

Økonomi-workshop

Torsdag 6. desember 2018 VIP-rommet 09.30-14.00

*Arrangert av Forskergruppen i anvendt samfunnsøkonomi og China-Norway
Researcher Network (CNRN)*

*Vi beregner 20 minutter presentasjon av hvert paper, etterfulgt av opptil 10 minutter
spørsmål/kommentarer.*

Program:

- 09.30-10.00: Imtiaz Badshah: "The dilemma of the effectiveness of performance appraisal in the civil service of Pakistan" (med G. Mustafa)
- 10.00-10.30: Trond Arne Borgersen and Marjo-Riitta Rynning: "Reflections on credit market incentives in a small open economy with a dominant market player: The case of Norwegian banking."
- 10.30-11.00: Mehtap Aldogan Eklund: "Systematic risk, CEO compensation, and Corporate Governance: Empirical study for the Swiss Listed Companies"
- 11.00-11.30: Kari-Anne Fange: "Market reform and potential tacit collusion" (med O. Bergland)
- 11.30-12.00: Lunsj
- 12.00-12.30: Bjørnar Karlsen Kivedal: "Investigating the Environmental Kuznets Curve for the US through the I(2) Cointegration Model"
- 12.30-13.00: Birgit Leick: "The SME-regional bank relationship: Between regional embeddedness and global pressures" (med G. Leßmann, A. Ströhl og T. Pargent)
- 13.00-13.30: Danuta Tomczak: "Globalisation`s local dimension- Norske Skog Saugbrugs as the case."
- 13.30-14.00: Geir Tufte and Hong Wu: "A Review of Social Housing Policy in a Socialist Market System, a Mediterranean System and a Scandinavian System – Which System has the Crucial Factors for Home-ownership?"

Abstracts:

Imtiaz Badshah: "The dilemma of the effectiveness of performance appraisal in the civil service of Pakistan" (med G. Mustafa)

Performance appraisal is an important management tool used for assessing employee job performance, to make decisions regarding employee incentives and rewards, and providing feedback or training to develop employee skills and competencies. It is generally agreed that performance appraisal can benefit employees and organizations, but for that, the performance appraisal techniques and instruments need to be fair and objective. Employees may positively react to the performance appraisal systems if the design of such systems involve employee input and the evaluation corresponds to the respective job descriptions. The current study aims at examining the effectiveness of performance appraisal system in the public sector of Pakistan. The study is qualitative in nature and draws on the literature in 'new public management'. The study led to explore that the process of performance appraisal of civil servants in Pakistan is highly subjective. It is used as a tool for making decisions regarding employee promotions, but the evaluations are mainly based on criteria irrelevant to merit because of the use of subjective and generic evaluative instruments. Since evaluations are entirely secret, that is why one of the core objectives of performance appraisal, which is performance improvement is not achieved through performance appraisal system. More specifically, the study indicates that factors such as an administrative culture rife with cronyism, high centralization, and conflict of interests between policy-makers may contribute to the design of a performance appraisal system that lacks fairness and objectivity. It transpired that the positive effects of the performance appraisal system in the Pakistani public sector are sparse because it is not designed in collaboration with employees, it lacks transparency and its utility for performance improvement is vague. We suggest practical implications and directions for future research.

Trond Arne Borgersen and Marjo-Riitta Rynning: "Reflections on credit market incentives in a small open economy with a dominant market player: The case of Norwegian banking."

This paper reflects on the banking market in Norway, a small open economy with a market player that is "too big- and too public to fail" (TBTPF). Discussing competition, risk and regulation this paper reflects on market characteristics in the shadowland of the TBTPF-institution. Targeting the mortgage market, the dominant player contributes to credit-driven housing appreciations, which, when combined with floating mortgage rates, represents the main component in any financial stability assessment. When combined with covered bonds as a source of funding the housing market carries most of the credit, funding, liquidity and concentration risk in Norwegian banking. The market share of foreign branches and subsidiaries, institutions not fully regulated by the Norwegian FSA, also contributes. The potential for a flight-home effect during a crisis might be the strongest risk contribution from foreign banking. In this respect is the deviation from the single rulebook in Norwegian regulation a paradox, as the risk shifting incentives created may contribute to a credit-crunch and be an ex post threat to financial stability.

Mehtap Aldogan Eklund: “Systematic risk, CEO compensation, and Corporate Governance: Empirical study for the Swiss Listed Companies”

Manuscript Type: Empirical. Research Question/Issue: This study aims to examine whether executive compensation has been aligned with the systematic risk of the firm and whether corporate governance indicators have moderated the nexus between compensation and risk.

