A BROADER PERSPECTIVE
The coordinator of the GSDS and doctoral students about goals and achievements

NEWS AND EVENTS
What has happened in 2014?

DO I LIKE WHAT I PREFER?
A review on the first GSDS symposium

RESEARCH
A look at the wide spectrum of research activities within the GSDS
The Graduate School of Decision Sciences (GSDS) is part of the University of Konstanz and funded by the Excellence Initiative of the German federal and state governments.

It is a social science graduate school, focusing on the three disciplines Economics, Political Science and Psychology and the three complementary disciplines Computer Science, Sociology and Statistics.

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Prof. Kaas, the Graduate School of Decision Science started in November 2012, with the aim of bundling different perspectives of human decision-making behaviour. What would you say have been the most important achievements since the founding of the Graduate School?

Leo Kaas: I think that it may be a bit too early to talk about achievements, because we are still a young graduate school - we have just entered our third year. In my opinion, the achievements of an institution like ours should be measured by the success of its students, which, as many comparison show, is measured by the students’ publications in top-level journals and also by their later careers. With the first cohort of students, who will finish their Ph.D. this year, we are of course curious to see where they will go and which career paths they will follow. One achievement, which already stands out as a success, is the establishment of an interdisciplinary communicative culture. We have strongly benefited from the new rooms that we moved into last year. The common room, in particular, is a place where students and professors meet and chat about their work in a relaxed and productive atmosphere. So, in summary, I think we have made several steps, but we are still on our way.

Malik, Susanne, Carl: How do you, as Ph.D. students of the Graduate School, see interdisciplinarity realised in your day-to-day work?

Malik: It seems to me that the most important thing is the exchange between students from other research areas. The common rooms that we now have really facilitate this kind of exchange. For example, it starts with the daily lunch. You can talk to economists or political scientists and just ask them “How do you do that in your field?” or “What do you think about my idea?”

Susanne: In addition, I appreciate it that we can take courses and seminars, not only in our main research area, but also in other areas, which helps us to gain a broader perspective on our research questions. I also think that, even if interdisciplinary research is not conducted, it is still important to be open to other research areas. However, interdisciplinarity itself is a bit of a loose definition. For example, in my research, I combine different strands of literature from the field of political science. While my work on attitudes and preferences partly draws from the field of psychology, it is also a sub-discipline of political science.

Carl: I would say so in my case. I grew interested in questions of political science and political economy during my Master’s studies and then, with this interdisciplinary approach here at the GSDD, I was able to pursue these interests and dig deeper into these fields, while still being primarily an economist. I cannot pretend that I am a political scientist, but I am interested in the questions that they ask and I now have the opportunity to incorporate them into my work.

Maik: Well, for my research, the opportunity to undertake interdisciplinary

“I THOUGHT THAT GETTING TO KNOW MORE ABOUT THE OTHER FIELDS IS CRUCIAL FOR BROADENING MY KNOWLEDGE AND THAT THIS WOULD BE VERY USEFUL IN THE LONG RUN”
work helps immensely. Having a social psychology background, I am interested in social interactions and how people make interpersonal decisions. This field has also been very intensively researched by economists and uses paradigms, which are not available in the field of psychology. These paradigms are very precise and I benefit a great deal from this, because I can say that I have a certain idea about the psychological process and can turn to economic models, as a method for measuring what I am interested in. Therefore, interdisciplinary is very relevant and it is a crucial part of my research.

Susanne: It was a very important point for me too, particularly to have the opportunity to work together across departmental lines and to be free in the development of my Ph.D. thesis. In line with my research interests, I was also happy that the GSDS explicitly encourages research on gender- and diversity-related topics. However, it was similarly important to me that I could be an affiliated member of the chair of Prof. Marius Busemeyer, who I knew from my time as a Master’s student. We have regular project meetings, in which we discuss the team members’ work. I find this very inspiring and it allows for the exchange of ideas and collaboration with others working on similar topics.

This mix of being a chair member, with a sense of belonging to the Department of Politics and Public Administration and the openness to other departments involved in the GSDS, was particularly important for me. I knew that I would benefit, on the one hand, from the specialist field and, on the other hand, from the broader view of my research questions within the Graduate School. In general, I also thought that getting to know more about the other fields is crucial for broadening my knowledge and that this would be very useful in the long run.

Leo Kaas: I think that this is an important point! Ph.D. students have to be experts in their fields and be highly specialised in their research, and it would seem that there are no direct connections to other students from different fields, but they do of course exist. The opportunity to see what other people are doing and what is going on in other fields is, as all of you have pointed out, highly relevant. The benefit could really be seen in the long run, just like Susanne said before. You will likely see the benefits of an interdisciplinary perspective later, after your Ph.D. studies. Of course, students have to focus on their specific research question, but gaining different perspectives from other research areas will help them in their current research, as well as in their later careers, whether in academia or in the private or public sectors.

Prof. Kaas, you said before that the success of the Graduate School is measured by the success of its graduates. How does the Graduate School support its graduates along their way?

Leo Kaas: In many ways of course. Quite obviously, good publications require strong research, for which excellent supervision is a prerequisite. The structure of the Graduate School facilitates not only the bilateral exchange between students and their supervisors, but also among the students and with professors from other areas. There are various opportunities to present one’s own work and to obtain detailed feedback along the way. I think that this already enhances the quality of the research. When it comes to writing papers, we try to support our students in the area of academic writing, by offering specific courses. We are also very interested in feedback from our students and try to evaluate their suggestions and requests on a regular basis. In terms of the job market, we try to identify which career paths students wish to follow early on. Knowing where the path leads gives the supervisors the opportunity to help graduates on their way into the job market. In their final year, before entering the academic job market, every student presents his or her work in front of the entire faculty of the relevant department, where they obtain very detailed feedback and critique. In addition, we invite a professional coach to help our job market candidates to improve their presentation techniques and communication skills.

Malik, Susanne, you are both already in your last Ph.D. year. Do you feel that there are specific structures within the Graduate School, which help you to make the decision about where to go next?

Malik: I am not sure if this is really a structure, but what stands out in the Graduate School for me is that you are so much in touch with your professors. You can talk to them on a regular basis, which helps to understand how research is conducted most effectively and what you need to know to succeed. For example, what are the necessary criteria to get a paper published in a peer-reviewed journal? I think the short distances to the professors and the other academic staff, as well as the general open-mindedness, have facilitated my decision to stay in academia or in the private or public sector.

Susanne: I also think that the Graduate School offers a lot of opportunities and that there is particularly strong support for an academic career. In addition to what Malik has said, I think it is also the conferences and summer schools, which we were able to visit due to the travel funding, which make the difference. They give you the opportunity to present your work to experts from other universities, to receive feedback about your papers and enable networking. Due to the combination of coursework, time for research and the interdisciplinary exchange, we all have a good background to apply for positions not only in academia, but also in the private or public sector.

"WE HAVE MADE SEVERAL STEPS, BUT WE ARE STILL ON OUR WAY"

"THE STRUCTURE OF THE GRADUATE SCHOOL FACILITATES NOT ONLY THE BILATERAL EXCHANGE BETWEEN STUDENTS AND THEIR SUPERVISORS, BUT ALSO AMONG THE STUDENTS AND WITH PROFESSORS FROM OTHER AREAS"
We are having this talk in your new common room. How much did it help to move closer together — speaking in very practical terms about room structure?

Leo Kaas: It is important for the Graduate School, on the one hand, to be recognised within the university as an entity and for the students, on the other hand, to be closer to each other and to have a common room to gather and discuss work-related questions or just to have a quick chat during their breaks. Some of the professors are also located right here, so the distances have become shorter.

“What stands out in the Graduate School for me is that you are so much in touch with your professors.”

Susanne: Also, the atmosphere among the students is very positive! It is the daily talks with colleagues and professors that really stand out. I think that moving to the E-building has definitely enhanced the general feeling of belonging to the Graduate School and that the common room is a good place to collaborate and to discuss work with others, so I am really glad that we moved here. Even if you sometimes work on weekends, there is always someone else here, which is really motivating. No matter at what time or on which day you show up, you are probably not alone.

Carl: I agree — it is much nicer now. I think it would even further enhance the exchange if we put up pictures of all the students with a little description of their research focus.

Are there any plans and goals for the future and for the last phase of the funding?

Leo Kaas: Oh yes, of course, we still need to make further progress. I think it is very interesting to see the first cohort of students leave the School. What will they do? Where will they work? This would be very interesting to see.

Concerning the funding, we all expect that there will be a new call for proposals for an extension, but we have not yet been informed of the precise rules. Everybody in the Graduate School will work together very closely on writing an excellent proposal for another funding period.

Do you have any hopes, ideas or suggestions for the Graduate School? What could be even better?

Susanne: My suggestion would be to loosen the coursework structure in the first year. It depends on where you start when you join the GSDS, but some students do not have a fixed research topic yet. And for them — as it also was for me — it is a bit challenging if you have to fulfil the coursework and also develop the research topic for the Ph.D. thesis. It would have been better to have one semester to fully focus on the Ph.D. thesis, find a subject and then be able to choose courses, which fit your needs.

