

School/Department:	<p>Rotterdam School of Management / Department of Business-Society Management</p> <p>Erasmus School of Law, Rotterdam Institute of Law and Economics</p>
	<p>Rules and Markets: how do market competition and legal institutions affect norms and behavior?</p>
Abstract:	<p>The past decades have revealed corporate scandals of perplexing magnitude, leaving millions of consumers, employees, and shareholders financially hurt. In response to such scandals, legal institutions and rules are typically strengthened to articulate and reinforce norms and to prevent or counter such scandals. Research suggests that the effectiveness of such efforts in achieving norm compliance may depend on several different factors, including aspects of deterrence (e.g., sanction size/probability, Garoupa, 2009) and the quality of legal institutions (Cassar, D’adda & Grosjean, 2014). However, also non-deterring aspects of legal institutions, like rule specificity, perceived fairness or social and personal norms can determine how rules are interpreted and acted upon (Mulder, Jordan & Rink, 2015; Verboon & van Dijke, 2011; Desmet & Engel, 2021; Tyran & Feld, 2006).</p> <p>Another force that has traditionally been seen as regulating not only the efficiency but also the ethics of markets is the level of competition within industries (Motta, 2004). Theoretically, strong (vs. weak) market competition should make organizations less likely to engage in or tolerate unethical behavior, as this may harm the organization’s reputation in favor of competitors’ (Hörner, 2002). From this perspective, it can be argued that strong market competition makes legal institutions and norms relevant only when they strengthen market competition.</p> <p>However, the circumstances under which the theorized beneficial effects of market competition should manifest (e.g., all stakeholders having perfect information) are difficult to realize outside of a laboratory. In fact, research suggests that strong (vs. weak) market competition can make organizations or their representatives more likely to enact various types of unethical behaviors (Cai & Liu, 2009; Luca & Zervas, 2016; Feltovich, 2019; Mimra, Rasch, & Waibel, 2016).</p>

	<p>Unfortunately, despite sizable separate literatures on how market characteristics such as competition or legal characteristics affect individual and organizational behavior, it is unclear what exactly the conjoint impact is of both classes of institutional factors. Do particular market characteristics (e.g., strong vs. weak competition) warrant different legal institutions? What should such arrangements look like? To what extent are deterrent and (non-deterrent) legal aspects effective across different market conditions?</p> <p>This research project will illuminate how market institutions (e.g., levels of market competition) interact with legal institutions (e.g., deterrent or non-deterrent aspects) in predicting organizational decision making. It aims to identify what legal aspect make markets more moral and what market characteristics make legal rules more effective.</p> <p>The proposed project will use quantitative methodologies (lab & online experiments as well as the collection of quantitative field data). Applicants should ideally have a background that showcases experience with regards to those methodologies (E.g., behavioral or experimental economics; business or management; economic, social or organizational psychology, or related fields).</p> <p>References</p> <p>Cai, H., & Liu, Q. (2009). Competition and corporate tax avoidance: Evidence from Chinese industrial firms. <i>The Economic Journal</i>, 119, 764–795.</p> <p>Cassar, A., d'Adda, G., & Grosjean, P. (2014). Institutional quality, culture, and norms of cooperation: Evidence from behavioral field experiments. <i>The Journal of Law and Economics</i>, 57(3), 821-863.</p> <p>Desmet, P. T. M., & Engel, C. (2021). People are conditional rule followers. <i>Journal of Economic Psychology</i>, 85, 102384.</p> <p>Desmet, P. T. M., Hoogervorst, N., & Van Dijke, M. (2015). Prophets vs. profits: How market competition influences leaders' disciplining behavior towards ethical transgressions. <i>The Leadership Quarterly</i>, 26(6), 1034-1050.</p> <p>Feltovich, N. (2019). The interaction between competition and unethical behaviour. <i>Experimental Economics</i>, 22(1), 101-130.</p> <p>Garoupa, N. (2001). Optimal magnitude and probability of fines. <i>European Economic Review</i>, 45(9), 1765-1771.</p> <p>Hörner, J. 2002. Reputation and competition. <i>American Economic Review</i>, 92: 644–663.</p> <p>Luca, M., & Zervas, G. (2016). Fake it till you make it: Reputation, competition, and Yelp review fraud. <i>Management</i></p>
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	<p><i>Science</i>, 62(12), 3412-3427.</p> <p>Mimra, W., Rasch, A., & Waibel, C. (2016). Price competition and reputation in credence goods markets: Experimental evidence. <i>Games and Economic Behavior</i>, 100, 337-352.</p> <p>Motta, M. (2004). <i>Competition policy: Theory and practice</i>. Cambridge, UK: Cambridge University Press.</p> <p>Mulder, L. B., Jordan, J., & Rink, F. (2015). The effect of specific and general rules on ethical decisions. <i>Organizational Behavior and Human Decision Processes</i>, 126, 115-129.</p> <p>Tyran, J. R., & Feld, L. P. (2006). Achieving compliance when legal sanctions are non-deterrent. <i>scandinavian Journal of Economics</i>, 108(1), 135-156.</p> <p>Verboon, P., & van Dijke, M. (2011). When do severe sanctions enhance compliance? The role of procedural fairness. <i>Journal of Economic Psychology</i>, 32(1), 120-130.</p>
Requirements of candidate:	<p>Background: Background: Management / Business with a focus on Organizational Behavior; social or organizational psychology; behavioral economics. Regardless of specific background, interest in and enthusiasm for the idea and the phenomenon of creativity are key. Research experience (e.g., experiments, surveys) and experience with the statistics required to analyze the resulting data (i.e., ANOVA, OLS regression, Hierarchical Linear Modeling) is helpful but not required. Excellent communication skills for both writing and speaking in English are expected. Candidates are ideally in the top segment of their class with respect to their grades and should show interest in an academic career.</p> <p>Master's degree: Yes</p> <p>EUR requirement: IELTS: 7.5 (min. 6.0 for all subs.) or TOEFL: 100 (internet) or 600 (paper) and GMAT-test or GRE-test: 85%.</p>
Supervisor information:	<p>Prof. Dr. Marius van Dijke</p> <p>Professor of Behavioral Ethics</p> <p>Rotterdam School of Management (RSM) Erasmus University Rotterdam Burgemeester Oudlaan 50 3000 DR Rotterdam The Netherlands</p>

