# SFB 504 News

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## Neues Teilprojekt für den SFB 504

Der SFB 504 wurde um ein weiteres Teilprojekt verstärkt. **Prof. Ernst Maug**, der im Februar 2006 an die Universität Mannheim gewechselt ist, um den Lehrstuhl für Corporate Finance zu übernehmen, hat sein Teilprojekt aus dem SFB 649 „Ökonomisches Risiko" der Humboldt-Universität zu Berlin in den SFB 504 eingebracht. Es wird als


Professor Ernst Maug, Ph.D.

**Teilprojekt B9**
**„Risikoverhalten, Unternehmensbewertung und das Design von Management-Vergütungsverträgen"**

ab 1. Januar 2007 in Mannheim weitergeführt werden.

## Vorträge

❑ Montag, 4. Sept. 2006
☺**„alle-sind-da Seminar"**

**Vortrag von Prof. Ernst Maug, Ph.D., Universität Mannheim**
(Einladung TP C7, Prof. Jens Wüstemann)

**Thema:** Executive Stock Options when Managers Are Loss-Averse

**Abstract:**
This paper analyzes optimal executive compensation contracts when managers are loss averse. We show that optimal contracts consist of an upward sloping compensation function and a threshold value for the value of the firm below which the manager is fired and suffers a discrete loss of compensation. We parameterize the model using data on compensation contracts and parameters for preferences suggested by the experimental literature. For a representative CEO, we estimate the optimal contract predicted by the model and discuss its comparative static properties. It turns out that the model's predictions are remarkably accurate and that it can explain the use of stock options as part of

an optimal contract, which is not the case for reasonable parameterization of a standard CRRA principal agent model.

Das Paper ist online erhältlich unter:
http://papers..com/sssrnol3/papers.cfm?abstract_id=914502.

17.15

⇒ Schloss, Ostflügel O 48

❑ Montag, 18. Sept. 2006
☺„alle-sind-da Seminar“

**Vortrag von Tri Vi Dang,** TP C9

**Thema**: The Design of Management Contracts in Oligopolistic Industries

17.15

⇒ Seminarraum des SFB. L 13, 17, 5. OG

**Korreferent: Sylvain Béal**, TP C8

❑ Montag, 2. Okt. 2006
☺„alle-sind-da Seminar“

**Vortrag von Prof. Marcel Zeelenberg, Tilburg University**
(Einladung TP A8, Prof. Dr. Herbert Bless)

**Thema:** t.b.a.

17.15

⇒ Schloss, Ostflügel O 48

❑ Montag, 16. Okt. 2006
☺„alle-sind-da Seminar“

**Vortrag von Markus Glaser,** TP B4

**Thema**: Framing Effects in Stock Market Forecasts: The Difference Between Asking for Prices and Asking for Returns

**Abstract:**
In this study, we analyze whether individual expectations of stock returns are influenced by the specific elicitation mode (i.e. whether forecasters have to state future price levels or directly future returns). We thus examine whether there are framing effects in stock market forecasts. We present questionnaire responses of about 250 students from two German universities. Participants were asked to state median forecasts as well as confidence intervals for seven stock market time series. Using a between subject design, one half of the subjects was asked to state future price levels, the other group was directly asked for returns. The main results of our study can be summarized as follows. There is a highly significant framing effect. For upward sloping time series, the return forecasts given by investors who are asked directly for returns are significantly higher than those stated by investors who are asked for prices. For downward sloping time series, the return forecasts given by investors who

are asked directly for returns are significantly lower than those stated by investors who are asked for prices. Furthermore, our data shows that subjects underestimate the volatility of stock returns, indicating overconfidence. As a new insight, we find that the strength of the overconfidence effect in stock market forecasts is highly significantly affected by the fact whether subjects provide price or return forecasts. Volatility estimates are lower (and the overconfidence bias is thus stronger) when subjects are asked for returns compared to price forecasts. Moreover, we find that financial education improves answers of subjects. The observed framing effect and the overconfidence bias are less pronounced for subjects with higher financial education.