Maik: I think it really depends. I would have said the exact opposite, but this for personal reasons. I attended one seminar on a topic, which I had not heard of before, and this turned out to be one of my most successful research lines. Actually, this seminar helped me to discover: “Oh this is very interesting, I will do that!”

Leo Kaas: This is precisely the idea of our programme. This is why we require students to take the courses first, in order to acquaint themselves with their current research field and the required methods — before they start to develop their proposals.

Maik: But I think that it really depends on personal preferences. Some prefer to have an idea first and then specialise by taking courses and, for others like me, it is actually a good way of finding ideas and to say okay, this is what I would like to do or to try to see whether this is actually a topic on which I could work for three years.

Leo Kaas: I agree. Sometimes you have to learn specific methods later on. You find out that you need a specific method for your research and then you have to take another course. We could work on that.

Thank you all!

Interview: Patrizia Barbera

Prof. Dr. Leo Kaas is Coordinator of the Graduate School, since its foundation in November 2012, and Professor of Economic Theory and Labour Economics.

Maik Bieleke entered the GSDS in November 2012 as one of the first Ph.D. students. He is affiliated to the Department of Psychology. In his research, Maik focuses on the influence of self-regulation on information processing and decision making.

Carl Maier joined the GSDS as a Ph.D. student in 2013. He is affiliated to the Department of Economics and his research focuses on institutional economics, political economy and algorithmic game theory.

Susanne Münn has been a Ph.D. student of the Graduate School since November 2012. She is affiliated to the Department of Politics and Public Administration. Her research focuses on political economy, gender inequality, family policies and gender role attitudes.
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- International Organisations

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- Political Crisis Management
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- Conflict Resolution and Prevention
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- Multinational Firms’ Ownership Structure
In our everyday lives, we are often confronted with the uncertainty about future states of nature, e.g. whether it rains tomorrow or not. Additionally, we also do not know how other people will behave in the future. Given that these unknown factors affect our own well-being or payoffs, we form beliefs about what is going to happen in the future in order to select the optimal action. Accordingly, my research focuses on the effects of beliefs on behaviour. More specifically, I investigate whether there are specific economic situations in which the role of beliefs is central to understanding behaviour.

Usually, a belief is assumed to be a subjective probability distribution over unknown parameters. Since an individual cannot infer the real probability of rain, she can believe that the chances of a rainy day or not are fifty-fifty although the (unknown) objective probability of rain is different. Beliefs have been introduced to game theory a long time ago and recently received large attention in Experimental Economics. Nonetheless, they are a rather abstract concept and unobservable variables of economic behaviour which triggers another question: What are the formats and characteristics of beliefs and how can they be measured? Both questions have already been approached in the literature and I want to contribute to this area.

In my first project, I directly investigate the explanatory power of beliefs in a prominent bargaining decision, namely, the Ultimatum Game. Here, one subject can offer another party a certain amount of some endowment and the receiver can then accept or reject the offer. I introduce cheap talk to the game such that one player can send non-binding messages about her future behaviour to the other player. Then, the receiver of the message has to form a belief whether to take the message seriously or not and act accordingly. The central goal of this project is to examine how the messages, the elicited beliefs, and the behaviour are linked.

In the second project, I approach a puzzling feature of beliefs. When subjects are asked to report a belief, they sometimes subsequently do not choose the best action according to those stated beliefs. Only 50%-90% of behaviour can be explained with beliefs. A possible reason might be that subjects do not trust their own belief, therefore I introduce the concept of certainty to the belief elicitation. The subjects can indicate a subjective measure of reliability of their belief, i.e. I am 50% sure about this belief. With this measure I aim to predict when subjects act according to their elicited beliefs and when the latter are inappropriate to explain behaviour.
computation of capital requirements. VaR is easy to interpret and summarizes financial risks into one single number.

Despite its frequent application it is by no means clear what modeling and forecasting strategies are appropriate. There exist numerous estimation strategies to approach VaR but none is suitable for all kind of market situations. Recent findings in the literature and the 07-08 global financial crisis at least show that many VaR forecasting approaches do not achieve the lowest capital requirements. The goal of this project is to design algorithms that aim at optimizing this particular loss, i.e., to optimize VaR forecasts for regulatory purposes. If an optimal strategy leads to excessive risk taking the Bank for International Settlements should tighten up the VaR evaluation framework.

The development of the European Union as an unprecedented political entity has offered almost natural experiments for many questions that are of interest for political scientists. Nonetheless, there are still many gaps to be filled and controversial findings to be explored. Not only do we talk about a complex multi-level and potentially even "sui-generis" institution, but also does constant change require ongoing research on the nature of this still relatively new and prospering polity and its interrelations with its member states. Precisely this latter part of research on the European project as a complex interplay of the EU and its member states is still in its infancy. My dissertation project therefore aims to connect the different approaches stemming from the academic fields of European studies and comparative politics and fill in the middle ground of the European Union and its member states with a comparative and long-term quantitative perspective. Only this perspective makes it possible to perceive the EU as more than a unique political entity and find an answer to key questions about the effects of Europeanization for the member states’ public policy-making processes.

I will examine the nature of the European project on the basis of policies, representation, and change in three paper projects. In a nutshell, paper 1 deals with the question of the Europeanization of national policy processes and the “Nationalization” of the European policy-making process. Based on the assumption of the significant importance of deepening European integration that unquestionably has increased European influence on the member states and strengthened the role of the EU, policy-making processes must be expected to have changed. The second paper will deal with the question how Europeanization changes issue attention in Germany by comparing Europeanized with seemingly sovereign laws as indicated by the official German legislative acts database (GESTA). This comparison allows an insight into the EU’s actual influence on its member states’ policy-making processes beyond the mere adoption of EU legislation. Finally, the third paper moves a step forward from the perspective on policies with a focus on representation. This project examines the match of policy agendas – both on the national as well as on the European level – and citizens’ priorities with the goal of finding who (in which topics) represents the citizens of Europe. In terms of quantitative measurements, all three papers rely heavily on the Comparative Agendas project on which I collaborate by being a member of the German team led by Professor Christian Breunig. These databases allow the study of issue attention, agenda-setting, and policy-making processes over the whole range of precisely defined topics, long periods of times and a wide range of countries and the EU institutions themselves. Thus, it allows a quantitative approach to the study of the policy consequences of the European project for the countries and citizens of Europe.

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RESEARCH INTERESTS:
- Experimental and Behavioural Economics
- Strategic Cognition
- Dual Process Theories
- Social Preferences
- Theory-of-mind
- Self-Regulation

The cornerstone of my academic background lie at the London School of Economics (LSE) and, most notably, at the University of Konstanz where I had the great opportunity to study both psychology and economics in parallel. With a background in these fields, I joined the Graduate School of Decision Sciences as a doctoral student to continue following my deep interest in understanding the peculiarities of strategic thinking and social preferences. Also, I am part of the Chair of Applied Economics held by Prof. Dr. Urs Fischbacher as well as the DFG Research Unit Psychoeconomics located at the Universities of Konstanz and Cologne. Social preferences like altruism, reciprocity or fairness pertain to our daily life. However, people differ in their social preferences. In fact, the same person may behave more or less generously in different situations. Across people, different types may adhere to varying fairness principles and act more or less selfishly. To deal effectively with others – on both an individual and an organizational level – is key to our economic life. Hence, understanding the individual differences and cognitive processes explaining the variability and heterogeneity of social preferences is important and highly relevant.

In my dissertation, I focus on differences in specific personality traits and tracing the underlying cognitive processes to explain such variability and heterogeneity. It seems as though personality features such as the competency for self-regulation seem to be crucial for explaining heterogeneity in human life outcomes. However, there are only weak correlations between social preferences and personality traits like the Big Five. This may be due to the fact that the latter represent very broad personality dimensions while social preferences are commonly investigated in very specific situations. Besides cognitive ability, more specific personality traits like cognitive style, self-monitoring, impulsiveness, or Machiavellianism may have a more direct relation to social preferences. Using response time analyses, cognitive load, or time pressure, I aim at tracing the cognitive processes underlying social preferences more precisely.
Following this research approach, I am currently concerned with six related projects. These explore (1) the effects of analytical thinking in guessing games, (2) the nature of different decision types in a trust game with reputation, (3) the relations of specific personality traits known as the Dark Triad to economic preferences, (4) the variability of social preferences by means of attitude research, (5) the processes behind positive reciprocity as well as (6) an alleged spying aversion.

Currently, I experimentally investigate the effects of non-binding communication in bargaining. Previous research has shown that communication can deter bargainers from agreeing on efficient bargaining outcomes. One question that arises in this context is whether subjects hold inaccurate beliefs about the effects of communication, i.e., whether communication is perceived differently by the other party than believed. Such inaccurate beliefs could explain why bargainers fall more often to agree when communication is possible. Another important aspect of this line of research deals with the use of communication for deception. In a second project I want to take a closer look at the ambiguous effects of deception. On the one hand, one can achieve a personally more favourable outcome by lying about the intention to cooperate. On the other hand, deceiving the other party yields the prospect of losing personal credibility which can result in worsened circumstances for future interactions.

