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R 511

Political Decisions

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Migration and Internet Usage: Evidence from Nigerian micro-level data

(Maurizio Strazzeri)

How do modern information and communication technologies (ICT) influence human decision making with respect to migration? Based on theoretical considerations, the predictions are ambiguous: First, Internet usage affects the availability of information related to the migration decision, which might either increase or decrease the probability to migrate depending on the type of information received. Second, the large-scale adoption of modern ICT around the world has introduced a new form of social interaction which enhances the possibility to maintain strong ties with relatives and friends over long distances and thereby facilitates human mobility. I provide the first systematic micro-level test of the effect of Internet usage on the decision to migrate using the comprehensive General Household Survey (GHS) panel from Nigeria which covers the years between 2010 and 2016. I show that exposure to the Internet (i) increases the migration distance in general, (ii) increases the willingness to move between ethnic groups, and (iii) has a positive effect on rural-urban migration, controlling for a large set of pre-treatment characteristics at individual, household, and community level. An additional conditional instrumental variable approach using the presence of an Internet cafe in a community as an instrument confirms the first two results, but questions the positive effect on rural-urban migration. Overall, the results empirically support the theoretical arguments put forward in the migration literature that a deepening of global interconnectedness has increased human mobility.

Julian Schuessler

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Does the EU Successfully Buy Support? Evidence from a Regression-Discontinuity Design

(Julian Schuessler)

Can supranational institutions influence individual support for them by using monetary transfers? I study this question using a regression-discontinuity design for the case of the European Union. Up to a quarter of its total spending is targeted towards underdeveloped regions. There is evidence that these significant payments have positive economic effects. I argue, however, that their effect on individual attitudes towards the EU is theoretically ambiguous. I use a uniquely large dataset of geocoded individual-level survey responses spanning more than 20 years to, first, uncover evidence that the EU targets these transfers based on pre-existing attitudes. Second, I show that when one adjusts for this, identification using a GDP threshold is possible, but there appears to be no effect of the funds on attitude formation. This is consistent with informational problems being present, and I discuss implications for EU decision-making and regional integration more generally.

Hendrik Platte

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Who Gets What, How and Why? The Ways and Means of Migrant Group Influence on U.S. Foreign Policy
(Hendrik Platte)

As a prime target of migration flows and due to its role as the single most important player in international relations, there is a rich case study literature analyzing the influence of 'ethnic' interest groups on U.S. foreign policy. But while the mostly qualitative evidence suggests that the lobbying efforts of for example Cuban- and Israeli-Americans have significantly shaped U.S. foreign policy decisions, there is a dearth of knowledge regarding the question of what makes some migrant groups apparently more influential than others. While the trend in the literature is toward adding items to the list of criteria for successful diasporic lobbying without reexamining existing criteria, this study employs a quantitative-comparative approach to test which factors affect the degree of influence different migrant groups exert. Based on the rich and detailed information of the U.S. Census and American Community Survey data by the Integrated Public Use Microdata Series (IPUMS), the study tests the effect of group characteristics such as group size, geographic concentration or dispersion, socioeconomic status, degree of organization and the amount of campaign contributions on foreign policy outcomes like aid, sanction imposition or military intervention as well as votes in Congress. By this, the study contributes to the literature on the role of diasporas in international relations as well as to the broader field of interest group influence in foreign policy making.

GRADUATE SCHOOL
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Personnel Economics II

Nick Zubanov

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What do referral bonuses do

(Guido Friebel, Matthias Heinz, Mitchell Hoffman, Nick Zubanov)

In a 13-month field experiment covering all grocery store jobs at a European retail chain, 238 stores were randomized to pay different levels of bonus for employees to make referrals, including bonuses over 40% of monthly take-home salaries. Larger bonuses provide a statistically significant, but economically small boost to the number of referrals made. Despite this, the referral bonus programs are highly profitable for the firm, as referred workers are substantially more likely to stay and also boost other workers' retention. Multiple surveys suggest that referrals remain low despite significant bonuses because of the reputation of grocery jobs as undesirable. In the firm-wide roll out after the experiment, referral rates remain low for grocery jobs, but are high for more reputable non-grocery jobs.

