Tagung 2017

Am 5. und 6. Mai 2017 wurden in Frankfurt am Main folgende Vorträge gehalten und diskutiert:

1. Target choice and unique synergies in global mobile telephony: a dyadic approach
Jörg Claussen, LMU München (mit Rebecca Köhler und Tobias Kretschmer)

The success of acquisitions rests on detecting and realizing unique synergies between buyer and target through their dyadic relationships. We study the role of unique dyad-specific synergies in the selection of takeover targets in the global mobile telecommunications industry. Firms use their foresight to select specific targets: First, they lower integration costs by selecting geographically close targets. This effect is stronger when buyer and target are in the same country, but only if the market is not so concentrated that it provokes regulatory interventions. Second, they select targets that can be acquired at a modest bid premium because they have asymmetric bargaining power. Finally, they select targets which can generate significant synergies due to technological synergies. Our work expands the existing target selection literature by studying dyad-specific factors within a single industry.
This helps us in identifying unique synergies as drivers of acquisition performance.

2. Tax Loss Offset Restrictions and Biased Perception of Risky Investments
Caren Sureth-Sloane, Universität Paderborn

We investigate how tax loss offset restrictions affect an investor's evaluation of risky investments under bounded rationality. We analytically identify behavioral tax effects for different levels of loss offset restrictions, tax rate and prospect theoretical biases (loss aversion, probability weighting and reference dependence) and find tax loss offset restrictions significantly bias investor perception, even more heavily than the tax rate. If loss offset restrictions are rather generous, investors are very loss averse or assign a huge weight to loss probabilities, taxation is likely to increase the preference value of risky investments (behavioral tax paradox). Surprisingly, the identified significant perception biases of tax loss offset restrictions occur under both high and low tax rates and thus are relatively insensitive to tax rate changes. Finally, we identify huge differences in behavioral tax effects across countries indicating that tax loss offset restrictions crucially determine the perceived tax quality of a country for risky investments. Our analysis is relevant for policy makers discussing future tax reforms as well as for investors assessing risky investment opportunities.

3. Brand Damage From Product Harm and Corporate Social Irresponsibility – How Deep and How Long?
Marc Fischer, Universität zu Köln

Brand equity can suffer severely during brand crises. Managers understand the threat of a product failure to marketing assets and economic performance but seem to be less concerned about brand damage from corporate social misbehavior such as bribery. Academic literature is rich on product-harm crises but not much is known about the effects of corporate social irresponsibility events. Using an error correction model, we conduct a systematic investigation of the dynamic effects of brand crisis events on brand attention and brand strength based on a unique dataset of 214 crisis events (both product failure and social misbehavior) in Germany across 12 industry sectors, 69 brands, and 5 years of weekly data.

The crisis effects are asymmetric. While brand attention increases, brand strength drops. Surprisingly, average brand damage is larger for corporate social misbehavior than for product failure. The damage may last up to 9 months. The effect aggravates if the firm denies responsibility, the event is a national event, and more media report on the news. These findings help better forecast brand image drops during crises and give guidance to managers for appropriate reactions.

4. Capacity Rights and Full Cost Transfer Pricing
Stefan Reichelstein, Stanford University (mit Sunil Dutta)

This paper seeks to delineate environments in which full cost transfer pricing is part of an effective divisional performance measurement system. In the setting of our model, managers decide on both the initial acquisition of productive capacity and its utilization in subsequent periods, once operational uncertainty has been resolved. We refer to a transfer pricing rule as a full cost rule if the present value of all transfer payments is equal to the present value of all cash outflows associated with the assigned capacity assigned and all subsequent output services rendered to a division. Our analysis identifies a class of production and information environments where a suitable variant of full cost transfer pricing induces efficient outcomes. Common to these pricing rules is that divisions have the unilateral rights to reserve productive capacity with corresponding fixed cost charges that are equal to equal to what earlier literature has referred to as the ``user cost of capital".