In a second line of research, I focus on the ambiguity of beliefs in strategic interaction. Even though one can hold a certain belief about how the other person might behave, this belief can vary in its certainty, e.g., I can be very sure about my belief or have no idea whether my belief actually captures the underlying mechanisms. Here, the core hypothesis to be tested is that this ambiguity might explain why people do not always act in an optimal way with regard to the beliefs they hold.

The separation of Crimea, the referendum in Scotland, and the growing demands by the Catalans are among the most prominent recent cases of political conflict in Europe, generating a high degree of media attention. While employing disparate strategies and evoking different discourses of legitimation, these three examples share references to a right to self-determination. However, compared to other groups worldwide, these entities do not appear to be particularly underrepresented or discriminated against in their respective host states, nor are they the only ones in the domestic arena who are able to claim cultural or historical distinctiveness. So why is it that those groups would demand territorial self-determination? Why would some of them, such as the Basques in Spain compared to the Catalans, deliberately engage in the use of violence, while other groups with similar demands in the same country would refrain from escalating the conflict?

These issues are central to the research I pursue in my PhD project, which traces demands for territorial self-determination back to the characteristics of the territory involved. The project is concerned with the role of territorial value in the formulation and escalation of claims for territorial self-determination by subnational groups against the government. I investigate how patterns of claim formation and escalation vary systematically across groups that demand self-determination in comparison to the non-claimants. In addition, my research seeks to understand why some of these groups choose to escalate while others refrain from expressing their claims violently. I assume that varying degrees of territorial value and particularly the presence of symbolically relevant territory determine whether groups develop a demand to the land and what kind of strategy they employ to pursue the claim.

To this end, I collect and supplement data on groups on whose behalf a violent or non-violent demand for territorial self-determination is made and compare these to a representative random sample of groups without such a claim. The data include geo-referenced information on settlement patterns, territorial characteristics, including resource availability and relative territorial elevation, as well as new measures of group-specific collective symbolic attachments to the land.

Investigating why groups choose to claim territorial self-determination in comparison to the non-claimants, the second paper investigates the interactions between claim duration and territorial value, assessing their relevance for the escalation of the conflict. The final stage of my research will compare two cases varying on key characteristics identified in prior stages of the project in more detail.

The proposition that abundance of oil resources is more often a curse than a blessing is by now so familiar that it has become doctrine. There is a large literature that demonstrates that countries with abundant oil resources have consistently underperformed their oil-poor counterparts since the 1970s on a variety of economic and political factors such as economic growth, institutions, human development and welfare. This literature, however, has (implicitly) assumed that oil deposits and companies are mainly state-owned. While this assumption was tenable for the period between late 1960s and late 1980s, it no longer holds true. The period post late 1980s is characterized by variations in ownership structures both within and across countries over time. And these
variations could have differential effects on a country’s economic and political development. The objective of the dissertation project is, thus, to analyze the period post 1990 and investigate the effects of variations in ownership structures in oil-rich countries. The project is bifurcated into three components. Under the first component, I investigate the effect of variations in ownership structures on economic growth and whether and to what extent this effect is contingent on the quality of institutions. Given that economic growth is a poor reflection of well-being, the second component of the project looks at the effect of variations in ownership structures on different welfare and development indicators. The third component analyzes the effect of different ownership structures on the quality of fiscal policy in oil-rich countries.

Given that private investments (in various forms) have proliferated in resource-rich countries in the recent years and very little is known about the challenges and opportunities created by such investments, the results of the study will be useful for resource-rich countries in devising appropriate resource development strategies and maximizing the benefits of resources to the nation.

There is a large disparity between firms not only in size but also in age and productivity. My research looks at the differences across firms in terms of size, age and productivity in order to understand the important factors that drive firm growth and survival in an industry. These factors are from the input (labour and credit) markets across firm characteristics (size, productivity levels) and the output (product) markets; and vice versa. I relate these dynamics with macroeconomic activity, in particular, unemployment dynamics and aggregate productivity. Let me sketch two of my projects below.

If firms must expend resources in order to attract new customers, the size of the customer base becomes a valuable asset to firms. The resources must be expended in order, for instance, to spur demand for their products due to information frictions as different customers are unable to observe prices to the same degree. A salient result is that different firms will charge different prices even for physically homogeneous goods. We observe in the data that prices are indeed different for the same and different transactions across firms of different size, productivity, and age. Indeed, this dispersion in prices significantly contributes to dispersion in factor productivity that is well documented in the literature. On the other hand, we also observe that larger firms offer higher wages, post more and fill vacancies at higher rates. In my first project, which is joint with my first supervisor, I study the relation between wages and prices across firms and use an equilibrium model to understand how wage, price, and productivity dispersion across firms relates to unemployment and aggregate productivity.

In a second project, I investigate various forms of financial frictions and how they affect firm dynamics including the propagation and amplification of macroeconomic shocks. I am interested in understanding the mechanism(s) that can bring about the observation that relatively high productivity growth can persistently coexist with high unemployment, as is the recent experience in US and UK economies following the Great Recession. Suppose before production can take place, firms must expend resources to acquire and use labour input, financed out of equity and debt. Then, a positive demand shock raises the value of firm’s assets whereas the liabilities are unchanged. In response, firms produce more and demand for labour increases. If the firm’s production technology has decreasing returns to scale in labour, then the increase in equity leads to less than one-for-one increase in output. In such a world, smaller firms tend to be more credit constrained. In economic downturns, when financial markets are impaired, smaller firms will find it even harder to secure loans for undertaking investment and other productive activities. This can have important implications for the propagation and amplification of financial shocks.

I am pursuing this path in the Graduate School of Decision Sciences and my dissertation focuses on the aspect of strategic delegation in the realm of politics: Whether it is the election of US Congressmen, the members of the German Bundestag or the selection of a city mayor, delegation is an integral and presumed beneficial element of most modern political systems.

This view is backed by the findings of many (political) scientists: Delegation can be an important element to overcome collective action problems. The crucial premise of this finding is that societies select appropriate representatives – a representative has to resemble the “average” member of the society. Only if this holds, we can expect the delegation to cater societies’ preferences best.

I question this assumption which is (too) often assumed to be true. A key finding of my research is that delegation is never neutral with respect to the incentives of voters: Every possible design of a political system which involves delegation creates incentives for voters to strategically delegate power to non-median citizens. Scenarios on which the proposed mechanism sheds new light are international summits on environmental protection: Generally, these events do not result in binding policy commitments or improvements. Arguments like free-riding or collective action problems seem to provide a simple answer for these findings. However, what has been disregarded so far, the structure of these events itself creates incentives to strategically send representatives with below-median preferences for environmental protection to the conference table.

One can interpret this phenomenon as a problem of institutional design. In line with this, my dissertation project seeks to provide insights about the magnitude of the element of strategic delegation in different (political) systems and to depict measures to mitigate the harmful effects of strategic delegation.
give statistically unreliable results or might even be infeasible. To overcome this dimensionality problem, regularization methods are used to reduce the dimensionality of a model. Each project will propose a regularization method for estimating parameters in a specific high-dimensional model. The accuracy of each method will be evaluated in a simulation study and an empirical application of the technique will follow.

The goal of the first project is to investigate whether it is possible to detect structural breaks by using regularization methods in a model with many parameters that are allowed to vary across time. The advantage of this approach in comparison to the known methods of detecting structural breaks is the minimum of the assumptions regarding the positions and number of the break points. The method will be applied in macroeconomic or financial time series models.

In the second project, regularization methods will be applied on a simple linear model to detect whether different categories of ordinal variables have significantly different impact on the dependent variable or whether the categories can be merged together. An example of such a variable might be a ranking of a school. Introducing a dummy variable for each rank will lead to a high-dimensional model. The persistent effect of an indigenous institution in north-western Pakistan, called Jirga, is an increasingly powerful weapon. To answer this question, my research investi-gates whether it is possible to detect structural breaks by using regularization methods in a model in which parameters are allowed to vary across time. The advantage of this approach in comparison to the known methods of detecting structural breaks is the minimum of the assumptions regarding the positions and number of the break points. The method will be applied in macroeconomic or financial time series models.

Another PhD project investigates a new pricing approach for a specific derivative, an American put option. This product gives the buyer of the put the right, but not the obligation, to sell an asset at a specific price anytime until a specified maturity date. Under basic (Black-Scholes) model assumptions, explicit pricing formulas are available for many products, such as European options. This is not the case for the American put, which has to be priced by making use of numerical techniques. In my research, I try to find a new and fast pricing approach, which uses a transformation of the prices and identifies a structure behind this transformation. The goal is to find an explicit solution for that and price the American put option by back-transforming.

I am member of the Graduate School of Decision Sciences and a research assistant at the Chair for Survey Research at the Department of Politics and Public Administration. My research interests include the measurement of public opinion using survey- as well as web-based data, survey methods, methods of web scraping and big data management, and election forecasting. In my dissertation project “Contributions to the Measurement of Public Opinion in Subpopulations”, I develop and extend methods which contribute to a better understanding of public opinion, specifically, political preferences, in various segments of the population and across a wide range of applications. Subnational analysis of public opinion and electoral phenomena is an increasingly powerful weapon to answer more general questions which are conceptually based on micro- or meso-level mechanisms, such as: Do elected officials represent their constituents’ views, or do they tend to adhere to the party line? How can parliamentary election outcomes be forecasted accurately? At the same time, more fine-grained analyses often require sophisticated modeling strategies and sufficiently large amounts of data.