Lea Petters

University of Cologne

The Hidden Cost of Training

(Lea M. Petters)

In this project, I study the effect of training participation on the perception of a fair wage and how the subsequent productivity gains generated through training depend on the actual post-training wages. In particular, I hypothesize that training participation increases the norm with respect to the fair wage, and through this mechanism the actual post-training wage realization might affect the size of productivity gains generated through training. In a novel experimental design, I consider a principal-agent relationship with four agents being matched to one principal. In each of two working phases the agents work for 10 minutes on a real effort task. I vary whether the respective agent receives training or can enjoy free time between the two working phases, and whether he receives a wage increase in the second working phase. Both before and after the training phase/free time, I elicit the social norm with respect to the fair wage for the second working phase using a mechanism similar to the one introduced by Krupka and Weber (2013). The project provides an important contribution to the understanding of the behavioral effects of training provision and has broad implications for institutions and businesses investing in training for their employees.

Moritz Janas

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Delegation to a Group

(Sebastian Fehrler, Moritz Janas)

We study delegation to a group of career-concerned experts, who can acquire information of different, type-dependent accuracy. The alternative to delegation - consulting the experts individually - induces more acquisitions of costly information. However, the acquired information is better aggregated under delegation. Which of the two effects dominates, depends on the cost of information. We characterize this trade-off theoretically and test our model's predictions in an experiment. While most of them are confirmed, we also find that principals do not rely on groups as often as predicted. This result even holds when the group merely takes the role of an advisory committee and the principal keeps the decision power.

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Finance

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Indirect inference estimation of a misspecified DSGE asset pricing model using nonlinear vector autoregressions

(Joachim Grammig, Julie Schnaitmann, Dalia Elshiaty)

This project aims to combine indirect inference strategies for misspecified structural models with a two-step indirect inference approach to estimate a novel DSGE asset pricing model. Dridi et al. (2007) introduce the idea of estimating misspecified DSGE models via sequential partial indirect inference. Their insight is to separate the structural parameters into those of interest and nuisance parameters that are necessary to arrive at the general equilibrium. They propose to calibrate part of the nuisance parameters and estimate the rest of the structural parameters using a binding function that relates the structural parameters to auxiliary parameters. The set of nuisance parameters that are calibrated is chosen such that the estimation of the parameters of interest is still consistent. Similarly, Grammig and Küchlin (2017), in a correctly specified setting, propose to separate the estimation of the structural parameters as well, albeit dependent on the model dynamics that they influence. Here, the structural parameters are classified into technology parameters, which can be separately estimated, and preference parameters whose estimation is intertwined with the technology parameters. They then apply a two-step indirect inference procedure based on two sets of moment conditions and binding functions. We aim for a synthesis of the two aforementioned estimation strategies to estimate a DSGE asset pricing model that has until now only been calibrated. Another novelty is that our auxiliary model is a nonlinear VAR in the spirit of Harvey (2013) and Licht et al. (2017). The departure from linearity arguably offers flexibility in matching the dynamics of the complex structural model. This should enhance the identification of the structural parameters of interest. We utilize the new approach to estimate the DSGE asset pricing model introduced by Chen (2017). This model augments a one sector stochastic growth model with external habit preferences and capital adjustment costs.

Johannes Zaia

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Does Say on Pay increase the Value of Shareholder Voting Rights?

(Axel Kind, Marco Poltera, Johannes Zaia)

This paper investigates whether the introduction of shareholder votes on management remuneration (so-called "say on pay" votes) has an impact on the value of voting rights. We exploit the staggered introduction of advisory and (stricter) binding votes on management pay across Europe in a difference-in-differences setup to additionally analyze if more rigid legislation causes stronger effects on voting right values. First results show that in firms in which the compensation of the management is not linked to firm performance, only binding votes on say on pay increase shareholder voting values significantly. These preliminary findings suggest that shareholders value the right to have a say on management compensation if votes force the management to revise compensation packages of management and if poor pay practices are in place. In contrast, shareholders are not willing to pay for the right to participate in symbolic, advisory votes on management pay even if the policy is not in line with best practices. Binding votes are also valued by shareholders if governance quality - measured by characteristics of board supervision, compensation schemes, dispersed ownership, and takeover defense mechanisms - is poor. Our preliminary findings are a first indication that shareholders value binding say-on-pay votes more than advisory votes.

Jens Ihlow

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Stock Market Performance of Jewish Firms During the Third Reich

(Jens Ihlow, Jens C. Jackwerth)

We study the performance of Jewish firms' stock during the Third Reich. Consistent with the discrimination of Jewish citizens, we document that, after Hitler's appointment as chancellor of Germany, Jewish firms underperformed by around 8% annually. After the forced removal of Jewish managers and owners, the underperformance persisted for around two years. This result suggests that investors, who observed increasing discrimination actions against Jews, continuously lowered their expectations on Jewish firms' future cash flows. Further, the pattern of underperformance indicates that investors judged Hitler's appointment likely already six months before the event.