

**ABSTRACT:**

**USING LOSS AVERSION TO INCENTIVIZE ENERGY  
EFFICIENCY IN A PRINCIPAL AGENT CONTEXT  
– EVIDENCE FROM A FIELD EXPERIMENT**

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Increasing energy efficiency in firms is a corner stone in mitigating CO2 emissions – the key to tackle Climate Change. Triggering energy-efficient behavior of agents in a principal agent context simultaneously decreases costs for the firms and mitigates CO2 emission. We analyze the effect of incentive-framing on performance in employment relations. Here, increasing performance is directly and linearly related to reducing fuel consumption. If loss-aversion holds true, framing an incentive for employees as a loss should lead to higher effort than framing the incentive as a gain. However, in most field settings studied in the literature, loss-framings do not increase performance as expected. Our results contribute to the understanding of the boundary conditions of loss-framings. Although loss-framings lead to increased performance among low-performing employees, they simultaneously lead to decreased performance among high-performing employees. Contrarily, gain-framings do not increase performance among low-performing employees but seem to increase performance among high-performing employees.