In a first paper (together with Peter Sells), I have contributed to developing a model which helps estimate preferences in constituencies based on survey data and geographic information. The proposed approach opens avenues for research which builds on more sophisticated perceptions of mechanisms of political behaviour and opinion forming, like the representa-tion of subconstituency opinion in Congress. The second paper (together with Paul Bauer), I have investigated polarisation trends in the German public across time, issues, and various subpopulations. The third paper targets the construction of a framework for constituency – and national-level forecasts of parliamentary elections which deals with challenges of data scarcity, data disparity and exceptional electoral rules.
In order to identify the legacy of Jirga on contemporaneous economic development, I conduct a within-country comparative study. I compare the current economic outcomes of two different provinces of British India, Punjab and the North-West Frontier Province (NWFP). The NWFP was a province created by the British in 1901, to act as a buffer zone between British India and Afghanistan. Punjab and the NWFP were placed under different administrative systems set up by the British colonial rulers. While the Punjab was governed by the British administration, the NWFP was left to be ruled over by its rulers. While the Punjab was governed by the British administration, the NWFP was left to be ruled over by its rulers. We disentangle the effects that are due to gender differences in observed characteristics from the raw gender gap in the first step. In the second step, we regress the part of the gender gap that is left unexplained on indicators for gender inequality in a country. Our preliminary results indicate that there is a positive correlation between gender inequality and gender gap in mathematics (i.e. culture affects the gap).

My second project explores the German gender wage gap. German females earned 22% less than males per hour in 2013, which means that Germany is one of countries with highest wage inequality in the European Union. The central question is whether these earnings differentials are actually due to discrimination or whether they can be explained by differences in factors like education, job selection and working experience. The main idea of the semiparametric decomposition method I apply is to compare females with males that have similar characteristics (i.e. same age, education level and job position). In a detailed inspection, I try to determine the explained part of the gender wage gap and the factors that have the largest impact on the gap.

I am a doctoral student at the Graduate School of Decision Sciences since October 2013. My research area is Information Processing and Statistical Analysis (D) and I am supervised by Jan Beran. My research interests are in the field of long-memory processes and statistical topological data analysis. In a joint project (with Jan Beran) we would like to use the data to recover the persistent homology of the lower excursion sets of f. Using a stability theorem for persistent homology, we can do this by estimating f with respect to the supremum norm. We do this by triangulating the manifold and filtering the triangulation using an estimator obtained by smoothing the data using kernels. The persistent homology of this filtered simplicial complex is the desired estimate of the persistent homology of the sublevel sets of f. This construction is asymptotically optimal, with specified rate and constant, in the minimax sense. Then we would like to observe our constructions (also with other estimators) in an asymptotic sense. Later we observe a new descriptor for persistent homology, which is called the persistence landscape, for the purpose of facilitating statistical inference. This descriptor may be thought of as an embedding of the usual descriptors, barcodes and persistence diagrams, into a space of functions. The persistence landscape is a piecewise linear function. The linear structure of the function space allows simple and fast calculations. In fact the function space is a separable Banach space and so has a nice probability theory. For examples, I calculate mean landscapes for random geometric complexes, random clique complexes and Gaussian random fields.
During my studies in Konstanz, I specialized in social psychology and clinical psychology. In line with my specializations, my research interests are located at the intersection of social and clinical psychology and focus on attitudes, implicit cognition and addiction. During my PhD studies, I plan to examine the working mechanisms of new approaches to regulate alcohol consumption that are based on unconscious mental processes.

To date, alcohol addiction is one of the most common psychiatric disorders. Despite high motivation to stay abstinent, patients often give in to immediate rewards due to alcohol consumption. Several biases concerning attention and action tendencies underline this phenomenon: Alcohol-related stimuli immediately capture attention and elicit approach movements in heavy drinkers. These biases increase the likelihood of relapse and counteract the achievement of long-term therapeutic goals. They are often difficult to capture via conscious methods and highly depend on unconscious (implicit) mental processes. In fact, unconscious thoughts are one major draft horse that guides behavioural decision-making in addicts and heavy drinkers. Recently, new training methods—called Cognitive Bias Modification (CBM)—were developed to retrain automatic attention and action tendencies. CBM is a promising complement to traditional therapeutic approaches regarding different disorders and was already successfully applied to anxiety and addiction.

However, the concrete processes that determine the effectiveness of CBM are still not clarified in detail. Given the strong connection between object evaluations, namely attitudes, and both attention and approach orientations, I suggest that attitudes are directly affected by CBM and depict a main determinant of observed behavioural changes. Examining these potentials of CBM is not only crucial for the development of new therapeutic tools but also for a deeper understanding of cognitive processes underlying addiction.
A NON-HUMORISTIC VIEW

on the science of social networks

David Schoch

entered the GSDS in November 2012 as one of the first PhD students. He is affiliated with the Department of Computer & Information Science and doing his work under the supervision of Ulrik Brandes. His research focuses on network centrality and its conceptual and formal foundations.

No matter if one believes in social contagion of obesity, happiness and loneliness or not, the whole case points to a more general issue of SNA. Although theories might be well established, the development of reliable methods is still in its early stages. More elaborated tools are needed to exploit the full potential of the network approach. Nonetheless, many other remarkable results derived from network data across different disciplines exist and are worthwhile to look at. A prime example is Mark Granovetters “The Strength of Weak Ties”. He raised a hypothesis about the usefulness of different kinds of ties in certain situations. Granovetter defines a tie between individuals and its strength as “a combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie.” Thus, we share strong ties with our family and close friends and weak ties with “acquaintances”.

Granovetter argues that the only thing that can connect two social networks with strong ties is a weak tie, so that they act as bridges in a network with different communities. He used empirical evidence from a survey of job seekers to emphasize the importance of weak ties. He did so by asking people who found their job through contacts about how often they saw the person that had helped them with their job, 56% reported occasional and 28% rare contact, pointing toward the weak end of the spectrum. It thus is obvious that in an all-covering social network, individuals with only a few weak ties have a disadvantaged position, compared to individuals with multiple weak ties, as they are disconnected with the other parts of the network. With over 30000 citations, Granovettets article is one of the most cited papers in social sciences and certainly one of the most influential.

Other mentionable works in this line of research are Ronald Burtts “Structural Holes” and also David Krackhardt’s “The strength of strong ties: The importance of philos in organizations”, where he points out the importance of strong ties in generating trust and discouraging malfeasance.

I want to end this short article with a recent network related finding about football. The networks under investigation by Gyarmati et. al. in “Searching for a Unique Style in Soccer” were the pass networks of all first division clubs in Spain, Italy, England, France, and Germany of all games in 2012/13. Pass networks have been analysed before, however mostly for large scale properties, e.g. pass frequencies and players importance within the network. Gyarmati et al. focused on the sequence of passes that take place between players and analysed the kind of patterns that could emerge. Specifically, they considered all possible three-pass sequences and their distribution for each team. Their result is that all teams share almost the same style of play. However, one team stands out as truly unique.

To start off: What actually defines a social network? A social network can be seen as an explanatory model of how individuals interact with each other, where the interactions arise from specific decision patterns and complex processes. The arduous task of untangling the interaction clutter and deciphering hidden patterns is part of SNA. It is important to note that not only dyads of individuals depend on each other but these dyads are itself inherently dependent.

Taking this “network approach” might yield deeper insights in complex issues which potentially cannot be solved by treating individuals with their attributes as independent objects. One particular example is the infamous study “The spread of obesity in a large social network over 32 years” by Christakis and Fowler. The conclusion of their study was that obesity appears to spread through social ties. The social ties refer to family and friends but also to indirect ties, i.e. friends of friends we might not even know. Does this mean that we do not gain weight by eating too much but rather by hanging out with the wrong people? According to this study it somewhat does and that is not the end of the story. The same authors additionally found that depression, happiness, drug use and even loneliness follow the same mechanism. However, their results are a big controversial issue in the literature. A noteworthy article is “The Spread of Evidence-Poor Medicine via Flawed Social-Network Analysis” by Russell Lyons. As the title suggests, it presents a harsh criticism of the methodology used by Christakis and Fowler.

“Networks are everywhere and their analysis is mostly funny”. This could be the wrap-up of social network analysis (SNA) after two years of science slam. But of course it is more than just that. To convince the readership of the relevance of network science, I try to give a small insight in topics of SNA besides licking cows and hook ups in grey’s anatomy.

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DEVELOPMENT OF SELF-REGULATION

in German and Chilean Children

Mirjam Wels is an associated member of the GSDS since 07/2013. From 01/2014 to 01/2015, Mirjam received a 1-year completion scholarship from the GSDS. In her doctoral thesis, Mirjam is working on self-regulation in German and Chilean children. Her research interests are the development of self-regulation in cultural contexts, relations between self-regulation and academic achievement, and gender differences in academic achievement and self-regulation.

