[*May 9 und 10. 2014 in Bendorf (Rhein)*]

The following presentations were held and discussed in Bendorf (Rhine) on May 9 and 10, 2014:

1. Better development projects through impact measurement using experimental and quasi-experimental methods?

Eva Terberger, University of Mannheim

2. Sourcing Strategies of a Multi-Input-Multi-Product Firm

Michael Kopel, University of Graz (with Clemens Löffler, University of Vienna, and Thomas Pfeiffer, University of Vienna)

Recognizing that firms often manufacture multiple products using multiple complementary inputs, we investigate such a firm's optimal sourcing strategies. The multi-input-multi-product environment generates interactions among products that have profound implications on the firm's sourcing strategies. (i) In particular, we identify situations under which a multi-product firm optimally deviates from an isolated least-cost comparison, i.e. produces in-house even if in-house cost exceeds the input price (and vice versa). (ii) The multi-product firm can benefit from sourcing the same input separately for each product even though that provokes input price discrimination. (iii) Perfect competition on one input market can reduce the firm's profit. (iv) An outsourcing wave can arise in that outsourcing all inputs can be beneficial even though outsourcing just one of the inputs is detrimental. Overall, our results complement insights for a multi-input-single-product firm.

3. The Role of Communication of Performance Schemes: Evidence from a Field Experiment

Florian Englmaier, Ludwig Maximilians University Munich (with Andreas Roider, University of Regensburg, and Uwe Sunde, LMU)

In corporate practice, incentive schemes are often complicated even for simple tasks. Hence, the way they are communicated might matter. In a controlled field experiment, we study a minimally invasive change in the communication of a well-established incentive scheme – a reminder regarding the piece rate at the beginning of the shift. The experiment was conducted in a large firm where experienced managers work in a team production setting and where incentives for both quantity and quality of output are provided. While the treatment conveyed no additional material information and left the incentive system unchanged, it had significant positive effects on quantity and on managers' compensation. These effects are economically sizable and robust to alternative empirical specifications. We consider various potential mechanisms, where our preferred explanation - improved salience of incentives - is consistent with all of the findings.

4. Pay Inequity and Job Performance: An Insider-Econometrics Study

Oliver Fabel, University of Vienna (with Christian Thomann, University of Hanover, and Yingchao Zhang, University of Graz)

Using personnel data on back-office employees of an insurance company, we calculate three measures of pay inequity, “inequality,” “envy,” and “altruism,” for total pay as well as, separately, for three pay components, salary, commissions, and year-end bonuses. Job performance is measured by the value of commissions for new contracts which accrue to the sales agents who are serviced by the back-office employee. Quantile panel regressions show that inequity effects on performance distinctly differ over the performance distribution and across the different pay components. Further, results depend on the time structure of pay and, possibly also, on pay secrecy rules.