Problems of asymmetric information and their impact in the economy

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Abstract

Asymmetric information is characteristic of many situations in business. As a rule, the seller of a product knows more about its quality than the buyer. Workers know their skills and better skills than employers. And managers know them better skills than the owners of enterprises. Asymmetric information explains many institutional rules in our society. This concept makes it clear why the car companies offer warranties and services for new models; although firms and employees connect and reward incentive contracts; although corporate shareholders should monitor the behavior of managers. Asymmetric information is the uneven distribution of information about the product between the parties to the transaction. The situation of asymmetric information arises in the process of entering contracts or transactions, where individual participants important information that have direct connection with the subject of the contract, transaction, which the other participants do not possess. There are some major problems that appear in the financial markets due to information asymmetries:

- the problem of adverse selection;
- the problem of dishonesty risk;
- the problem of costly state verification.

For example, in the case of securities based on mortgage, the problem of information asymmetry is manifested in the fact
that their issuer has more information than the investor about the quality of the securities offered and mortgage loans behind them. Lack of enough information on securities based on mortgage between investors may make them reluctant to buy securities or require an increase in the securities yield as compensation for risk.

**Keywords:** health market, labour market, insurance, the loan markets

1. Introduction

The value of asymmetric information- Asymmetric information can lead to the disappearance market. In an ideal world of perfect markets, consumers will have the opportunity to choose between vehicles with low quality and high quality. Some would choose the former because of their low cost, others would prefer to pay more for the latter. Unfortunately, in the real world, it is not easy for consumers to determine quality used cars at the time of purchase, so their price falls and high-quality cars disappear from the market. This is just a stylized example, illustrating an important problem that arises for many markets. Consider some other examples of asymmetric information and possible reaction of the government or private firms.

1.1. Health market

In the market of medical services, the purchase of physician services is considered payment for his expertise. Here, the information asymmetry is associated with the fact that the doctor and the patient to pay for its services have different information. tempted doctor to prescribe a more expensive course of treatment for the patient. In this case, there is a place the emergence of a market mechanism which fits the information inequality. Concepts such as professional and entrepreneurial values and moral ethics arise, which gradually enter the market relations. The asymmetry of information also manifests itself in a bidding war between medical institutions. As shown in some studies, the lack of data may cause a negative impact of hospital competition on quality of treatment. This provides an additional argument in favor of strengthening the measures aimed at increasing the transparency of indicators, processing information about system activities and further assessments more detailed account relationships and consequence. The asymmetry of information provided to
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strengthen, become one of the main problems in the health care economy.

1.2. Labour market

First, information asymmetry is manifested in the employment of workers stage. At this moment, the employer does not recognize the true quality of purchased goods. However, several other features are available (education, age, gender, nationality, work experience), which are regarded as signaling information on the quality of workforce capabilities and employee skills. Educational signs are some of the most important. Another aspect of information asymmetry is that many companies overestimate the level of salaries in relation to the balance, because they understand: on the one hand, higher wages and more labor intensive conditions for the formation of a high corporate culture; in turn, it causes major potential losses for workers in case of leaving their job. Based on the analysis of financial markets, we can conclude that information asymmetry is characteristic for individual sectors of the service sector than for manufacturing goods. Here, consumer protection should be based on full information about the quality of goods and services sold. Here, the controller function must be performed by the consumer society, media, executive authorities and firms (Vickrey, 1961).

