

Programme



IAAEU

Institute for Labour Law
and Industrial Relations
in the European Union

8th Workshop on Economics

Institute for Labour Law and Industrial Relations in the European Union • Trier • 2016

8th Workshop on Economics

19th February 2016

Venue:

Institute for Labour Law and Industrial Relations in the
European Union (IAAEU)

Trier University, Campus II

Behringstraße 21

54296 Trier

Welcome to the Institute for Labour Law and Industrial Relations in the European Union

The Institute for Labour Law and Industrial Relations in the European Union (IAAEU) was established as a public foundation in 1983 and is funded by the state government of Rhineland-Palatinate. While being a public foundation, the IAAEU is also a research institute of Trier University and is situated in the heart of the Petrisberg Technology Park on Campus II. The IAAEU comprises two working groups of which one engages in research in the area of European labour law (Legal Team) and one engages in the theoretical and empirical analysis of personnel and labour economic issues (Economic Team). Depending on the research question and the available data the economists rely on experimental data drawn from the experiments conducted in the institute's laboratory or on survey and corporate data. Since January 2012 Laszlo Goerke is one of the directors of the IAAEU and head of the Chair of Personnel Economics at Trier University. He is also a research fellow of the Institute for the Study of Labor (IZA) and the CESifo Group Munich.

For detailed information have a look at the homepage: [www.http://www.iaaeu.de/en](http://www.iaaeu.de/en)



February 18th, 2016

20:00 Get Together

Venue:

Brunnenhof
Simeonstiftplatz 6
54290 Trier

Tel.: +49 (0) 651 46 38 33 38
www.brunnenhof-trier.com

February 19th, 2016

09:30 Workshop on Economics

Venue:

