



Upcoming Seminars

Wednesday, 25.7.2021 Internal Seminar

13.30-14.30
Virtual seminar room

Alice Solda
"Overconfidence as a Strategy in Performance-
Based Competition"

Abstracts

Departmental Seminar

Alice Solda

"Overconfidence as a Strategy in Performance-Based Competition"*

While standard economic models assume that individuals process information in a way that gives them a relatively accurate perception of reality, empirical evidence has shown that this assumption is often not warranted. For instance, individuals typically overestimate themselves in various domains. While overconfidence is prevalent in competitive environments, the evidence regarding its overall costs and benefits in performance-based competition is mixed. On the one hand, overconfidence has been associated with lower team performance and more injuries in sporting competition. On the other hand, overconfident individuals are more effective at convincing their opponents to abdicate. This body of mixed evidence suggests that overconfidence provides an advantage in performance-based competition when competitors can deter potential opponents by signaling their superior ability. In contrast, when signaling fails, overconfident competitors should be more likely to lose larger sums against superior opponents. The current investigation aims to reconcile these inconsistent findings by proposing that overconfidence benefits competitors when competitors can signal their confidence to their opponent and – consequently – is most likely to emerge when communication is possible than when it is not. To test this idea, we present a lab experiment in which we exogenously manipulate participants' incentives to form overconfident beliefs prior to engaging in a contest.

*This is a project Alice is working on together with Si Chen from University of Vienna that is in the early stages. She is planning to present some features of the theoretical model and the experimental design. They are planning to pilot the experiment in early September so any feedback would be much appreciated.

Virtual Talks

Andis Sofianos will give a talk on "Intelligence Disclosure in Repeated Interactions" (with Marco Lambrecht, Eugenio Proto & Aldo Rustichini) at the *Behavioral Game Theory Conference*, July 15-16.

Yilong Xu has presented the paper "Noblesse Oblige: Holding High-Status Individuals to Higher Standards" at the *ESA Global Around the Clock Meeting 2021* and the paper "Does mining fuel bubbles? An experimental study on cryptocurrency markets" at the *Experimental Finance Conference 2021*.

Thomas Eife presented the paper "The General Equilibrium Effects of the Shale Revolution" at the *20th Journées LAGV*, June 22-24.

New Publications

Hans Diefenbacher, Benjamin Held, Burcu Gözet, Christoph Gran und Roland Zieschank: "Internationale Verteilungseffekte von Ressourceneffizienz." Dessau: Umweltbundesamt [Texte 96/2021], URL: [pdf Text](#), 106 S.

Hans Diefenbacher, Roland Zieschank, Benjamin Held und Dorothee Rodenhäuser: "Jahreswohlstandsbericht 2021–Die Pandemie als Katalysator." Berlin. URL: [pdf Text](#), 167 S.

Miscellaneous

Research Ranking of Economics Departments

The Alfred-Weber-Institute ranks 6th in Germany (out of 68 ranked departments), and 103rd world-wide, in the new Tilburg University Economics Ranking. The ranking does not correct for size of the department, and builds on publications in core disciplinary journals in the field of economics. More information can be found [here](#).

Christiane Schwieren & Cosima Steck, together with Humberto Llavador (UPF Barcelona) received a research grant of the Dauphine Fondation to conduct lab- in-the field experiments on gender differences in overpreparation.

Editorial deadline for issue 17/2021 of the newsletter:
Wednesday, 6.10. 2021, 12 p.m.
newsletter@awi.uni-heidelberg.de