

CHAOS 2009

2nd Chaotic Modeling and Simulation International Conference

June 1 - 5, 2009 Chania Crete Greece

www.chaos2009.net

The Equivalence of the Agents in Time

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In this paper we will analyze what happens when an agent has to choose between two or more jobs and he knows that after a period of time the wages will be the same. So, we could say that between the two agents there is no difference. But still there is a great one: if we will consider a small increase of time, then the utility of the new amount is different for the two agents.

The same analyze will be made for the exerted effort (having in mind that the function of the effort cost is increasing and convex). We know that the higher the reference standard from the previous period (w_{t-1}) is, the higher the effort level is to obtain a greater utility.

Next we will define the equivalence of the agents in time using the non-neutrality measure. We will find that to do the best choice the employer should know first the effort function for the two agents.

Keywords: Job satisfaction, Non-neutrality measure, Cost function.