	<p>mvandijke@rsm.nl https://www.irim.eur.nl/people/marius-van-dijke/</p> <p>Relevant Publications:</p> <ol style="list-style-type: none"> 1. Houwelingen, G., Dijke, M., De Cremer, D. D., & Van Hiel, A. (2021). Cognitive Foundations of Impartial Punitive Decision Making in Organizations: Attribution and Abstraction. <i>Journal of Organizational Behavior</i>, 42(6), 726-740. https://doi.org/10.1002/job.2480 2. Dijke, M., Gobena, L., & Verboon, P. (2019). Make me want to pay! A three-way interaction between procedural justice, distributive justice, and power on voluntary tax compliance. <i>Frontiers in Psychology</i>, 10, [1632]. https://doi.org/10.3389/fpsyg.2019.01632 3. Houwelingen, G., Dijke, M., & De Cremer, D. D. (2018). Trust maintenance as a function of construal level and attributions: the case of apologies. <i>European Journal of Social Psychology</i>, 48, 33-46. https://doi.org/10.1002/ejsp.2291 4. Dijke, M., De Cremer, D. D., Langendijk, G., & Anderson, C. (2018). Ranking low, feeling high: How hierarchical position and experienced power promote prosocial behavior in response to procedural justice. <i>Journal of Applied Psychology</i>, 103(2), 164-181. https://doi.org/10.1037/apl0000260 5. De Cremer, D. D., Dijke, M., Schminke, M., De Schutter, L., & Stouten, J. (2018). The trickle-down effects of perceived trustworthiness on subordinate performance. <i>Journal of Applied Psychology</i>, 103(12), 1335-1357. https://doi.org/10.1037/apl0000339
	<p>Prof. Dr. Pieter Desmet</p> <p>Professor of Quantitative Empirical Legal Studies</p> <p>Rotterdam Institute of Law and Economics Erasmus School of Law Burgemeester Oudlaan 50 3000 DR Rotterdam The Netherlands</p> <p>desmet@law.eur.nl https://www.eur.nl/people/pieter-desmet</p> <p>Relevant Publications:</p>

	<ol style="list-style-type: none">1. Desmet, P. T. M., & Engel, C. (2021). People are conditional rule followers. <i>Journal of Economic Psychology</i>, 85, 102384.2. Desmet & Weber (2021). Infringers' willingness to pay compensation vs. fines. <i>European Journal of Law and Economics</i>.3. Reinders Folmer, C. P., Desmet, P.T. M., & Van Boom, W. H. (2019). Beyond compensation? Examining the role of apologies in the restoration of victims' needs in simulated tort cases. <i>Law and human behavior</i>, 43(4), 329.4. J. Luyten, R. Kessels, P.T.M. Desmet, P. Goos & P. Beutels (2019). Priority-Setting and Personality: Effects of Dispositional Optimism on Preferences for Allocating Healthcare Resources. <i>Social Justice Research</i>, 2019, 186-207.5. Desmet, P. T.M., Hoogervorst, N., & Van Dijke, M. (2015). Prophets vs. profits: How market competition influences leaders' disciplining behavior towards ethical transgressions. <i>The Leadership Quarterly</i>, 26(6), 1034-1050.
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English requirements: Please refer to Erasmus University China Center official website for your information www.eur.nl/eucc

Erasmus University China Center -> CSC Scholarship -> "I am a prospective CSC PhD Candidate" -> Table 1

Please note that each institute requires difference level of English, make sure to find the right institute. 2022 CSC-PhD programme information will be shared and updated soon!