

The Research Centre of the Faculty of Economics
cordially invites you to a research seminar
on Thursday, **28th May 2015** at **12 p.m.** in room **P-109** at the
Faculty of Economics, University of Ljubljana

Author: **Ingo Weller, Institute for Human Capital Management and Organizations
Research Group (ORG), LMU Munich**

Coauthor: **Marco S. Giarratana, Department of Management and Technology,
Bocconi University, Milan**

Coauthor: **Myriam Mariani, Department of Policy Analysis and Public
Management, Bocconi University, Milan**

will present the article:

**"Too Many Gold Medals for One Race:
The Price of Unfair Prizes in R&D"**

“Pay for performance schemes are difficult to implement when outcomes are subject to inter-temporal uncertainty. This study uses industrial research as an application: the outcome of research activities is uncertain and difficult to predict, and rewards to researchers are assigned before managers and employers are able to observe the market value of the inventions. By using survey data on 4,981 inventor-patent pairs from worldwide firms, we show that firms are prone to grant “unfair” rewards: Firms may reward low value patents, or, conversely, may overlook high value patents at the time when the reward is granted. As the total number of rewards increases, however, we observe an increase in the share of rewards to low value patents, while the probability that a high value patent is missed decreases. We show that employees (R&D inventors in for-profit firms) behave differently according to their work motivations and to the type of rewarding strategy of their organization. Specifically, inventors who are primarily motivated by scientific prestige, reputation and intellectual curiosity (“scientists”) withdraw from R&D activities in organizations that assign many contingent rewards to low value inventions.”

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:

research.seminars@ef.uni-lj.si by Wednesday, 27th May 2015.

We look forward to seeing you!