My interest in self-regulation research began with my work as a student assistant in the project “Developmental Conditions of Intentionality and Its Limits” (Principal Investigator: Prof. Dr. Gisela Trommsdorff) which was part of the interdisciplinary DFG-research group, “Limits of Intentionality” at the University of Konstanz. My research taught me to understand self-regulation from a decision-theoretical approach as a goal-directed behaviour to achieve individual goals. For instance, the delay of gratification (one aspect of self-regulation) means for a person to decide between a smaller, immediate reward and a larger, but delayed reward. Past studies have shown the important function of self-regulation for school achievement. The famous marshmallow experiment from Walter Mischel, which also became popular in YouTube videos, for instance showed that 4-year-old children who waited longer for a larger reward (e.g., 2 marshmallows) were more successful in school 10 years later.

After I finished my diploma thesis “Gender Differences in Academic Achievement: The Role of Self-Regulation” in which I showed that the better school achievement of girls partly can be explained by their better self-regulation, I completed an internship in Santiago de Chile at the pediatric and adolescent psychiatry “Hospital Clínico San Borja Arriarán”. During this stay in Chile, I observed cultural differences in self-regulation between Chileans and Germans. Children but also adolescents and adults in Chile seemed to have a different self-regulation than people in Germany. I wondered how self-regulation was related to school achievement in Chile. That is why I developed a strong motivation to investigate the development of self-regulation in cultural contexts leading to my doctoral thesis “Socialization of Self-Regulation in Cultural Contexts: Parenting, Self-Regulation, and School Achievement in Germany and Chile”. In my doctoral thesis, under the supervision of Prof. Dr. Gisela Trommsdorff, I examine the role of self-regulation for school achievement in Germany and in Chile. Furthermore, I study the relations between parenting practices and self-regulation. Thus, I expand my previous work on the relations between self-regulation and academic achievement by regarding important socialization conditions (i.e., parenting and culture). Self-regulation is a construct which has been widely studied mostly in European and European American contexts. However, past research on self-regulation has largely neglected to consider the role of cultural contexts. There is very little research about the role of self-regulation for school achievement in Latin American contexts. The aim of the dissertation is to contribute to a better understanding of conditions and outcomes of self-regulation in cultural contexts.

In Germany and Chile, self-regulation was studied mostly in European and European American contexts. However, past research on self-regulation has largely neglected to consider the role of cultural contexts. There is very little research about the role of self-regulation for school achievement in Latin American contexts. The aim of the dissertation is to contribute to a better understanding of conditions and outcomes of self-regulation in cultural contexts.

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The data of the German sample was collected during my research period in Santiago de Chile, which was supported by the Graduate School of Decision Sciences and the “Center of Excellence – Cultural Foundations of Social Integration” at the University of Konstanz. During this stay abroad, I have built up a research team with collaborators at the Universidad de Chile. My 4-months research period in Santiago de Chile was a great experience. In this stay abroad, I got to know the Universidad de Chile and built up contacts with Chilean researchers. Further, I learned how it is to do research in Chile and got to know several public and private schools with huge socio-economic differences. In order to capture the cultural specificity and the cultural meaning of self-regulation, we also organized qualitative focus groups with mothers in Germany and Chile in addition to the quantitative data collection. The discussions with Chilean researchers, teachers, and mothers about self-regulation and school achievement were very enriching for broadening my perspective and understanding cultural differences.

The data of the German sample was collected within the project “Developmental Conditions of Intentionality and Its Limits”. So far, I found positive relations between self-regulation (i.e., behaviour regulation) and child’s competences (i.e., social and academic competences) in Germany and in Chile. Further, in both cultural contexts, parenting (i.e., maternal warmth, restrictive control) was related to self-regulation (i.e., behaviour and emotion regulation). Moreover, indirect effects of self-regulation on relations between parenting and child’s competences (i.e., social and academic competences) were shown. Overall, I found cultural differences as well as cultural universalities. There were cultural mean differences in parenting and self-regulation. For instance, Chilean children were rated to have a lower behaviour regulation than German children. Chilean mothers reported to use more restrictive control than German mothers. However, relations between parenting, self-regulation, social and academic competences were similar in both countries and not moderated by culture.

Some results of the project have already been presented at the 22nd Congress of the International Association for Cross-Cultural Psychology (IACCP) in July 2014 in Reims, France, and at the 49th Congress of the German Psychological Association (DGPs) in September 2014 in Bochum, Germany. At the DGPs Congress in 2014 in Bochum my collaborator Lorena Muñoz from Chile and I presented our German-Chilean cooperation project within the special German – Latin American symposium “Psychological Science in Latin America” which was supported by the DFG. This was a great opportunity for Lorena and me to present our research both to meet and to discuss the meaning of our cross-cultural results and our future research.
WHEN GERMANY WON THE WORLD CUP

and I had absolutely nothing to do with it

Jan Hausfeld entered the GSDS in November 2012 as one of the first Ph.D. students. He is a doctoral student at Prof. Fischbacher’s Chair of Applied Research in Economics. In his research Jan focuses on decision making under pressure.

When Germany beat Argentina to claim the World Cup, there were 618,725 Tweets per minute. Given that this was the biggest traffic peak on Twitter that year, it can be seen as an indicator for the social relevance of soccer. In one of my research projects, I take a closer look at a special event of this sport. More specifically, my research focuses on the question how stress and skill influence the choice and performance in penalty kicks. In 1990, Germany beat Argentina by a penalty kick struck by Andreas Brehme in the 85th minute. It was him and not Lothar Matthäus (who presumably did not feel comfortable enough as he changed his shoes at halftime) who took charge and became one of Germany’s heroes. He shot the ball with his right foot to the left-hand side which also represents the natural side when kicking penalties. Shots are directed more often to this side than to the middle or the other side. Accordingly, penalty kicks are both a game of the mind and nerves, and this two-folded game is the focus of my research.

As 2014 was the year of the World Cup, football became a prominent topic not only in the newspapers but also in academia. This gave me the chance to present my penalty kick research at two conferences and at the Graduate School Retreat where I received useful feedback from experts in the social sciences of economics, psychology and other fields. In June, the University of Portland hosted the World Conference on Science and Soccer. It is a very diverse conference that hosts a range of experts - from sports psychologists, economists, high officials of football leagues and clubs up to physiology experts. One of the most popular penalty kick psychologists is Geir Jordet who also works as a consultant for leading professional soccer organizations and clubs all over Europe. His research focused on the question how pressure affects performance and how to cope with pressure. As this was the first conference I gave a talk about my project, I was nervous but also very excited to present my ideas in front of sports psychologists and other experts - but especially in front of Jordet. After finishing my talk, he gave a 5-minute feedback about my project and encouraged me to pursue my research. I was also pleased to discuss penalty kicks and coaching techniques with various interested participants of the conference, of which several were coaches of junior professional teams. Unfortunately, my talk was on the last day of the conference which is not such a good thing as the fruitful chats seem to mostly arise after one’s own talk. The conference dinner took place at the Portland Timber stadium where the different researchers mingled and mainly talked about the art and science of football and the World Cup. Here, I talked to evolutionary biologists from Australia who are also interested in penalty kicks. This interaction is a good example why this conference was so interesting. I was able to get a different perspective on the subjects, hence realizing that those different fields actually neatly combine.

In July, the Graduate School organized a retreat in Kempten where 2nd year students presented their research to the other GSDS-members. During these three days, one had the chance to get to know what the other students are currently working on, to explore potential cooperation, and to receive feedback from other researchers. It is also a good way to practice presenting and dealing with critical questions.

The European Sports Economic Association hosted the European Conference on Sports Economics in Antwerp, Belgium. Sports economists, mostly from Europe and the US, meet every year to present their research. As I am not a sports economists by training, I was glad to hear that there was a masterclass planned for three days. Here, I learned about the areas which are currently important for sports economics, ranging from competition policy in sports (closely related to industrial organization research), economic models of sports leagues including salary caps and revenue sharing up to econometric analyses of sports participation. The master-class was a good way to get to know the other PhD students and professors in a more relaxed atmosphere. This turned out to be very useful as my presentation was once again during the last day of the conference.

The conference was less diverse than the World Conference on Science and Soccer but the research topics still covered a wide range. Presenting at this conference yielded the chance to present my research in front of potential reviewers and to get feedback from an audience of researchers from the economics field. At this conference, Ignacio Palacios-Huerta was a keynote speaker. He is probably the most distinguished penalty kick researcher - having published penalty kick research in the American Economic Review, Econometrica, and others journals. Sadly, he arrived late at the conference and missed my talk. However, after his talk where I learned that Nobel Laureate Alvin E. Roth was also involved in stadium tickets matching procedures, I got the chance to talk to him for some time discussing my research. I find that talking to the leading researchers is often difficult - as everyone wants to talk to them and therefore making time limited. Mingling with the young scientists is more intensive as the conversations are longer and often lead to the development of new ideas. There was one other thing that I learned and did not know about: I should have marked the field “Do you want to be considered for best student paper award”, as the students who marked this field presented on the first day of the conferences which turns out to be a huge advantage for starting conversations.

