

BONN ECON NEWS

Week 5: January 30–February 3, 2023

Overview

Workshops and seminars

Monday, January 30, 2023

- Micro Theory Seminar

Tuesday, January 31, 2023

- BGSE/briq Applied Microeconomics Workshop (CRC TR 224 Seminar)

Thursday, February 2, 2023

- Bonn MacroHistory Seminar

Friday, February 3, 2023

- Applied Micro Coffee

Workshops and seminars

Monday, January 30, 2023

Micro Theory Seminar

Theo Durandard
(Northwestern)

Prove yourself: Dynamic delegation in promotion contests

Time

12:00–13:15 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

I study how organizations assign tasks to identify the best candidate to promote among a pool of workers. When only non-routine tasks are informative about a worker's potential and non-routine tasks are scarce, the organization's preferred promotion system is an index contest. Each worker is assigned a number that depends only on his own potential. The principal delegates the non-routine task to the worker whose current index is the highest and promotes the first worker whose type exceeds a threshold. Each worker's threshold depends only on his own type. In this environment, task allocation and workers' motivation interact through the organization's promotion decisions. The organization designs the workers' careers to both screen and develop talent. So competition is mediated by the allocation of tasks: who gets the opportunity to prove themselves is a determinant factor in promotions. Finally, features of the index contest can help understand the prevalence of fast-track promotion, the role of seniority, or when a group of workers is systemically advantaged.

Tuesday, January 31, 2023

BGSE/briq Applied Microeconomics Workshop (CRC TR 224 Seminar)

Alexander W. Cappelen
(Norwegian School of Economics)

Second-best fairness: The trade-off between false positives and false negatives

Coauthors

Cornelius Cappelen, Bertil Tungodden

Time

14:15–15:30 CET

Location

briq, Schaumburg-Lippe-Straße 9

Hybrid

Zoom link announced via the Applied
Micro mailing list

Abstract

A main focus in economics is how to design optimal policies in second-best situations, which often requires a trade-off between giving some individuals more than they deserve, *false positives*, and others less than they deserve, *false negatives*. This paper provides novel evidence on people's second-best fairness preferences from large-scale experimental studies in the US and Norway. The majority of people are more concerned with false negatives than with false positives, but we document substantial heterogeneity in second-best fairness preferences between the countries and across the political spectrum. The findings shed light on the political economy of social insurance and redistribution.

Thursday, February 2, 2023

Bonn MacroHistory Seminar

Alessandra L. González
(University of Chicago)

Doing Business Far from Home: Multinational Firms and Labor Market Outcomes in Saudi Arabia

Coauthor

Xianglong Kong

Time

16:00–17:00 CET

Online

<https://uni-bonn.zoom.us/j/69821428114?pwd=Y3lvTlhhTHR3Si93TkhwZlZhb3BdZ09>

Abstract

We study how foreign firms strategically adapt to their local environment and make hiring and compensation decisions in a host country with differing deep-seated cultural norms. We analyze unique employer–employee matched data of the private sector in Saudi Arabia. We find that foreign firms relative to domestic firms hire a smaller share of Saudi workers and do not hire a sizeably larger share of female workers, whereas one may expect opposite results given the large differences between home and host country cultural norms. To better understand these findings, we develop a model of heterogeneous workers and firms and incorporate the role of non-wage amenities to explain wages and worker shares. Our model highlights the decomposition of firms' wage and employment outcomes into a productivity component and an amenity component. We find that amenity differences between foreign and domestic firms account for a significant fraction of employment differences. The implications of our findings are that labor market frictions in the form of differing deep-seated cultural norms may affect both the productivity and amenities of firms, which make them crucial in understanding foreign firm performance when doing business far from home.

Friday, February 3, 2023

Applied Micro Coffee

Peter Zorn
(LMU Munich)

Household Labor Supply Elasticities: Evidence from Cross-Border Workers

Coauthors

Kevin Kloiber, Sarah Lein, Andreas Peichl,
Kurt Schmidheiny

Time

11:30–12:15 CET

Location

briq, Schaumburg-Lippe-Straße 9

Hybrid

<https://uni-bonn.zoom.us/j/62101658384?pwd=ZURLeIAxOTBhT0xhSS9abndvM3Vadz09>

Abstract (preliminary)

After the Swiss National Bank unexpectedly abandoned a minimum exchange rate policy in 2015, the Swiss franc appreciated by more than 10 percent against the euro. The appreciation implied a sudden increase in real wage incomes for over 50,000 German cross-border commuters. We use this exchange rate shock to estimate the own-wage and cross-spouse labor supply elasticities from administrative tax returns data.