Research Findings/Insights: The curvilinear relationship between firm’s un-diversifiable (systematic) risk and total executive compensation was strongly supported. No moderating effect of corporate governance indicators was found, but some evidence found that CEO duality, risk committee, leverage, market to book ratio, firm size, and the percentage of international board members are the significant control variables. *Theoretical/Academic Implications:* The results, supporting agency theory’s risk premium prediction and achievement prediction of Mc Clelland’s theory of needs, highlight the importance of risk premium in higher risk firms to encourage the risk-averse executives. On the other hand, finding the optimal point for the risk premium is of paramount importance because of the curvilinear relation between risk and total compensation, and the executives who avoid taking the low risk (very easy) or the high risk (very difficult) tasks. In addition to the theory, it contributes to the conflicting outcomes of the previous literature. To the best of author’s knowledge, it is the first study examining the moderating effect of corporate governance indicators on risk and executive compensation. *Practitioner/Policy Implications:* The robust empirical results of this paper motivate the practitioners and policymakers to analyze the risk carefully before deciding on the optimum compensation contract and indirectly inspire them to increase the transparency by disclosing the nexus between risk, risk policies, and executive pay in the annual compensation reports.

Kari-Anne Fange: “Market reform and potential tacit collusion” (med O. Bergland)

This article empirically estimates the possibility that retailers perform tacit coordination of prices on specific electricity contracts. By an input-output hidden Markov model approach, we seek to predict the probability that price adjustments made by electricity retailers stems from price coordination. Using a rich and novel price dataset drawn from the National Competition Authorities (NCA) we study whether price transparency through introduction of an on-line price comparison site encourage such pricing strategies. Our results provide a useful input and contribution to a better understanding of pricing dynamics among electricity retailers in a liberalized electricity market.

Biørnar Karlsen Kivedal: “Investigating the Environmental Kuznets Curve for the US through the I(2) Cointegration Model”

In order to assess the empirical relevance of the environmental Kuznets curve for CO₂ emissions in the US, we use polynomial cointegration analysis through the I(2) model. The environmental Kuznets curve suggests a non-linear concave relationship between income and environmental degradation, and the relevant variables are shown to be integrated of order two both empirically and theoretically. Hence, We may use the I(2) model to take this non-linearity into account. We also incorporate the relationship between energy consumption and economic growth, and how trade may affect the distribution of polluting industries in accordance with the Heckscher-Ohlin trade theory. The main finding is that GDP does not seem to affect CO₂ emissions or energy consumption in the long run, but that the main driver behind the change in CO₂ emissions for the US is trade. It also seems that this applies to a greater extent to trade of goods produced by the most polluting manufacturing, indicating that the pollution haven hypothesis may have contributed to the shape of the environmental Kuznets curve.

Birgit Leick: “The SME-regional bank relationship: Between regional embeddedness and global pressures” (med G. Leßmann, A. Ströhl og T. Pargent)

In the global loan markets, access to credit provision is central to the financing and investment decisions of SMEs, and bank relationships are paramount to these companies. Within the banking sector, regional banks such as public-sector savings and mutual savings-cooperatives banks are the key financial partners of SMEs. The SME-regional bank relationship has proved persistent over the past decades despite rising pressures from global markets, the political environment and digitization. In the academic literature, this collaborative relationship between banks and SMEs has remained under-conceptualised. The present paper pays attention to this gap in the literature by presenting a conceptual analysis of the SME-regional bank relationship. It emphasizes three key factors that determine this relationship: relationship lending by means of a housebank relationship, proximities between bank and company, and regional engagement on the part of the regional bank.

Danuta Tomczak: “Globalisation`s local dimension - Norske Skog Saugbrugs as the case.”

The paper presents development of Norway`s oldest functioning paper factory, founded in Halden in 1859 as Saugbrugsforeningen, an important work place for a small town inhabitants. Saugbrugs was functioning over 120 years as a single firm, so had been a part of a bigger concern - Kosmos in 1983 and Norske Skog AS in 1989. Norske Skog AS had expanded in 1990 –2005 worldwide, buying also paper mills in Hebei and Shanghai. Afterwards closing downs and sales started, financial problems led to bankruptcy in December 2017. Finally the hedge fund Oceanwood, managed by John Chiang, won the bid and owns Norske Skog AS now. What challenges is the local efficient producer Norske Skog - Saugbrugs Halden exposed to? Why did Norske Skog AS get bankrupted? Will production in Saugbrugs Halden continue in coming years? The analysis of documents should give answer for hypotheses and questions.

Geir Tufte and Hong Wu: “A Review of Social Housing Policy in a Socialist Market System, a Mediterranean System and a Scandinavian System – Which System has the Crucial Factors for Home-ownership?”

This article reviews social housing policy across China, Spain and Norway. We use the boom-bust cycle to assess the sustainability of social housing policy. We suggest that a rental-intensive housing tenure structure might have put fewer families at risk of losing their home than the owner-intensive tenure structure did in the case of Spain, given its present welfare system. While in Norway, the owner-intensive tenure structure did not put families at risk because its welfare system enabled them to keep their homes. We argue that China`s owner-intensive tenure structure might put poor families at risk if a bust occurs. Finally, we suggest that a rental-intensive housing tenure structure puts fewer families at risk of being evicted during a bust regardless of welfare system. An owner-intensive housing tenure structure, however, will put fewer families at risk of losing their home during a bust provided that the welfare system can protect them.