April 23 und 24. 2010 in Bendorf (Rhein)

The following presentations were held and discussed in Bendorf (Rhein) on April 23 and 24, 2010:

1. Competitive Careers as a Way to Mediocracy

Prof. Dr. Matthias Kräkel, University of Bonn

We show that in competitive careers based on individual performance the least productive individuals may have the highest probabilities to be promoted to top positions. These individuals have the lowest fall-back positions and, hence, the highest incentives to succeed in career contests. This detrimental incentive effect exists irrespective of whether effort and talent are substitutes or complements in the underlying contest-success function. However, in case of complements the
incentive effect may be outweighed by a productivity effect that favors high effort choices by the more talented individuals. Switching from wages-attached-to-jobs to pay-for-performance will work against mediocracy if applied to top jobs, but may be detrimental at lower career levels. The mediocracy problem will be aggravated if high-ability individuals decide to sandbag on lower career levels in order to avoid strong opponents at higher levels.

2. Social preferences and incentive systems

Prof. Dr. Ulrike Stefani, University of Konstanz

There are cases of economically relevant examples in which agents have private information that the principal wants to obtain through a "report" from the agents. This includes, for example, the transmission of information about external accounting to the capital market or the reporting of decentralized corporate divisions to the head office as part of the budgeting. The agents face a moral dilemma in these situations, as truthful reporting may involve negative monetary consequences for them. The accounting literature uses monetary incentive systems to solve this dilemma, which - provided the standard assumptions are met - should induce a truthful report. However, results from laboratory experiments show that there are "selfish" participants who deliberately report incorrectly, but also those with preferences for honesty. The latter report truthfully even if there is no corresponding monetary incentive. At the same time, it can be observed that a false report is submitted, although a theoretically advantageous incentive system is implemented. The reason for this could be that the participants have social preferences in the sense of inequality aversion and reduce income inequality through a false report. The results of corresponding laboratory experiments and their integration into theory formation therefore appear to be necessary in order to develop incentive systems that work even when the agents are not of the "homo oeconomicus" type. In particular, the "

3. Provider integration: elements of a new marketing approach and empirical evidence

Prof. Dr. Rolf Weiber, University of Trier

Currently, information technology is increasingly finding its way into the objects we encounter in everyday life through what are known as smart products, which is discussed in computer science primarily under the keywords "ambient intelligence" or "ubiquitous computing". The associated technologies will allow providers for the first time not only to receive direct feedback from people's everyday and consumption processes, but also to be able to support customers with real-time usage processes through smart services. This leads to a change from the still dominant product marketing to a usage marketing that will allow customers to provide services at the "point of use". This leads to an integration of the provider into the usage processes of the consumers, which has to be taken into account by means of a suitable marketing concept, which is referred to here as provider integration. Provider integration primarily requires analysis of the demand-side usage processes in order to identify possible points of intervention for the provision of suitable service offers. The marketing of services at the point of use presupposes, on the one hand, the "permission" of the customer, for accompanying the everyday processes by the provider; on the other hand, this also opens up new design options in the marketing instruments. B. Services within the framework of the distribution policy can be adapted to the process flow of the customer in real time. For the pricing policy, however, the challenge in the context of provider integration lies in the design of price models based on the intensity of use of the customer in terms of pay-per-use. Initial empirical studies on the acceptance of the concept of supplier integration have shown that the consumers are quite willing to disclose their private processes and accept support services from providers if this results in a sufficiently high added value for the customer in the use of products and services in the current situation Can generate insert.

4. The renewal power of securities liquidity

Prof. Dr. Alexander Kempf, University of Cologne

The lecture deals with the renewal power of liquidity, i.e. the question of how quickly liquidity returns to a market. To answer this question, a mean reversion model is proposed, which can be used to map the dynamics of liquidity. We use the bid-ask spread of a security and the quoted amount of the security as a measure of liquidity. The empirical study is based on a data set that contains all trading information from the first quarter of 2004 for the shares of the DAX30.
We find a high level of renewal power for all stocks, regardless of whether we measure the renewal power in terms of margin or volume. The recovery of liquidity is primarily due to the fact that new orders are placed close to the best bid-ask price. We continue to find that there is a high level of synchronization of the renewal power of various stocks. If one looks at the common dynamics of the margin renewal force and the quantity renewal force, a temporal advance of the margin renewal force can be seen. In addition, the power of renewal proves to be an independent dimension of liquidity. The correlation with the other liquidity dimensions is very low and not stable over time.
Finally, we investigate determinants of the power of renewal based on the theoretical model

of Foucault, Kandan and Kandel (2005, RFS). Our results support their model hypotheses: The margin renewal power increases with the proportion of patient traders, decreases with the frequency of incoming orders and is particularly low at the end of a trading day. We identify the uncertainty in the market and the extent of the information asymmetry as further important influencing factors for the range renewal power.