IAAEU

Trier University, Campus II

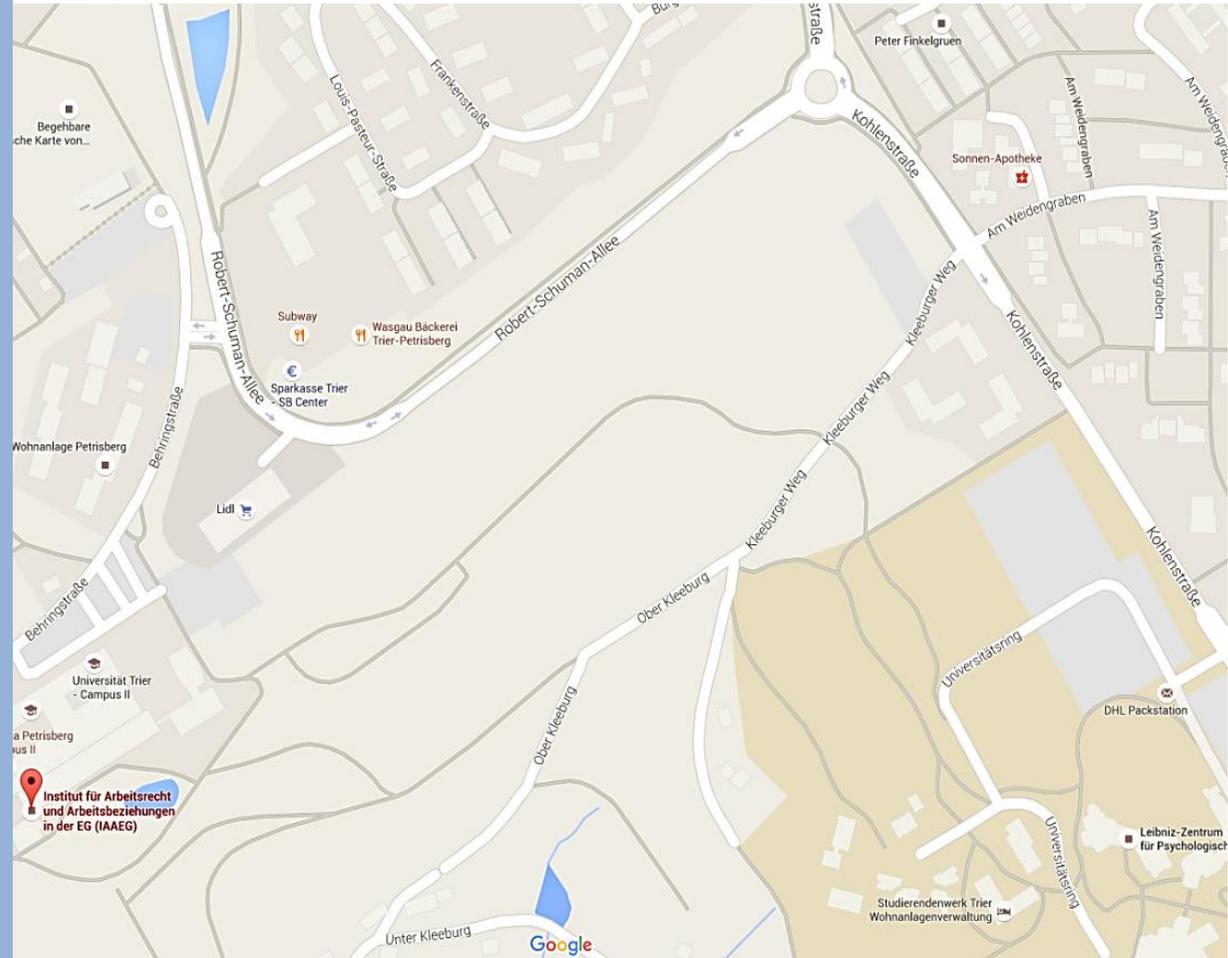
Behringstraße 21

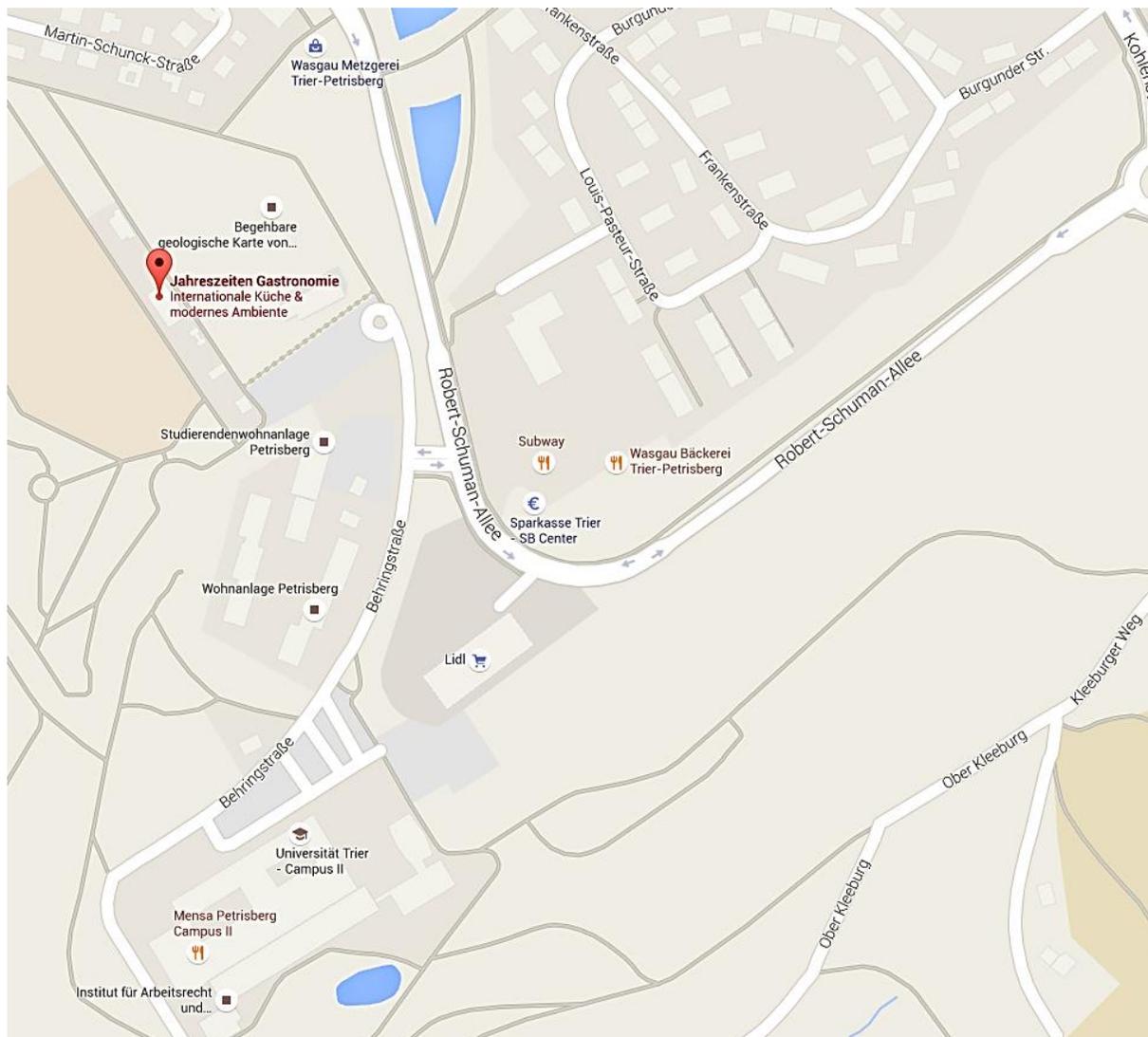
54296 Trier

Meeting Room:

Max-Weber-Raum

H 714 (Building H, 7th Floor)





February 19th, 2016

19:00 Conference Dinner

Venue:

Jahreszeiten-Gastronomie
Behringstraße 4

54296 Trier

Tel.: +49 (0) 651 99 88 88 1

www.jahreszeiten-trier.de

Friday, February 19th, 2016

09:30 – 09:40 *Welcome*

09:40 – 11:00 Session 1

- a) Benjamin Schwanebeck: “Examination Rules and Student Effort”
- b) Adrian Chadi: “Determinants of Student’s Behavior”

11:00 – 11:30 *Coffee break*

11:30 – 12:50 Session 2

- a) Ludivine Martin: “High involvement management practices, technology use, work motivation and job search behaviour”
- b) Sabrina Jeworrek: “Do agents care for the mission of their job? A field experiment”

12:50 – 13:50 *Lunch*

13:50 – 15:50 Session 3

- a) Felix Klimm: “Microfoundations of Dishonesty – An Experimental Investigation of the Solidarity Principle on Lying”

- b) Lars Hornuf: “The (True) Legacy of Two Really Existing Economic Systems”
- c) Katrin Gödker: “Shifts in Reference Point and Charitable Giving”

15:50 – 16:20

Coffee break

16:20 – 18:20

Session 4

- a) Mahinda Wijesiri: “Weathering the storm: Ownership structure and performance of microfinance institutions in the wake of the global financial crisis”
- b) Christian Haddad: “The Emergence of FinTech: Legal and Economic Determinants”
- c) Benjamin Schwanebeck: “Optimal Monetary and Macroprudential Policy in a Currency Union”

18:20 – 18:30

Some final words

19:00

Conference Dinner

Instructions for Presenters and Chairs

We scheduled 40 minutes for each paper: 30 minutes for your presentation and 10 minutes for questions. The last speaker will chair the session. The first speaker keeps time during the chair’s presentation.

Organisational Information

Lunch and Conference Dinner

Lunch on Friday will take place at the Petrisberg cafeteria. The Conference Dinner on Friday evening will take place in the restaurant *Jahreszeiten Gastronomie* near the IAAEU (Behringstraße 4).