🕐 17.15

⇒ Seminarraum des SFB. L 13, 17, 5. OG

**Korreferent: Monika Undorf**, TP A12

**Änderung!!!!!!**

❑ Montag, 23. Okt. 2006

**Vortrag von Prof. Jan Potters, Ph.D., Tilburg University**
(Einladung TP B1, Prof. Axel Börsch-Supan, Ph.D./Daniel Schunk)

**Thema:** t.b.a.

🕐 17.15

⇒ Seminarraum des SFB. L 13, 17, 5. OG

❑ Montag, 6. Nov. 2006
☺**„alle-sind-da Seminar"**

**Vortrag von Phillipe Lorino, ESSEC**
(Einladung TP C7, Prof. Dr. Jens Wüstemann)

**Thema:** The instrument-based genesis of collective activity: the case of an ERP implemenation in a large electricity company

🕐 17.15

⇒ Schloss, Ostflügel O 48

❑ Montag, 20. Nov. 2006
☺ **„alle-sind-da Seminar"**

**Vortrag von Radovan Vadovic,** TP B8

**Thema**: Strategic Early Bidding in Internet-type Auctions: An Experimental Evidence

**Abstract:**
Abstract: We study the effect of early bidding in dynamic auctions on how bidders search for alternative prices. Our design has two bidders participating in an ascending clock-auction during which any one of the bidders can pause the auction clock. This we interpret as placing an early bid. Once the auction is paused both bidders can simultaneously search for an alternative outside price. Our results indicate that pausing decisions by subjects impact their subsequent searching for outside prices, i.e., whether a subject decides to search or not depends on whether she has

paused the auction or not. Subjects behave as if they coordinated their searching decisions: the bidder who pauses the auction also searches with high frequency while the other bidder does not. Because this type of behavior increases both the efficiency and the profitability of the auction we favor the use of policies that promote early bidding in practice, such as, longer auctions and lower public reserve prices.

17.15
⇒ Seminarraum des SFB. L 13, 17, 5. OG

**Korreferent: Patrick Müller**, TP A8

❑ Montag, 4.Dez. 2006
☺**„alle-sind-da Seminar“**

**Vortrag von Prof. Bruno Frey, Universität Zürich**
(Einladung TP C7, Prof. Dr. Jens Wüstemann)

**Thema:** Analyzing Awards. First Findings

17.15
⇒ Schloss, Ostflügel O 48

❑ Montag, 11. Dez. 2006
☺**„alle-sind-da Seminar“**

**Vortrag von Maroš Servátka,** TP Z1

**Thema:** t.b.a.

17.15
⇒ Seminarraum des SFB. L 13, 17, 5. OG

## Tutorien/Konferenzen/Gastwissenschaftler

### ❑ Summer School (MERSS 2006)

Der SFB 504 ist hocherfreut darüber, dass auch in diesem Jahr die Summer School, die in der Zeit vom 27. Juni bis 7. Juli stattgefunden hat, bei den 22 Teilnehmern aus 13 Ländern sowie den Gastdozenten aus den Bereichen Ökonometrie, Experimental/Behavioral Economics und Soziologie einen großen Anklang gefunden hat. Die äußerst positive Resonanz auf unsere Summer School, sowohl auf Seiten der Bewerber als auch auf Seiten der Dozenten, zeigt die Aktualität unserer Thematik. Herzlichen Dank an die Organisatoren Carsten Schmidt, Daniel Schunk, und Volker Stocké sowie an die Mitarbeiterinnen der Geschäftsstelle und an das EDV-Team.