1.3. Insurance

Why do people over 65 have difficulties with health insurance with any real cost? The risk to seriously ill for the elderly is relatively high, but why not increase the price of insurance because of this risk? The reason is information asymmetry. People who buy insurance and know their general health much better than any insurance company, even if the latter performs a medical examination. Therefore, adverse selection going on here, and in a much greater extent than in the case of used cars since most likely is not the healthy people who want to insure themselves, increase their share in the total number of insured. This increases the price of insurance, so that more people healthy, weighing their own risk, prefer not provided. Thus, the share of patients is growing even more, which again raises the price, and so on, until only this category of people remains in the insurance market; So, the insurance operations become profitable. Adverse selection can make it problematic functioning of the insurance market for other reasons. For example, let’s say that an insurance company will offer a policy for a specific event, such as a car accident that damages property. The company
selects an appropriate group of people, say men under 25, who will sell policies, and assesses the frequency of such accidents for this group. For some of its representatives, the probability of an accident is low, significantly less than 0.01; for others - high, significantly more than 0.01. If the insurance company cannot identify groups of people with high and low risk, it will determine the premium for all customers based on the possibility of an accident of 0.01. Having the best information, part (with a low probability of an accident) would rather not provide, and the other (with a high probability) will buy insurance. In extreme cases, only the most likely victims will want to make sure, that would pose a serious threat to the insurance company's profitability. Bankruptcy situations of this kind of market force the state to intervene in these cases. About health insurance, it is a high argument in favour of public health services or public-related insurance for the elderly. Ensuring security for all people over 65 years, the state eliminates the effects of adverse selection (Stigler, 1961).

1.4. The loan markets

Using a credit card, many of us borrow money without additional security. Most credit cards allow their holders to add up to several thousands of dollars in their bank account, and many people have some of these cards. Companies that issue these cards earn revenue by charging borrowers interest payments on debit. But how can you make a company, or such bank borrowers make the difference between "high quality" (refunds) and "low quality" (not back)? Of course, debtors know better than if the companies will pay the debt or not. Lime problem arises again. Companies and banks should charge the same percentage for all borrowers, which attracts more of their category "low quality". In turn, this leads to an increase in the interest rate, which again increases the share of this group, the percentage rise again, etc.

In fact, credit card companies and banks may use some of retrospective data stored on the computer to distribute them and learn to distinguish between borrowers "low quality" and those "high quality". Many people believe that the computerization of credit information violates trade secrets. Are companies allowed to retain this data and share them with each other? We cannot give you the answer to this question, but it is highlight that the credit retrospective information has an important function. It eliminates or at least substantially reduces the problem of asymmetric information and
adverse selection, which could otherwise hamper the functioning of credit markets. Without such retrospective data, even reliable borrowers would consider a loan of money extremely expensive or simply impossible (Shoesmith, 1996).

2. The importance of reputation and standardization

The information asymmetry is also present in many other markets. Here are just a few examples: retail stores (will eliminate such a store or a defect in the product will allow you to return it? Store knows better than your behaviour); dealers of rare stamps, coins, books and paintings (these are original or fake items? trader knows more about you for their authenticity); roofs, plumbers, electricians (really can log in to the roof when the roof regulates or update it to check the quality of his work?); restaurants (how often access to the kitchen to check the freshness of the products used by the chef and his compliance with the laws of health?).

In all these cases, the seller knows much more about product quality than the buyer. And while vendors provide quality information to customers, goods and shoddy services will collect them with high quality and the market will not work. Therefore, vendors of the latter are very keen to convince consumers that their quality is high. In the case of the above example, this is achieved mainly by reputation. Shop at this store because it is known for good customer service; you employ this particular roof and plumbing, as they have a reputation as good workers; you go to this restaurant because it is famous for the freshness of the products used, and none of your friends have not vomited once visited.

Sometimes businessmen are unable to maintain their reputation. For example, most customers at a dinner or motel on a highway go there only once or occasionally during the trip. So, what is this motel and dinner with the problem of lemons? The only way to solve it is standardization. Living in your city, you may not want to eat at McDonald's. However, travelling along the highway and had to eat breakfast, you will choose McDonald's. The fact is that McDonald's offers a standardized product; They used the same ingredients and the same food served at any McDonalds in the country. Maybe Joe Dinner will offer something better, but you know exactly what to buy at McDonald's. An important social good is a private good, the consumption of which is in the public interest (social services) (Sharratt and Usoro, 2003). Criteria:
- community nature of the consumer;
- high level of exclusivity and landing;
- a positive external effect of highlighting;
- provision of benefits by state entities, public and private.
Examples: education, health care, culture, etc.