As I started this article using Twitter to display the significance of football, I will also end this little report with a Tweet posted by Simon Gleave about my presentation at the European Conference on Sports Economics. By the way: Germany won the World Cup without being awarded a penalty kick in the knock-out phase.

“Midfielders score penalties more often than forwards do if goalkeeper guesses correctly” Hausfeld, #ECSE
COMPLETION SCHOLARSHIPS IN 2014

**ANDRA FILOTE**

Department of Economics

ACADEMIC ADVISOR: Prof. Dr. Heinrich Ursprung

RESEARCH INTERESTS:
- Political Economy
- Public Economics
- Applied Microeconomics

THESIS TITLE: Essays in Applied Microeconomics

**FABIAN FINK**

Department of Economics

ACADEMIC ADVISOR: Prof. Dr. Almut Scholl

RESEARCH INTERESTS:
- Quantitative International Macroeconomics
- Applied Time Series Econometrics

THESIS TITLE: Essays in Quantitative Macroeconomics

CURRENT POSITION: PhD Trainee at the European Central Bank

**MARC GERRITZEN**

Department of Economics

ACADEMIC ADVISOR: Prof. Jens Jackwerth

RESEARCH INTERESTS:
- Empirical Finance

THESIS TITLE: Three essays on hedge funds

**PETRA MAROTZKE**

Department of Economics

ACADEMIC ADVISORS: Prof. Dr. Leo Kaas, Jun.-Prof. Dr. Matthias Hertweck

RESEARCH INTERESTS:
- Macroeconomics
- Labour economics

THESIS TITLE: Three Essays on Market Frictions and Wage Inequality

CURRENT POSITION: Economist, Division of International and Euro-Area, Macroeconomic Analysis, Deutsche Bundesbank

**MIRJAM WEIS**

Department of Psychology

ACADEMIC ADVISOR: Prof. Dr. Eisler Trommsdorff

RESEARCH INTERESTS:
- Development of Self-Regulation in Cross-Cultural Comparison
- Self-Regulation and School Achievement
- Development of Behavioral and Emotion Regulation
- Gender Differences in School Achievement and Self-Regulation

THESIS TITLE: Socialization of Self-Regulation in Cultural Contexts: Parenting, Self-Regulation, and School Achievement in Germany and Chile

**SHREYASI MISHRA**

Department of Psychology

Academic Advisor: Prof. Dr. Ronald Hübner

RESEARCH INTERESTS:
- Cognitive Control
- Conflict Resolution
- Perceptual Decision Making

THESIS TITLE: Cognitive mechanisms involved in resolving early perceptual and late response conflict in the Simon task.
**VISITING PROFESSORS AND COURSES IN 2014**

**PROF. LUC BAUWENS**  
Université catholique de Louvain  
“Advanced Econometrics”

**PROF. DR. KARL-DIETER OPP**  
Emeritus, University of Leipzig  
“Norms and Institutions”

**DR. CARLOS CARRILLO TUDELA**  
University of Essex  
“Search Theory of the Labour Market”

**PROF. DR. GERHARD TUTZ**  
Ludwig-Maximilians-University Munich  
“Topics in Advanced Econometrics”

**DR. LUIS VASCONCELOS**  
University of Essex  
“Topics in Advanced Microeconometrics”

**PROF. DR. KATRIN AUSPURG**  
Goethe University Frankfurt  
“Experimental Methods in Surveys”

**DR. DEBRA HEVENSTONE**  
University of Bern / University of Zurich  
“Simulation and Agent Based Modelling”

**DR. SELVER DERYA YUSAL**  
Institute for Advanced Studies, Vienna  
“Microeconometrics”

**PROF. BEN ANSELL**  
Nuffield College, University of Oxford  
“Comparative Political Economy”

**NEWS AND EVENTS IN 2014**

**WORKSHOP “RECENT ADVANCES IN THE MEASUREMENT OF SOCIO-ECONOMIC PROCESSES” - APRIL 2014**

The doctoral seminar was organized by Ralph Brüggemann and Winfried Pohlmeier from the University of Konstanz, Joachim Grammig from the University of Tübingen and Robert Jung from the University of Hohenheim. 21 participants from these universities presented their research in the areas Time Series Econometrics and Model Selection, Bayesian Econometrics, Microeconometrics and Issues in Empirical. The workshop took place at the hotel “Seehörnle” on April 10-12.

**NEW PREMISES - MAY 2014**

From February to May our new offices in E2 were renovated. We moved into these offices in April and May. We now have six rooms for the doctoral students with 22 personal work areas, four rooms for the graduate school’s junior professors and three rooms for the Graduate School office and the student assistants. Furthermore, there is a common room which is in intensive use from the very first day. Besides using it for talks, get-togethers and courses, the students use the room for all kinds of meetings with co-operation partners or for discussing their research ideas with each other.

**INFORMATION DAY – MAY 2014**

24 applicants to the Graduate School visited the university on May 12 for an information day. The GSDS representatives gave detailed information about the university, the Graduate School, the study plan and the organization of the school. Each student had two interviews with professors of the GSDS. After the official programme, the GSDS invited the applicants to an evening event, where professors and advanced students answered all questions about living and studying in Konstanz.
independently from each other. So far, all research projects were working according to a common scheme. Making, Constitutional Court decisions and government speeches, bill introduction and law-making, MP press releases, government political activities – protests, interest groups, currently work on classifying various cases. The aim of the workshop was bringing a group of scholars together to (1) provide a better understanding of political decision-making (human vs. unsupervised learning algorithms) as well as presenting some cutting edge research based on new and original data.

The currently developed data sets allow researchers to (1) provide a better understanding of political decision-making and (2) to identify how different institutional, incentive structures congeal individual preferences and generate collective choices. The German political system provides a particularly fruitful case for this research endeavor because of distinct incentives for e.g. direct and list candidates in elections, several forms of legislative rules, and changing coalition settings. In short, German politics is often characterized by consensus and conflict.

A final goal of the workshop was spurring the interest in further academic exchanges and collective publication efforts among the participants. This is especially true for the interaction between the participating doctoral students of the GSDS and the academic experts from Germany and surrounding European countries.

PREDICTION IN POLITICAL SCIENCE WORKSHOP – JUNE 2014

On June 16, the GSDS organized a workshop with Michael D. Ward, Professor of Political Science at Duke University and an affiliate of the Duke Network Analysis Center. His primary interests are in international relations (spanning democratization, globalization, international commerce, military spending, as well as international conflict and cooperation), political geography, as well as mathematical and statistical methods.

In the first part of the workshop, four GSDS students presented their projects and received feedback from Professor Ward. In the second part, Michael Ward gave a presentation about “Predictive Heuristics in Political Science”.

1ST SCIENCE RETREAT – JULY 2014

The Graduate School’s first Science Retreat took place in Kempten on July 11-13. Its main purpose was to facilitate the exchange of ideas and research results as well as to develop new collaboration prospects, since daily occasional encounters at the university leave little time for in depth exchange of ideas. The academic part took place on Friday and Saturday with 12 presentations given by doctoral students and professors of the Graduate School. In these talks, the broad spectrum of research within the GSDS was once more demonstrated. Additionally to the official programme, there was enough time to discuss research ideas and methods in small groups. A highlight at the end of the workshop was the visit to the “sky walk”-park in Schedegg, a 540 metre tree-top-walk 15 – 30 metres above the ground.

Peter Selb and Simon Munzert have received the Research Prize 2013 of the German Society of Electoral Research for their article “Estimating Constituency Preferences from Sparse Survey Data Using Auxiliary Geographic Information”, Political Analysis 19(4): 455-470.

Simon Munzert and Paul Bauer have been awarded the German General Social Survey (ALLBUS) Prize 2014 for their article “Political Depolarization in German Public Opinion, 1980–2010”, Political Science Research and Methods, 1(1): 67-89.

WELCOME DAY – OCTOBER 2014

The new cohort of 20 doctoral students was introduced to the Graduate School at the Welcome day on October 13. Besides a presentation of by GSDS representatives, the former GSDS member Federica Genovese (now a postdoctoral researcher at the University of Essex) gave a presentation about her current research.

2ND GSDS SCIENCE SLAM – NOVEMBER 2014

The second GSDS Science Slam – organized by the student representatives – took place on November 6. Eight GSDS students gave short overview of their research projects in a funny and entertaining way and received heavy applause from the more than 80 people in the audience. At the end, the audience elected the day’s winner.

Here are some quotes and slides from selected presentations given at the Science Slam.
“SCIENCE SLAM 2014”

PROGRAMME OF THE 2nd GSDS SCIENCE SLAM

Dominik Bauer – How to use Beliefs in your Research

Arpita Khanna – Growth (im)balance

Christian Neumeier – Does culture affect the gender test score gap in mathematics?

Carl Maier – Strategic Delegation: Pokemon & Politicians – the (partly) motion picture

Fabian Dvorak – The DARK SIDE of Communication

Daniela Beyer – PET in the World – A very ab-normal Presentation


David Schoch – Butts, Cows and Soccer – A Social Network Approach

“How would this girl perform in math if she was a boy?”

“Networks are everywhere... and mostly funny”

“A Science Slam presentation is an art of keeping the audience curious for 7 minutes.”