Directions

The lectures will take place on Campus II of the Trier University in building H (Behringstraße). From downtown Trier, the following bus to the workshop venue is recommended: Bus 4 towards Irsch Hockweiler Str. (from the main station bus platform 4 or from the Porta Nigra bus platform 1) to the University Campus II, travel time from the Porta Nigra: about 20 min., from the main station: about 15 min.

Recommended Accommodation

Due to organizational reasons we ask you to please organize your own arrival, accommodation and departure. Below, you find recommended hotels for the stay in Trier.

Römischer Kaiser/ Altstadt hotel
Porta-Nigra-Platz
54292 Trier
Phone: +49 651 9770100
Fax: +49 651 97701999

Mercure Hotel
Porta-Nigra-Platz
54292 Trier
Phone: +49 651 27010
Fax: +49 651 2701170

Abstracts

SESSION 1

Jochen Michaelis and *Benjamin Schwanebeck*

“Examination Rules and Student Effort”

We build a model of higher education to study the impact of examination rules on students' performance. Schools set examination rules such as a maximum number of attempts, a charge for a resit, a cap on the maximum mark, a minimum requirement for a resit, a malus points account. Given such a rule, students maximize expected utility with respect to learning effort. We show that all rules reduce the potential windfall gain of passing the exam at the first attempt with minimal effort. These rules all shift effort to the first attempt, but they differ, for instance, with respect to the overall pass probability. Compared to an unconditional second attempt, students are worse off, they suffer utility losses.

Adrian Chadi, Marco de Pinto and Gabriel Schultze

“Determinants of Student's Behavior”

This paper applies an economic perspective on the decision process of students. In our theoretical model, we allow students to make decisions about their time composition, which refers to a trade-off between putting time into studying vs. leisure pursuit. As another endogenous variable, we take individual effort levels into account. Analyzing a novel dataset on thousands of German students, we can empirically inspect how student behavior relates to input factors, such as individual ability. We also consider job market

prospects as a potential factor in determining effort levels, since the effect of a positive outlook on study effort is a priori unclear. Using our rich educational data to check our theoretical findings empirically, we yield important insights on economic behavior in the context of higher education.

SESSION 2

Ludivine Martin

“High involvement management practices, technology use, work motivation and job search behaviour”

Using recent survey data of employees working in the private sector of a service-based European economy, this paper examines on-the-job search behaviour of motivated employees participating in High Involvement Management (HIM) practices and using Information and Communication Technologies (ICT). While knowledge about quit intentions of motivated employees can help to improve the retention of valuable employees and reduce labour turnover costs, analyses about their job search behaviour remain scarce. The results show that the participation in HIM and the use of ICT are positively related to employees' work motivations. The results support the use of motivations in the analysis of intentions to quit and reveal that employees motivated by values and intrinsic reasons are the ones that do not want to leave their current job and are retained by the HIM strategy of their employer. Conversely, less valuable employees mainly motivated by reward and guilt are those that search for other jobs elsewhere and the HIM strategy of their employer pushes them out.

Sabrina Jeworrek and Vanessa Mertins

“Do agents care for the mission of their job? A field experiment”

Economic theory suggests that agents care for the outcomes they produce. This paper studies the conditions under which a pro-social mission of a job affects workers’ motivation to perform well. In particular, we investigate whether it makes a difference if workers actively decide upon doing a mission-oriented job or are exogenously assigned. We find that a pro-social mission itself affects only a small group of workers in a positive way whereas self-selection into a mission-oriented job leads to a highly significant overall performance boost.

SESSION 3

Lars Hornuf, *Felix Klimm* and Martin Kocher

“Microfoundations of Dishonesty – An Experimental Investigation of the Solidarity Principle on Lying”

Which economic system promotes individual moral behavior? We conduct a laboratory experiment to study the effect of two distinct features of capitalism and socialism on an abstract lying task. We find that subjects exerting effort under a payment scheme based on individual performance are more honest compared to when revenue is shared equally among group members. This suggests that the payment mechanism, merit based or solidarity based, can explain part of the difference between East and West Germans with respect to their moral behavior found in Ariely et al. (2014).