The cost of the transaction welfare asymmetric.

Various aspects of asymmetric information have interested scientists since long. The first works devoted to this problem was published by J. Eikerlof in the early 70s of the 20th century. His article "Lime Market: Quality Uncertainty and the Market Mechanism" three linked concepts of uncertainty and quality of goods, revealing unexpected reasons for a potential market failure. With an asymmetrical distribution of information (when buyers are forced to use market statistics to determine the true characteristics of goods known only to the seller), the agreements do not relate to the market, and with a symmetrical distribution, both sides expect a gain. Therefore, asymmetric information compels market participants rely on the issue and leading to its collapse (Alavi and Leidner, 1999).

Having built a model for the distribution of information in the market, J. Eikerlof took as example the market of used cars, because it is one that makes it possible to understand the essence of the problem. If not limit the performance of the car in only two signs (new or used, and good or bad), it turns out that a new car and used can be good and bad. When you buy a car, the customer does not know in advance what will face - a new car or a "lemon": he has only a probabilistic assessment of this or that result. When the machine has been in use for some time, it can assess its quality with much greater accuracy. In this case, arises an asymmetry of information available: sellers (owners) of a machine knows more about her than buyers. In such conditions, it is useless for owners of cars with good quality sell them in the secondary market, as a result of which the bad cars drive out the good ones. As demand in this market depends not only on price but also on the quality of the vehicles, the result is quite possible when it is zero, and so the market ceases to exist. Based on such considerations, Professor J. Eikerlof argues that insufficient information about the quality of goods sold leading to a steady decline in prices - the market until it disappears (Radner, 1968).

Similar situations arise in the insurance business when an insured person likely has an informational advantage over the insurance company.
(for example, he better knows his state of health). Therefore, among the people who want to secure themselves, those for whom the risk of an insured event is disproportionately prevalent. This phenomenon is called "choice of evil", and insurance companies struggle with, refusing to sell insurance policies for the elderly (Akerlof, 1995).

But the adventures of insurance companies do not end here. By purchasing a policy, the insured person begins to act recklessly, which increases the chance of an insured event (for example, car theft). Thus, the "moral hazard" (or "subjective") is added to the "selection of the worst."

Thus, J. Eikerlof showed that asymmetric information can lead to the opposite choices on the market. Due to poor awareness of the insurance company or buyers of used car insured in poor health and sellers of low-quality cars begin to dominate the market. M. Spence showed that under certain conditions informed market participants can increase their market movement are "broadcast signals" to other subjects, less informed (Filipova-Neumann and Welzel, 2010).

The concept of "asymmetry of information" appeared as the opposite of the concept of "symmetry of information", which means availability of complete information on an individual about a topic or phenomenon being studied. Asymmetry of information is usually interpreted as a situation in which some of the participants in the transaction market has reliable information, and the other not, or less. According to the author, information asymmetry exists independently of uniform or uneven distribution of information between individuals, as well as its credibility. Information reflects the properties of individual elements and the whole system, without which the latter cannot exist as a system, and its elements, the ingredients should exchange information between them and other systems.

Symmetric or asymmetric development of the material world determines the nature and the nature of the information relating to the ongoing processes. From this it is concluded that the asymmetry of information derived from the asymmetry of the material world development. Keeping the information does not eliminate the asymmetry of development and asymmetry of information itself. Asymmetry is also characteristic for the development of the economic system, which is manifested in the imbalance, imbalance, inconsistency between elements of the system. The asymmetry of information displayed on scarcity, information inaccuracies and inefficiencies, leading to system failure, loss
of social labour, material resources and irrational development of productive forces (Fang, Keane and Silverman, 2006).