### ❑ Gastwissenschaftler

**15. Sept. – 31. Okt. 2006**
**Prof. Joep Sonnemans** folgt einer Einladung des TP B4 (Prof. Weber) zu gemeinsamen Forschungsarbeiten.

| Rückblick | | | |
|---|---|---|---|
| Kurzeinladungen/Vorträge | | | |
| **Name** | **Einrichtung** | **Termin** | **Einladung TP** |
| **Morton,** Rebecca | University of New York | 14.7.2006 | A9, Gschwend-Pappi (Meffert) |
| **Thema**: The Swing Voter's Curse in the Laboratory | | | |

## Tagungen, Kongresse

| **Name, Vorname** | **Veranstaltung** | **Datum** | **Ort** | **Thema** |
|---|---|---|---|---|
| Müller, Patrick | 11th International Social Justice Conference | 02.-05. Aug. | Berlin | Beyond procedure´s con-tent- Cognitive subjective experiences in procedural justice judgements. |
| Dang, Tri Vi | 21th EEA-ESEM Congress, European Meet-ing of the Econometric Society | 24.-28. Aug. | Wien | Alternating Offer Bar-gainimg with Endogenous Information |
| Eichberger, Jürgen | 21th EEA-ESEM Congress, European Meet-ing of the Econometric Society | 24.-28. Aug. | Wien | Granny Versus Game Theorist: Ambiguity in Experimental Games |
| Ludwig, Alex-ander | 21th EEA-ESEM Congress, European Meet-ing of the Econometric Society | 24.-28. Aug. | Wien | • On the Consequences of Demographic Change for International Capital Flows, Rates of Returns to Capital, and the Distibution of Wealth and Welfare<br>• Private Information in Contests - Sequential versus Simultaneous Contests<br>• Optimal Pension Policy in a Life-Cycle Econ-omy with demographic Uncertainty |
| Schunk, Daniel | 21th EEA-ESEM Con-gress, European Meeting of the Econometric Soci-ety | 24.-28. Aug. | Wien | • Sequential Decisions and Reference Points: Theory and Evidence<br>• What Determines the Saving Behavior of German Households? An Examination of Sav-ing Motives and Saving Decisions |

| Name, Vorname | Veranstaltung | Datum | Ort | Thema |
|---|---|---|---|---|
| von Thadden, Ernst Ludwig | 21th EEA-ESEM Congress, European Meeting of the Econometric Society | 24.-28. Aug. | Wien | • Monetary and Fiscal Policy Interactions in a new Keynesian Model with Capital Accumulation and Non-Ricardian Consumers<br>• Distortionary Taxation, Debt, and the Price Level |
| Schmidt, Carsten | ESA, Nottingham | 07.-09. Sept. | Nottingham, UK | Disclosing Conflict of Interest – Does Experience and Reputation matter? |
| Ott, Marion | Economic Science Association 2006 European Meeting | 07.-10. Sept. | Nottingham, UK | Am Experiment on Auction Fever |
| Schnedler, Wendelin | Annual conference EALE | 21.-23. Sept. | Prag | Team governance: empower or hierarchial control |
| Schunk, Daniel | Jahrestagung des Vereins für Socialpolitik | 26.-29. Sept. | Bayreuth | What Determines the Saving Behavior of German Households?<br>An Examination of Saving Motives and Saving Decisions |

## Weitere News

## Personelles

**Neueinstellungen/Kooptierungen:**

- ❑ **Maroš Servátka, Ph.D.**, übernimmt ab 28.8.2006 die Postdoc-Stelle im TP Z1 (Prof. Börsch-Supan)
- ❑ **Radovan Vadovic, Ph.D.,** besetzt ab 1.7.2006 die BAT 2a-Stelle des TP B8 (Prof. Oechssler)

**Den SFB 504 verlassen/haben verlassen:**

- ❑ **Paolo Giordani**, Ph.D., TP C8, hat uns nach einem kurzen Gastspiel verlassen und wird seine Forschungsarbeit an dem European University Institute in Florenz fortsetzen. Wir wünschen ihm alles Gute.

- ❑ **Christina Reifschneider** ist am 15. Aug. 2006 aus dem SFB 504 ausgeschieden und setzt ihre berufliche Tätigkeit bei der BASF in Ludwigshafen fort. Wir wünschen ihr viel Erfolg und alles Gute für ihren zukünftigen Lebensweg.

## Sonstiges

- **Dipl.-Systemwissenschaftler Daniel Schunk** hat am 20. Juli 2006 erfolgreich seine Dissertation mit „summa cum laude“ abgeschlossen. Thema: "Essays on individual and household decision-making: Experimental and survey evidence".
  Herzlichen Glückwunsch!