Dan Ariely, Ximena Garcia-Rada, Lars Hornuf and Heather Mann
“The (True) Legacy of Two Really Existing Economic Systems”

Does socio-political context impact honesty at the individual level? By running an experiment among Germans collecting their passports or ID cards in the citizen centers of Berlin, we compared levels of honesty in individuals exposed to socialism and individuals exposed to capitalism. We find that individuals with an East German family background cheat significantly more on an abstract die-rolling task than those with a West German family background. In addition, the longer individuals were exposed to socialism, the more likely they were to cheat on our task. While it was recently argued that markets decay morals (Falk and Szech, 2013), our results suggest that other political and economic regimes such as socialism might have an even more detrimental effect on individuals' behavior.

Dan Ariely, Katrin Gödker and Lars Hornuf
“Shifts in Reference Point and Charitable Giving”

In this study, we investigate the effect of shifts in reference point on charitable giving. We collected a random sample of 480 Germans, who were waiting to receive a new passport or ID card in citizen centers located in Berlin, Dortmund or Leipzig. We find that participants donate less the more they earn on an abstract task. In addition, holding their earnings constant, we find that those participants who frame their earnings as a windfall gain donate considerably more relative to those who frame their earnings as a windfall loss. The results are robust when controlling for participants' age, gender, education, political leaning, living standard, and relationship status.

SESSION 4

Mahinda Wijesiri

“Weathering the storm: Ownership structure and performance of microfinance institutions in the wake of the global financial crisis”

This study investigates the effects of the 2008 global financial crisis on the performance of different microfinance ownership types. The analysis in this study relies on a novel methodological framework that provides consistent productivity measures in the presence of undesirable outputs, while taking into account the technological heterogeneity among different ownership types. The results show that banks and non-bank financial institutions (NBFIs) that performed better immediately before the crisis, suffered more during the crisis and early post-crisis periods. Cooperatives and non-governmental organizations (NGOs), on the other hand, were less affected by the crisis. Moreover, results indicate that the pattern of productivity growth of all ownership forms three years after the eruption of the crisis was remarkably similar to their productivity growth pattern in very early phase of the pre-crisis period.

Christian Haddad and Lars Hornuf

“The Emergence of FinTech: Legal and Economic Determinants”

For the period from 2005 – 2014, we investigate the economic and legal determinants that induced entrepreneurs to establish ventures with the purpose to reinvent financial technology (FinTech). Using a panel dataset of 59 countries, we find that countries ranking high on the ease of doing business, exhibit high bureaucratic quality, well-developed capital markets, as well as a dynamic start-up environment, score

high on FinTech company formations. Furthermore, the available labor force has a positive impact on the development of this new market segment.

Jakob Palek and *Benjamin Schwanebeck*

“Optimal Monetary and Macroprudential Policy in a Currency Union”

The financial crisis proved strikingly that stabilizing the price level is a necessary but not a sufficient condition to ensure macroeconomic stability. The obvious candidate for addressing systemic risk is macroprudential policy. In this paper we study the optimal monetary and macroprudential policy mix in a currency union in the case of different kinds of aggregate and idiosyncratic shocks. The monetary and macroprudential instruments are modelled as independent tools. With a union-wide macroprudential tool, full absorption on the aggregate level is possible, but welfare losses due to fluctuations in relative variables prevail. With country-specific macroprudential tools, full absorption of shocks is always possible. But it is only optimal as long as there is no inefficient labor allocation. Comparing different policy regimes, we get the following ranking in terms of welfare: discretion outperforms strict inflation targeting which outperforms a (euro-area based) Taylor Rule.

Participants

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Notes

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