The asymmetry of information, according to the author, is a common sign and inalienable of a market economy (and not a market failure), there in all its connections, where there is uncertainty in the development outcome of an event because exposure to unknown reasons, the external factors. Possession of information on market parameters and other factors outside of the unit enables the market to reduce the degree of environmental uncertainty, asymmetry in the development of its production and transform information into a competitive advantage source. In the context of the knowledge economy, "price" of information asymmetry and, accordingly, irrational market grow multiple solutions, which increases the economic importance of supporting economic activity information.

In economics, asymmetric information occurs when one side of a transaction has more information than the other. (English term asymmetric information (al), in Russian literature also called imperfect information, incomplete information). Typically, the seller knows more about the product than the buyer, but the opposite is also possible when the buyer knows more than the seller. There are many examples where the seller has more information than the buyer, these are dealer of used cars, real estate agents, stockbrokers, insurance agents, developers of software and games. As an example of a situation where the buyer knows more than the seller, you can quote a transaction for the sale of real estate in accordance with the will of the deceased. This property was observed for the first time by Kenneth Arrow in a 1963 article entitled "Uncertainty and the welfare economics in health care" in the American Economic Review. George Akerlov in his book "The lemon market" in 1970 built a mathematical model of the market with imperfect information. He noted that in such a market, the average price of a product tends to fall, even with perfect quality products. It is even possible that the market collapse to extinction.

Due to imperfect information, dishonest retailers may offer less quality (cheaper to produce) goods, misleading the buyer. As a result, many buyers, aware of the low average quality, will avoid purchases or will agree to buy only at a low price. Manufacturers of quality goods, in response, in order to fall into the eyes of the average consumer and the seller to bear market, brands can begin certification of goods. The important role of brands in a developed market economy is to serve as a sign of a consistent
quality. Consumers, assessing the quality of products, constitute the reputation of markets and vendors. The arrival of the Internet has facilitated information exchange process among consumers. Allowing you to directly know the product characteristics or its reputation, the Internet reduces information asymmetry (DeMeza and Webb, 2001).

Michael Spence proposed a signalling theory. In a situation of asymmetric information, show people what kind of belonging, thereby reducing the degree of asymmetry. Initially, the job search situation resolved as a model. An employer is interested in recruiting trained personnel. All applicants are, of course, say that they are fully capable of learning. But only applicants themselves have information about the current state of things. This is the situation of information asymmetry.

Michael Spence suggested that degree, for example, of an institution, to serve as a reliable identification signal - this person can learn. Ultimately in an institute is easier for someone who can study and, therefore, is suitable for this employer. Conversely, if a person cannot graduate from an institute, his learning skills are very questionable.

2.1. Asymmetry of information

Asymmetric information running from a situation where important information is available for a market participant, but not to other interested parties.

When analysing a market with high competition usually create an abstract model with all its inherent conventions. It is assumed that in such a market, information is distributed symmetrically, i.e. all participants have the same access. Uncertainty completely absent, which allows the use of tools and resources available in the most efficient manner.

Perhaps the most common way to reduce the asymmetry of information is market signals, or, in other words, information about the economic benefits transmitted from the seller to the buyer. The author of the idea of market signals is 2001 Nobel laureate US economist Michael Spence. Seed is a market signal? The first thing that comes to mind is advertising. But advertising does not provide an asymmetric cut, as it can be applied to goods with high quality and low quality. Therefore, retailers should serve unusual, but effective market signal, i.e. a signal that sellers of high-quality goods than lower ones, are likely to provide (DeDonder and Hindriks, 2009).

Also, market signals can serve as product appearance - sewing high
quality clothes, good furniture conclusion, the aesthetic appearance of food products, etc. - correspond to a higher quality of the product itself; diplomas and certificates in the labour market; the seller's reputation, etc. Michael Spence analysing such a signal the labour market, such as education. How can teach an employer for quality goods purchases, ie. services work? How to recognize a skilled worker among many workers with low skills? In fact, the appearance of the applicant for an interview, it is not easy. An expensive suit, a view of neat, composed of high quality, giving the correct address, etc. they say nothing about the professional skills of the person who came to get a job. In M. Spence model, education is an effective market signal. He speaks to existing capabilities of a prospective employee, because capable people often graduate from universities, institutes, colleges, etc. Thus, employers when hiring new employees,

Also, market signals can be considered guarantees and obligations. Usually, only those firms that produce high quality goods and assume that the provision of these obligations will not become more frequent, provide long-term guarantees for liabilities. And firms that produce low-quality goods, but are not interested in long-term guarantees, which, in this case, would certainly have to be satisfied. Therefore, the guarantees may be considered by buyers as signals about the high quality of goods and they will be willing to pay more for goods sold with warranty.