What did we learn?

Believe in yourself!

Others...

...might not believe me

...sanction my behavior

...believe in my sadness and obey my orders!

Choosing the DARK SIDE is a complex strategic decision.
The symposium “Do I like what I prefer? Integrating research on attitudes and preferences” took place on December 17-19, 2014 in Konstanz. It was organized in cooperation between the Graduate School of Decision Sciences and the University of Konstanz to combine theories and methods in attitude and preference research from psychology, economics and political sciences. Thereby, the symposium aimed at enhancing the understanding of differences and similarities between the two concepts. 28 talks were given by researchers from various disciplines and provided a colourful and inspiring range of perspectives.

WEDNESDAY, 17TH DECEMBER 2014

Urs Fischbacher, Professor of Applied Research in Economics at the University of Konstanz, and Peter M. Gollwitzer, Professor of Motivation and Social Psychology at the University of Konstanz and New York University, opened the symposium by introducing the two main concepts, attitudes and preferences, from both an economical and a psychological viewpoint. Next, Armin Falk, Director of the Centre of Economics and Neuroscience at the University of Bonn presented a novel data set, unique in its comprehensiveness regarding countries and cultural variations, to demonstrate the global distribution and variation of collective and individual preference patterns.

Six parallel sessions divided up into three parallel panels on various topics of attitude and preference research were held throughout the day. The first panel included Session A (“Methods in attitude research”), in which three researchers presented innovative implicit and explicit measurement techniques for attitudes, and Session B (“Heterogeneity in social preferences”) which covered talks about experimental techniques focusing on social preferences. While theoretical aspects regarding attitudes and their formation were discussed in Session C (“Topics in attitude research”), Session D (“Risk and competition”) focused on presentations about individual differences in risk taking. The third and final parallel panel included Session E (“Integrative research”) with research combining attitudes and preferences and Session F (“Voting and time preferences”).

THURSDAY, 18TH DECEMBER 2014

On Thursday, four Focus Sessions and one Review Session were held. Susumu Shikano, Professor for Political Methodology at the University of Konstanz, opened the second day of the symposium. He presented his research about the relationship between preferences, attitudes and ideology and provided a sophisticated political view of the integration of these three concepts. The following Focus Session was covered by Marco Steenbergen, Professor at the University of Zurich, who also specialises in Political Methodology and Political Psychology. In his talk, he linked individual level attitudes to public opinions and connected insights from the political sciences, economics and psychology. Peter M. Gollwitzer went on and held the second Review Session of the symposium. After having introduced the concept of attitudes in the opening session on the first day, he now presented his work about the consequences of goal completion and illustrated the underlying theoretical concept with results from experimental research from his laboratories in Konstanz and New York. Susan Fiedler, who is a research fellow at the Max Planck Institute of Research on Collective Goods in Bonn, then covered the next Focus Session. In her talk, she presented her research based on eye-tracking that focused on the formation of social preferences. The last Focus Session of the day included a talk by Reinout Wiers, Professor for Developmental Psychopathology at the University of Amsterdam. He focused in his presentation on implicit methods and how these methods can be used to change cognitive biases in alcohol addiction. The second day of the symposium ended with an inspiring panel discussion moderated by Heinrich Ursprung, Professor for Political Economy at the University of Konstanz. During the panel, Susumu Shikano, Urs Fischbacher, Reinout Wiers and Peter M. Gollwitzer discussed commonalities and differences in the understanding of attitudes and preferences between psychology, economics and political sciences.

FRIDAY, 19TH DECEMBER 2014

The third and final day of the symposium started with a Review Session held by Ryan O. Murphy, Director of the Decision Science Laboratory at
Ryan O. Murphy provided insights into the concept of social preferences and methods to measure social preferences in all their comprehensiveness. Afterwards followed a Focus Session held by Michael Schulte-Mecklenbeck who is a research fellow at the Max Planck Institute for Human Development in Berlin. In his talk, he presented an overview of different process-tracing approaches and techniques how to use these methods correctly. The symposium was then finished by Carlos Alós-Ferrer, Professor for Microeconomics at the University of Cologne. He presented his recent research about choice-induced preference changes and their relevance for economic decision-making.

Due to the participation of several highly recognized researchers from several countries, the symposium could provide new insights into current research on attitudes and preferences. Bringing together the various views inspired the exchange of ideas and brought up fascinating and thought-provoking new perspectives and approaches. Across disciplines, researchers used the talk discussions as well as the coffee and lunch breaks to get acquainted, discuss their views, and explore possible grounds for future cooperation. We are very much looking forward to see how their research will incorporate the new impetus generated during the symposium. We are deeply indebted to all our participants for making the symposium such a successful event, and we hope that future GSDS students will turn it into a tradition within the Graduate School.
This seminar provided a critical introduction to and discussion of the major theories about norms and institutions in the social sciences. The questions addressed were: When do norms and institutions come into being? If norms and institutions exist: (a) when do they change or remain stable, and (b) which – intended and unintended – consequences do they have? These consequences may refer to the behaviour or to other properties (like preferences and beliefs) of individual actors or to the likelihood that other norms, institutions, organizations etc. change or emerge.

The specific themes of the seminar were the following. After discussing various definitions of basic concepts – norms, values, sanctions, and institutions – the possibilities of measuring norms were dealt with. Next the “problem of social order”, as it is called by Thomas Hobbes, was addressed. Other topics were: processes of spontaneous norm emergence; the emergence of conventions (such as driving on the right hand side); externalities, second-order public goods, and norms; path dependence, critical junctures and the New Institutionalism; norm emergence by collective decisions; causes and effects of sanctioning; the effects of norms and institutions: the market and central planning as examples.

For each topic the participants read basic papers or book chapters from the literature. For each session at least one student summarized briefly the required readings and suggested questions to be discussed that supplemented the questions prepared by the instructor.

The stay at the Graduate School was a very positive experience. The participating students were very interested, well prepared and had a good basic social science knowledge. I had very stimulating conversations with some of the sociologists from the faculty of history and sociology (especially Prof. Thomas Hinz).
CONSEQUENCES OF CHANGING AGE STRUCTURES

for Organizational Behaviour and Performance

Since July 2014 Florian Kunze is holder of the chair for Organizational Studies at the department for politics and public administration at the University of Konstanz. His main research focus is on management of the demographic change in public and private organizations, the design of effective leadership behaviours for individuals, teams and organizations and evidence-based human resource management.

Due to the combined effect of low fertility rates, rising life expectancy, and the disproportionately large baby-boom generation born between 1946 and 1964, most countries in the Western world are currently experiencing a substantial demographic change of their population. This change has serious implications on societal level impacting the health, retirement and social welfare systems, but also organizations are affected through both a rising average age as well as an increasing age diversity of their workforce. From 2006 to 2016, the group of 55- to 64-year-old workers in the U.S. workforce is projected to increase by 37%. Similar numbers apply to Germany. From 2020, older employees (50–65) will represent the German working population’s largest subgroup (40.2% of the total working population in Germany). In my current research I am investigating the impact of these changing workforce structures (higher average age and more age diversity) on processes and ultimately performance outcomes in organizations. Here I will shortly summarize two recent studies in which these issues will be empirically addressed. The first study (Kunze, Boehm, & Bruch, 2013) investigates how age diversity impacts organizational processes and behaviour in the end also organizational performance. In line with numerous existing studies on the team level of analysis, we predicted that age diversity has primarily negative consequences in organizations. The explanation is based on social-identity and social-categorization theories, which predict that individuals in social settings, such as organizations, tend to identify with their own age-subgroup (i.e., younger, middle-aged, or older employees). To enhance the value of the membership in their age-subgroup they form negative stereotypes and prejudices against other age-groups, which may lead to mutual age-based discrimination within organizations. If employees than perceive to be systematically discriminated due to their age-subgroup membership, they might also perceive a lower level of emotional identification and attachment (measured through the affective-commitment climate), which is an important prerequisite for organizational performance. This proposed indirect and negative relationship between age diversity and organizational performance is illustrated in Figure 1. As also shown in this illustration, we do not expect this effect to simultaneously occur in all organizations but to vary depending on two contextual factors: the age-stereotypes of the top management and diversity-friendly Human Resource (HR)-policies. First, if top managers of an organization show negative attitudes against one age group and this is also mirrored in their age-discriminatory behaviour that might even spur the age-discrimination climate within a company as top managers have a role model function. Second, for diversity-friendly HR-policies, defined as HR-practices that promote a diversity friendly culture such as workshops and leadership trainings, we expect the opposite contextual effect. These policies are assumed to lower the age-discrimination climate within companies to at least allowing a zero relationship between age diversity and age discrimination climate. The proposed model was tested in a survey study with 147 companies with more than 30,000 participating employees using structural equation modeling. Overall, all relationships received support in the data, indicating that age diversity can have negative indirect performance implications, unless not either low age-stereotypes of the top management or high diversity-friendly HR-policies are present.

