Mar 8th, 12:00 AM

03. Economics

Southwestern Oklahoma State University

Business Administration.Economics.01

Neil Metz

University of Central Oklahoma

BEHAVIORAL BIASES IN COMPETITION:

EVIDENCE FROM PGA TOUR MATCH PLAY

The examination of behavioral biases has become increasingly popular and sports, in particular, provide a unique setting to study these biases. Several recent studies have used golf to examine behavioral issues ranging from loss aversion (Pope and Schweitzer 2011, Stone and Arkes 2016), to performance under pressure (Hickman and Metz 2015), and confidence (Rosenqvist and Skans 2015). This study uses PGA Tour ShotLink data to further examine the issue of loss aversion in the case of direct competition against another player, in the form of a match play tournament. We focus on the task of putting, and examine whether the performance of a player is affected by his standing (relative to his opponent) for both the current hole and the match overall. We find evidence that loss aversion bias is substantial in the match play setting, as player performance increases when in a losing position. The detailed nature of the data also makes it possible for us to examine how uncertainty in an opponent’s performance impacts one’s own performance.

Business Administration.Economics.02

HUIYING CHEN

University of Central Oklahoma

On The Welfare Implications of Nominal GDP Targeting

This paper examines the welfare implications of Nominal GDP level targeting (NGDP-LT), Nominal GDP growth rate targeting (NGDP-GT), Taylor rule and inflation targeting within a New Keynesian DSGE model. The paper finds that the ranking of policy rules depends on the measure of welfare, the degree of price stickiness and households’ risk aversion. In general, NGDP-GT is either the preferable policy or the second-best regime. NGDP-LT and a traditional Taylor rule are dominated by NGDP-GT in the policy pool. Specifically, when using consumption equivalence as the welfare measure, inflation targeting outperforms other policy rules regardless of the levels of the price stickiness or households’ risk aversion. NGDP-GT is proved to be the second-best regime. When using weighted sum of variances of inflation and output gap as the standard, the article finds no conclusive ranking. But when NGDP-GT is proved to be the best policy, inflation targeting turns out to be the least desirable regime. This paper contributes to the literature by employing two welfare measures to examine policy regimes more comprehensively; meanwhile, the simulation result renders as solid evidence to policy makers in the advantage of nominal GDP growth targeting.

Business Administration.Economics.03

Linh Pham

University of Central Oklahoma

How has the speed of energy transitions changed in the past 50 years? Evidence from the U.S. electricity sector

The electricity sector is the largest emitter of carbon and greenhouse gases in the U.S. Previous research has proposed a number of policies to decarbonize the electricity sector and promote the use of renewable energy. Yet, previous work in this area is often based on the assumption that the ease of substitution between renewable energy and fossil fuel is constant over time, thereby ignoring the rapid growth of renewable energy in the recent years. The goal of this project is to investigate how the transition from renewable energy to fossil fuel has changed over time and across regions and to evaluate the effectiveness of various environmental policies in decarbonizing the electricity sector. The empirical results suggest that the speed of transition between renewable energy and fossil fuel has increased over time, however, this speed varies across different types of renewable energy. Thus, environmental policies should consider the specific characteristics of each energy source, in order to effectively promote the use of renewable energy in the electricity sector.

Business Administration.Economics.04

Joseph Downs

University of Central Oklahoma

What factors influence Liquid Natural Gas trade?

Liquid Natural Gas (LNG) is an important commodity that is continuing to grow in the amount of consumption being used across the world. LNG is natural gas that is turned to liquid. There were 293.1 million tonnes of LNG traded throughout the world. This represented a 35.2% increase over 2016 and continues to reach record trade levels year over year. Since 2002 there has been an increase of over 100% in exports of LNG. There are significant investments by the United States into the trade of LNG, these investments are expected to have the United States be the third highest exporter of LNG. The top five importers of LNG are from Asia and account for 68.3% of the market alone. There are many factors to consider when attempting to analyze this type of trade. These factors include bilateral trade of LNG imports and exports, gross domestic product, consumption, production, distance and price. The studying of trade involving LNG is a relatively new topic with limited data and research. The purpose of this paper is to continue to build upon past research and study the factors that affect LNG import and exports. We will accomplish this task by investigating the factors listed by using an empirical research. This will let us know the significance of the factors that impact the pattern of LNG trade. I expect some factors to have a stronger weight to the reasons why trade of LNG trade is increasing year over year.

