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!