

[April 23 und 24. 2005 in Bendorf \(Rhine\)](#)

The following presentations were held and discussed in Bendorf (Rhine) on April 23 and 24, 2005:

1. Considerations for the production of services

Prof. Dr. Otto Rosenberg, University of Paderborn

According to the prevailing view, the production of services compared to the production of material goods has such peculiar features that it requires independent theoretical foundation. The relevant differences in production are seen a) in the immateriality of a service, from which its non-storage and transportability as well as the simultaneity of production and consumption are postulated, b) in the lack of quantifiability and c) in the indispensable presence of a so-called external factor. The lecture shows that it is seldom possible to clearly differentiate between material goods as material and services as intangible output, since a product vector that contains both material and immaterial elements is often generated in a production process. In these cases, it is only possible to assign them to one of the two categories. For many types of services, the simultaneity of creation and consumption is an observable phenomenon, the inevitability of which can be largely eliminated by using modern information and communication technologies. For example, a concert in a concert hall can be heard and broadcast simultaneously or at different times on the radio and thus heard in the broadcasting area and / or stored almost indefinitely after being recorded on a CD. Quantification problems also arise in the production of material goods. The methods used there for determining problem-adequate measures can often also be used for services. factors that belong to the service recipient's sphere of control are referred to as external factors and are regarded as a defining characteristic of every service production. Regarding the production process, however, it is irrelevant whether a good to be processed or transported comes from the area of disposal of the service provider or the service recipient. If the service recipient is an element of the input himself, it must be ensured organizationally that he is physically present at the beginning of the production process. However, this is unlikely to have an impact on production. It can therefore be stated that the creation of services can be modeled, analyzed and explained in terms of production theory in the same way as the production of material goods.

2. Risk management in procurement auctions

Prof. Dr. Achim Wambach, University of Erlangen-Nuremberg

Purchasing auctions are used in the public and private sectors to procure goods and services. A relevant problem in particular when procuring services is that the contractor goes bankrupt when the order is created. For example, in the United States between 1990 and 1997, more than 80,000 projects went bankrupt, with a total liability of more than \$ 21 billion "in which she found that" clients underestimate ... the risks of abnormally low

tenders, especially the probability of bankruptcy and failure of enterprises ... ". The question now is how to deal with abnormally low bids. A first step is to identify these bids and then to find out how this low bid came about. Further procedural steps are reported from individual countries. For example, an award is said to have taken place in Switzerland, in which it was not the cheapest offer that was awarded, but the second cheapest. It is reported from Taiwan that the bid that is closest to the average of all bids is awarded the contract. This article analyzes the bidding behavior in purchasing auctions, taking into account the possibility of the bankruptcy of the provider. The efficiency of the methods described above is also examined. The results include: identify these commandments and then investigate how this low bid came about. Further procedural steps are reported from individual countries. For example, an award is said to have taken place in Switzerland, in which it was not the cheapest offer that was awarded, but the second cheapest. It is reported from Taiwan that the bid that is closest to the average of all bids is awarded the contract. This article analyzes the bidding behavior in purchasing auctions, taking into account the possibility of the bankruptcy of the provider. The efficiency of the methods described above is also examined. The results include: identify these commandments and then investigate how this low bid came about. Further procedural steps are reported from individual countries. For example, an award is said to have taken place in Switzerland, in which it was not the cheapest offer that was awarded, but the second cheapest. It is reported from Taiwan that the bid that is closest to the average of all bids is awarded the contract. This article analyzes the bidding behavior in purchasing auctions, taking into account the possibility of the bankruptcy of the provider. The efficiency of the methods described above is also examined. The results include: Further procedural steps are reported from individual countries. For example, an award is said to have taken place in Switzerland, in which it was not the cheapest offer that was awarded, but the second cheapest. It is reported from Taiwan that the bid that is closest to the average of all bids is awarded the contract. This article analyzes the bidding behavior in purchasing auctions, taking into account the possibility of the bankruptcy of the provider. The efficiency of the methods described above is also examined. The results include: gets the contract. This article analyzes the bidding behavior in purchasing auctions, taking into account the possibility of the bankruptcy of the provider. The efficiency of the methods described above is also examined. The results include: gets the contract. This article analyzes the bidding behavior in purchasing auctions, taking into account the possibility of the bankruptcy of the provider. The efficiency of the methods described above is also examined. The results include:

- The possibility of bankruptcy makes bidders risk-loving, which is why a more aggressive bidding behavior can be expected. This result is known from the literature.
- Different approaches to work around the problem of abnormally low bids sometimes have very negative consequences. For example, cutting the lowest bid (the Swiss example) causes bidders to try not to make the cheapest bid. This can lead to very high equilibrium prices.