Business Administration.Economics.05

Tyler Clark

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Unconventional Market Behavior and Artificial Pricing in Steam’s Online Gaming Marketplaces

Proposes an explanation and model for uncharacteristic market behavior of the Steam online marketplace for virtual tradeable items. The associated models correlate highly with symptoms of uncharacteristic patterns in market prices for virtual items that would otherwise obey consistent laws of supply and demand given their availability in a traditional marketplace. The associational models also correlate highly with attitudes in social interaction, particularly in regard to trustworthiness, item value competence, with the perceived social success of owning such an item. As the process of trading virtual items online through primary and secondary markets becomes increasingly interactive, this social interaction can become more volatile and deceptive. Because much trading and online interaction involves a working understand of the value of these items, successful trading requires personal interaction, shared experiences and access to resources that highlight factors that would otherwise inform a user of an item’s value. The consequence of these trends in market trades is hyper-inflation within a virtual market, artificial prices, and predatory market manipulation. The final chapter traces the roots of this online market and highlights other authors' studies about market manipulation and monopoly, then concludes with an explanation of how a smaller scale policy approach could be taken by Valve Corporation to fix the externalities of their own online market.

Business Administration.Economics.06

Kuang-Chung Hsu, Zhen Zhu

University of Central Oklahoma

Tropical Storms, Weather, and Natural Gas Demand: How Have Hurricanes Impacted Gas Consumption?

In this paper, we study the impact of tropical storms on weather and the U.S. natural gas demand. Even though the general direction of the storm effect on gas consumption is known, no detailed analysis has been done to provide the magnitudes of the impact. We provide a detailed count of the effect of storms on temperature and natural gas demand by end use. Our empirical evidence shows that tropical storms decrease the temperature significantly by an average of 5-6 degrees with temperature drops ranging from 2 to 9 degrees on average for the regions we studied. The impact of summer temperature on gas demand is the strongest for power sector while the effects for other use uses are mixed.

Business Administration.Economics.07

Mart Gentry, Barclay Cheatham

University of Central Oklahoma

Energy and Temperature

In this poster I study the relationship between electricity use and temperature conditions. Specifically, I quantify how much energy use changes in each season relative to temperature ‘anomalies’. To explore this question, I use electricity demand data from the Southwest Power Pool, the Balancing Authority that manages electricity supply and demand in Oklahoma. I match this demand data with weather information from the National Centers for Environmental Information. The data suggests that electricity demand is in fact responsive to changes in daily temperatures.

Business Administration.Economics.08

Suvechhya Pokhrel, Travis Roach

University of Central Oklahoma

Finitely Repeated Games: Evidence from Wholesale Alcohol Markups and Changing Liquor Laws

In a finitely repeated game, it is expected that the competitive Nash equilibrium outcome of low prices or markups will occur when all players know the timing of the final stage of the game. In this research we examine a repeated pricing game that occurred for more than a decade between wholesale alcohol distributors In Oklahoma. In November of 2016, new liquor laws were voted on and adopted, but the new policies were not set to take effect for nearly two years. Using bi-monthly data from June 2007 to the enacting of new liquor laws in October of 2018, we show that firm behavior moved contrary to game theoretic expectations. Using this natural policy experiment setting, we show that wholesale markups steadily increased following the passing of the new law up until the final stage of the game, when the wholesale distribution system changed after the enacting of new laws.

Business Administration.Economics.09

James Pettigrew

University of Central Oklahoma

Obesity and Economic Freedom: State-level analysis

Several suggestions have been proposed to explain rising obesity levels around the world. Scholars suggest that mass production or industrialization leads to greater calorie consumption and less physical activity, resulting in the weight gain. Additional research suggests faster economic growth is the result of a greater economic freedom, thus establishing the link between economic freedom and weight gain. This study examines the relationship between obesity and economic freedom in the United States. Although the states are relatively similar when considering development levels, they are quite different in obesity trends. Therefore, mass production theory cannot be applied to explain the link between obesity and economic freedom when comparing individual states. We hypothesize that states differ in their approaches toward consumption and fighting obesity, resulting in varying obese populations. Our results suggest that states with a higher index of economic freedom have higher levels of obesity.

Business Administration.Economics.10

Mariya Burdina

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Grades as Reference Points: Impact on Performance and Motivation

According to prospect theory, decision makers adopt reference points and evaluate the outcomes in comparison to important reference points (Kahneman and Tverskey, 1979). The outcomes that fall short of reference points are then treated as losses, and outcomes that exceed these reference points are then considered gains. This paper examines whether letter grades serve as reference points and if falling short of the next best grade during one test affects future test performance. In the college setting as many instructors use round numbers when determining the grading scale (i.e. a student needs to earn 70% to receive a C, 80% to receive a B, and 90% to receive an A). From our experience, most students are aware of this grading scale, thus they can judge which grade they have received on the test. The students who have achieved a desirable grade during the previous test, may not put as much effort into the next test compared to those for whom the goal grade has not yet been achieved. For example, a student who has received a score of 72 (narrowly receiving a C) on the test may perform differently during their next test than the student who has received a score of 68 (narrowly missing a C-grade). If round numbers, or, in our case, ‘next best grade’ scores are influential, we would expect the student who has narrowly missed the ‘next best grade’ to improve more than the student who has scored just above that score, all else equal.