Philipp Harms, Jakob Schwab

Like it or not? How the Economic and Institutional Environment Shapes Individual Attitudes towards Multinational Enterprises

This paper analyzes the determinants of people's attitudes towards FDI using a survey-based data set that covers a wide range of rich and poor countries. We find that both individual socioeconomic characteristics and macroeconomic and institutional factors shape agents' attitudes towards multinational firms. Moreover, we find that the influence of an individual's characteristics – such as education and the status as an entrepreneur – depends on the respective country's per-capita income.

Philipp Denter

Campaigning Equilibria

We develop a formal theory of campaigning equilibria. Voters are impressionable and have beliefs about the quality of two candidates in the different policy issues and about the issues' relative importance. Candidates spend time and/or money in an effort to influence voters' decisions at the ballot. Influence has two simultaneous effects: (i) It increases the perceived quality of a candidate in an issue and (ii) it makes the issue more salient, thereby increasing the issue's perceived importance. A strategy is an allocation of time/money to the different issues. We characterize individual strategies in equilibrium, show conditions under which candidates choose divergent or convergent strategies, show that candidates often campaign on issues in which they are perceived weak, and show that often issues that are not perceived to be of great importance dominate the campaign and hence possibly decide the outcome on Election Day. We further study the effect of spending caps and show that caps may lead to a substitution effect between issues, such that issues in which the stronger candidate dominates will be targeted increasingly as the cap is tightened.

R. Emre Aytimur, *Christian Bruns*

On Ignorant Voters and Busy Politicians

We show that a large electorate of ignorant voters can succeed in establishing high levels of electoral accountability. In our model an incumbent politician is confronted with a large number of voters who receive very noisy signals about her performance. We find that the accountability problem can be solved well in the sense that the incumbent exerts effort as if she faced a social planner who receives a perfect signal about her performance. Our results thus shed light on another potential blessing of large electorates in addition to information aggregation as postulated by the jury theorem.

Leonie Gerhards, Christina Gravert

Because of you I did not give up - How peers affect perseverance

Peers affect productivity and behavior in the workplace. However, how exactly they influence each other is still unknown. In this paper we study a situation in which people might look at peers' behavior to motivate themselves to endure in a task that requires perseverance. We employ a novel experimental design to test the effect of unidirectional peer effects under individual monetary incentives. We measure perseverance in a real effort task, while controlling for individual ability and tactic. We find that peers significantly influence their observers' behavior, while knowing to be observed does not have a significant effect on task performance. In a second experiment we investigate the motives to self-select into the role of an observing or an observant subject.

John Morgan, Susanne Neckermann, Dana Sisak

Peer Evaluation and Team Performance: An Experiment on Complex Problem Solving

In today's business environment, employees are increasingly faced with complex, non-routine problems that are often solved in teams. Typically, these are problems for which objective measures of performance are not available immediately, let alone information on individual agents' performance. To date, we know very little about how to foster performance in complex, team-based tasks without immediate performance measures. This paper has three main contributions; we study individual and group performance on a complex task and provide insights into how individuals interact in solving such problems in a team. Second, we provide evidence on a particular way of eliciting effort that is not based on immediate performance measures: payoff relevant peer evaluation. Third, we present a novel task to study the issue: guesstimations.

We find 1) that the treatment worked in the sense that agents' perceptions of the work environment were significantly affected by the treatments. 2) There is, however, no performance effect of the peer evaluation, suggesting that in complex tasks the relationship between incentives and output might be less straightforward than in simple tasks. 3) We look deeper into group decision making and in particular into the relationship between individual guesses and later group outcomes. We find that group performance is significantly better than the median guess, but at the same time significantly worse than the best guess. This suggests that individuals in complex tasks might tend to converge to the middle, rather than being able to build on one another.

Leuphana Universität Lüneburg
Institut für Volkswirtschaftslehre
Scharnhorststr. 1
21335 Lüneburg