



Special Section: Economic Analyses in Business Administration

Peter-J. Jost¹ · Alfred Wagenhofer²

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In September 2017, the German Economic Association of Business Administration, GEABA e.V., organized the XVIII. Symposium on the Economic Analysis of the Firm at the University of Hohenheim. As in prior years, the contributions presented at the Symposium used economic instruments and methods, such as game theory, contract theory, empirics or experiments, to study business research topics. The sessions were organized along a broad set of topics, for example, incentive design, trading and stock markets, market competition, mandatory disclosure, corporate governance, international taxation, business ethics, and environmental responsibility.

This issue includes three articles that were presented at the Symposium and the comments by the discussants. All articles were subject to the standard review process of the Schmalenbach Business Review. Although heterogeneous in their topics and methods, the articles nicely illustrate how the Symposium achieves its objective.

The first article on “Consequences of Unfair Job Promotions in Organizations” by Peter Bußwolder, Swetlana Dregert and Peter Letmathe experimentally investigates the question how fair or unfair job promotions affect post tournament behavior of the participants. While most of the prior literature considers motivational aspects tournament design has on the behavior of the losers, this study focuses on the cooperation between the two competitors after an unfair or fair promotion. Based on the performance in a real effort experiment, a fair or unfair promotion decision

P.-J. Jost
Peter-J.Jost@whu.edu

✉ A. Wagenhofer
alfred.wagenhofer@uni-graz.at

¹ WHU – Otto Beisheim School of Management, Vallendar, Germany

² University of Graz, Graz, Austria

determines the role of the two participants in their post hierarchical relationship. Here, the winner of the tournament acts as a supervisor and can decide about the allocation of a fixed pie between him- or herself and a subordinate, the loser of the tournament. In a punishment treatment, the loser additionally has the possibility to costly sanction the supervisor. In his discussion of the article, Timo Heinrich provides an excellent overview of the different experimental designs taken in the literature and the contribution of Bußwolder et al. to this literature and discusses the game design and the results.

In the second article, “Location in a Disk City with Consumer Concentration around the Center”, Manfred Stadler theoretically studies the location decisions of two competing firms in a two-dimensional disk-city model. Depending on the concentration of consumers around the center, he analyses the decision between locating close to consumers to increase demand or on the perimeter to relax price competition. The results show that if consumer concentration is sufficiently high, firms locate inside the city. The model not only contributes to the strand of theoretical literature that studies spatial location in two-dimensional space but also to the research that attempts to bridge the gap between theoretical predications of location configurations and empirical evidence. Karl Morasch is the discussant and highlights the multiplicity of equilibria and how they are chosen and possible constraints of the underlying model.

The third article entitled “Net Stable Funding Ratio and Liquidity Hoarding” by Martin Windl analyses liquidity requirements resulting from the Basel III Net Stable Funding Ratio (NSFR) requirements. In his model, one bank lends funds to another bank that has exclusive access to a profitable investment opportunity, but moral hazard and stochastic credit risk limit the amount of interbank lending. The author shows that the effect of NSFR liquidity requirements mitigates the moral hazard problem whenever the regulatory institution can observe banks’ risk-shifting engagements. As a result, liquidity hoarding decreases and interbank lending increases. The discussant Hans-Peter Burghof puts the results of the article in a broader perspective and critically discusses the role of NSFR and its interplay with other regulatory requirements for banks.

The local organizer of the XVIII. Symposium, Jörg Schiller and his team, the Stuttgart Financial as well as the University of Hohenheim deserve many thanks for making this conference possible. Special thanks go to the members of GEABA’s Scientific Advisory Board, which handled the referee process for Symposium papers and to the presenters and discussants at the Symposium.