- Other ways to reduce the risk for the client include entrance fees, auctions with rationing procedures and multi-sourcing.

3. Transfer prices and specific investments - experimental design and first results

Prof. Dr. Dieter Pfaff, University of Zurich

Transfer prices play an important role in the internal coordination of decentralized areas. In particular, the empirical literature has so far paid little attention to specific area investments, through which the success that can be achieved through future transactions is improved from the perspective of the entire company. The problem of specific investments lies in a possible underinvestment, since the transfer price more or less arbitrarily divides the transaction advantage between the areas. As part of a course at the University of Zurich with Dr. Urs Fischbacher and Dr. Ulrike Stefani experiment, two questions were examined: (1) How do (sunken) specific investments affect the distribution of the transaction advantage created thereby? (2) How do certain transfer price regimes influence the investment decision and thus the overall success of the company? In contrast to related experiments, the present study is characterized above all by an efficiency comparison between different allocation rules (bilateral negotiation with low and high negotiation costs, halving the result achieved) and by the strongly complementary nature of the area investments. The results show, among other things, that the investment activity for a negotiated solution with low negotiation costs almost reaches the level of efficiency and is lowest with an ex-ante defined halve distribution of the advantage and thus significantly falls below the average investment level for a negotiation with high negotiation costs. However, the fixed allocation and the cost-intensive negotiation are about the same when considering the average profit level of all participants, because excessive demands of the first movers in the negotiation round are often rejected and thus lead to the destruction of the previously created value. While the results of the negotiation regimes are primarily driven by positive and negative reciprocal behavior, Appropriate behavior - at least after investment activity - is excluded with a fixed distribution. Overall, it can be seen that the underinvestment problem in the formally oriented transfer pricing literature is systematically overestimated, as the social preferences of the actors are neglected. In practice, it can be concluded that transfer pricing regimes should be designed in such a way that the advantages of social preferences in the negotiations are used as well as possible. Against this background, it seems disadvantageous to determine how a potential transaction advantage should be allocated according to investment activity. that the underinvestment problem in the formally oriented transfer pricing literature is systematically overestimated, because the social preferences of the actors are neglected. In practice, it can be concluded that transfer pricing regimes should be designed in such a way that the advantages of social preferences in the negotiations are used as well as possible. Against this background, it seems disadvantageous to determine how a potential transaction advantage should be allocated according to investment activity. that the underinvestment problem in the formally oriented transfer pricing literature is systematically overestimated, because the social preferences of the actors are neglected. In practice, it can be concluded that transfer pricing regimes should be designed in such a way that the advantages of social preferences in the negotiations are used as well as possible. Against this background, it seems disadvantageous to determine how a potential transaction advantage should be allocated according to investment activity.

4. Theoretical and empirical information on the branch structure of the corporate loan portfolios of credit institutions in Germany

Prof. Dr. Andreas Pfingsten, University of Münster

Should banks diversify their loan books or should they specialize in lending to homogeneous borrower groups for which they have above-average expertise? There are contradictory answers to this question in financing theory and in the theory of financial intermediation. On the one hand, the Markowitz portfolio theory - although not geared towards intermediaries at all - teaches that a portfolio of risky investment opportunities should be broadly diversified. On the other hand, there are also arguments for a specialization strategy. As Schmalenbach already argues: "The authorized representative who has to serve the wood industry becomes a wood specialist himself, he learns the needs of the wood trade, the sawmills, of furniture factories. He will also know how best to get the timber merchants. "Indeed, banks such as the Deutsche Apotheker- und Ärztebank, for example, have built up specific know-how in individual industries and specialized in lending. So there is obviously a conflict of objectives between Advantages of specializing in the lending business and advantages from risk diversification.

What is the current picture and what was the development in the past? In a first contribution, some statistical measures for measuring credit portfolio diversification were proposed and calculated for published aggregated data from banking groups in Germany. The use of distance measures, which make it possible to compare the structure of a credit portfolio with various benchmarks such as the composition of the German credit portfolio as a whole, should be mentioned as a methodological innovation. In a second contribution, these and other key figures were applied to anonymised bank-specific data from the Deutsche Bundesbank. A fairly stable observation in all approaches is that cooperative banks and savings banks in particular have increasingly brought the industry structures of their corporate credit portfolios closer to the market average. The lecture reports on these and other results of the two essays and also offers an outlook on the next research steps, which should shed more light on the connection between diversification and risk and return indicators.