The second study (Kunze, Raes & Bruch, in press) investigates the role of the average age of the workforce for organizational performance. However, in contrast to most existing studies this research does not only consider the average chronological age (i.e., the years that have passed since birth), but the average relative subjective-age (i.e., the perception of ones age in relation to the chronological age). As core argument of the study, we propose that a collective adaption of their perceived ages helps employees to alter their life stage. Due to this they are longer able to have an open-ended future time perspective. The shift between those two perspectives occurs at some point of ones live, when individuals perceive their live to be limited. Research in developmental psychology has shown that different perspectives matter for individual behaviour and decision making. While individuals with an open-ended future time perspective tend to invest in long term instrumental goals, individuals with closed-future time perspective are more striving for short-term emotional goals, as these can be fulfilled faster. For organizations it might be beneficial if more employees are longer striving for instrumental goals, because that should increase the average level of individual goal fulfillment and in the end also organizational performance. As illustrated in Figure 2, this proposed indirect relationship between average relative subjective-age and company is expected to be contingent upon the dynamism of the environment, with more dynamic environments requiring more

![Figure 1: Model study 1 age diversity and performance](image)

![Figure 2: Model study 2 age discrimination climate and performance](image)
adaption of the relative subjective-age than less dynamic ones. Furthermore, as also shown in Figure 2, we also expect organizational factors affecting the relative subjective-age structures of organizations. In particular, we think that the type of tasks performed by employees matters for the subjective age formation in companies. If employees on average perceive to have a meaningful task that shows a clear deviation from common age stereotypes that especially older employees get less challenging and interesting tasks. In consequence a high perception of meaningfulness is proposed to be negatively related to average relative subjective-age. That relationship should even be intensified, if an organization installs age-inclusive HR-practices (i.e., HR-practices that support an age-bias free environment, for example through equal access to training and career development programs for all age groups). The proposed model was tested with structural equation modeling techniques in a multi-company dataset with 107 companies. Also in this model all relationships were supported. Even more interestingly the average relative subjective-age related to performance while the average chronological-age, as a control variable, did not have any effects on performance. This implies for companies that they should more care about the perceptual age-structure of their workforce instead of the chronological. Additionally this perceptual-age structure seems also to be “manageable” as it seems to be shaped by certain organizational factors, such as task-structures or HR-policies.

In summary both studies show the demographic change has important implications for the productivity of companies. Only if companies take an active approach to age management they can prevent a negative impact of an increasingly aging and age diverse workforce and in the end take advantage of demographic shift.

REFERENCES


In a new project, Thomas Tröger (University of Mannheim) and I address the problem from a different angle. We ask not about the likely outcome in such a volunteering game, but we take a mechanism design approach, meaning that we take the situation as given and try to find an optimal game. We are looking for the game that yields the highest possible payoff to the players among all games that the group could design for itself in such a situation. While mechanism design usually allows payments, we only consider games without such transfers.

A simplified model of the environment looks as follows: Everyone has the same cost of doing the job, but in the population. Unless \( n^* \) is equal to 1, the mechanism is not perfect: With some probability, the task is assigned to the wrong people. Nevertheless, the threshold mechanism works quite well in theory, because of two effects: First, sometimes high motivation types prefer to do the job themselves to let a low motivation type execute the job. Second, everyone prefers a high motivation type to provide the service. Volunteering increases the probability that this will be the case, and in this way increases expected payoff. How well the mechanism works in practice has yet to be seen. In the meanwhile, reports on experiences with this mechanism are welcome.

The university environment is also full of examples, since many committees need representatives of the various groups. Moreover, many social activities are dependent on finding volunteers to organize events.

How can groups design an optimal volunteering procedure?

The optimal mechanism is the following: A threshold \( n^* \) is specified. Then people are asked to volunteer, which in effect now means to “volunteer for a lottery among all volunteers but only in case that at least \( n^* \) other people also volunteer”. It is important that this happens in secret, without anyone knowing who else volunteers. If it then turns out that there are more than \( n^* \) volunteers, there is a lottery between the volunteers. If there are less than \( n^* \) volunteers, the others have to provide the service, again with a lottery determining the identity of the provider. In equilibrium, the highly motivated individuals volunteer, so that with high probability, one of them will do the job.

The optimal threshold \( n^* \) can be calculated from the parameters of the model, which are the size of the group, the cost of doing the job, the difference in benefit between the ability types, and the proportion of high ability individuals in the population. Unless \( n^* \) is equal to 1, the mechanism is not perfect: With some probability, the task is assigned to the wrong people. Nevertheless, the threshold mechanism works quite well in theory, because of two effects: First, sometimes high motivation types prefer to do the job themselves to letting a low motivation type execute the job. Second, everyone prefers a high motivation type to provide the service. Volunteering increases the probability that this will be the case, and in this way increases expected payoff. How well the mechanism works in practice has yet to be seen. In the meanwhile, reports on experiences with this mechanism are welcome.
THE QUALITY OF CEO FIRINGS and the Characteristics of Boards of Directors

Axel Kind joined the University of Konstanz in Fall 2013 as Full Professor of Corporate Finance. Prior to his current appointment, he held positions at University of Basel (2008-2013), Stern School of Business, New York University (2007-2008), and University of St. Gallen (2004-2007). In his current research, Prof. Kind is interested in the causes and consequences of managerial turnover, the design and valuation of corporate securities, the measurement of shareholders’ voting-right values, and the quality of financial decisions by individuals and corporations.

MANAGEMENT OVERSIGHT AND THE CEO FIRING DECISION

The so-called “separation of ownership and control”, i.e., the instance that the daily operative decisions of corporations are taken by professional managers who are generally not the owners of a company, is a major peculiarity of modern corporations. Since the inception of this organizational form, legislators around the world have recognized the risk that a separation of ownership and control may induce executive managers to act in their own interests and not in the best interests of shareholders. To prevent possible management misconducts, legislators have established Boards of Directors (BoDs) as mandatory organ to be elected by shareholders at general annual meetings and have entrusted them with key non-transferable and indefeasible supervisory competences. One of the most important duties of BoDs consist in hiring and firing the Chief Executive Officer (CEO), which can be viewed as the most extreme form of Board intervention with possibly far reaching consequences for a company and its shareholders. In fact, CEOs are proven to have a strong influence on the long-term strategies, the performance, and the investment and financing decisions of companies (e.g., Bennedsen et al., 2006).

RESEARCH QUESTIONS AND EMPIRICAL SETTING

In this research project, we aim at gaining insights about the quality of CEO firings by studying the determinants of such decisions and by measuring their quantitative impact on shareholder value. In particular, we are interested in knowing whether certain Board characteristics are related to (and may explain) the quality of decision making. To this end, we set up a database including all 3,789 CEO turnovers in S&P1500 companies in the period 1993-2011 and apply established rules to distinguish between unforced turnovers (e.g., retirement, illness, acceptance of a better rewarded position, etc.) and deliberate firing decisions by Boards.

EMPIRICAL RESULTS ON CEO FIRINGS

In accordance with theory and previous studies, we show that the average short-term effect of CEO firings is positive with a value of 1.5% of the total market capitalization (see Figure 1). This seems to indicate that financial markets appreciate, on average, firing decisions by corporate Boards.

![Graph showing Forced CEO Turnovers](image-url)
Further, as shown in Figure 2, CEOs with a below-median (industry-adjusted) prior performance (deciles 1-5) face a much higher firing probability than CEOs in companies with an above-median performance (deciles 6-10). In contrast, the frequency of voluntary turnovers remains almost constant through all performance quantiles. Nonetheless, the fact that CEOs that outperformed their peers do also get fired (around one third of firings) is surprising and deserves further attention.

In particular, Figure 3 plots cumulative abnormal returns around the announcement of a CEO firing for the subsamples of both underperforming, i.e., low-quality, CEOs (LQY) and outperforming, i.e., high-quality, CEOs (HQY). While the former trigger positive abnormal returns in excess of 2%, the latter are followed by negative and significant abnormal returns. Given the ease of observing past performance, it is surprising that Boards often ignore the positive performance signal and decide to fire an outperforming manager. This finding throws a shadow on a substantial part of CEO firing decisions and asks for an explanation.

On the contrary, in this research project we argue that certain Boards may have characteristics that let them be too aggressive (and not too weak) in firing CEOs. In particular, by relating to an established strand of literature that highlights the importance of managerial overconfidence in explaining corporate decisions (see, e.g., Malmendier & Tate, 2004), we conjecture that overconfident Boards will tend to fire CEOs more frequently, even in situations in which companies exhibit a positive performance. We follow Gervais und Odean (2001) and Billett und Qian (2008) and argue that Boards become overconfident if they experience positive feedback from a previous firing decision. Accordingly, we classify Boards as overconfident if the majority of their members were involved in firing a CEO in the preceding five years and the decision was followed by a positive stock-price reaction. In a preliminary analysis, we are able to show that overconfident Boards fire CEOs with a significantly higher probability, even if his/her performance is above average. Thus, while further robustness checks are needed, preliminary evidence seem to suggest that overconfidence may lead BoDs to be too aggressive in their firing behaviour and jeopardize the quality of their decisions.

REFERENCES

Billett und Qian (2008), Are Overconfident CEOs Born or Made? Evidence of Self-Attribution Bias from Frequent Acquirers, Management Science 54(6), 1037-1051.