A combination of firm guarantees of its positive reputation increases the effectiveness of market signals. Promise guarantees from a little-known firm does not create confidence in the consumer that he is buying high quality goods. It is not a coincidence that the motto of Nizhny Novgorod traders in pre-revolutionary Russia was such a slogan: "Profit is above all, but honour is above profit." (Cohen, 2008).

Another way to reduce the asymmetry of information is government intervention. Asymmetry of information is one of the most significant features of information-psychological impact of information and weapons. Being one of the basic principles of information warfare, information asymmetry has a significant influence on the formation of each country's information space. Using the principle of asymmetry of information in information-psychological warfare can be represented in the form of a comparison of symmetric and asymmetric options to influence the pattern of symmetrical protection that exists today in most countries of the world. Asymmetric information Impact (weapon) is invisible to the victim of
aggression and has no symmetrical ranked defensive reaction to it. The asymmetry makes it possible to cause serious damage to the stronger enemy, as always finds weaknesses in its symmetrical protection. The asymmetry of information based on the possibility of coverage of the event, followed by its various aspects, creating various types of news. The asymmetry of information based on the vagueness of the information space. When you block any of its elements, it is always possible to use another free niche. Asymmetry of information is manageable - and the concepts of information warfare technologies are forms of asymmetry of information management. Information Weapons create and exploit information asymmetry. About the asymmetry of information management, an information attack is a way to increase the asymmetry of information, and protecting it is a means to reduce information asymmetry.

2.2. Asymmetric were avoids predictability
A message asymmetric always attracts more attention, acting with greater force than a symmetrical message system (informational messages expected, predictable, are symmetrical). An asymmetric effect passes quietly through a symmetrical protection, since it is designed to contain only symmetrical effects.

The environmental diversity of modern society creates certain areas of asymmetry. This has significant implications for the development of information warfare. Various types of asymmetries can create vulnerabilities. Groups or organizations with different perceptions can carry out attacks in forms that cannot be predicted in a threat analysis focuses on national goals.

The subject of microeconomics has included all the important changes that have occurred in recent years economic mechanism. There is growing interest in strategic interaction of firms, in the role of uncertainty and asymmetric information, the firms below market power pricing strategy. These topics are usually absent or poorly covered in the press. In our book, these themes are given a decent place, but that does not mean it's become more difficult to understand microeconomics or that it requires a special preparation. We tried their utmost to facilitate the understanding of the topic and hope you read this book with benefits. The book has almost no mathematical calculations, so it is available for a wide range of readers (Cohen, 2005).
3. Analyses view

Throughout almost the entire paper, it is assumed that consumers and producers have full information about economic variables about their choice. Now let's see what happens if some participants know more than others, i.e., in the case of asymmetric information.

Asymmetric information is characteristic of many situations in business. As a rule, the seller of a product knows more about its quality than the buyer. Workers know their skills and better skills than employers. And managers know them better skills than the owners of enterprises.

Asymmetric information explains many institutional rules in our society. This concept makes it possible to understand why the automotive companies offer warranties and services for new models, though firms and employees sign contracts providing incentives and rewards, although the corporate stockholders should observe the behaviour of managers.

It is started by examining a situation in which the seller of a product has more precise information about its quality than the buyer. It is seen how this kind of asymmetric information may lead to market failure. In the second part, it is learned how retailers manage to avoid some of the problems associated with asymmetric information signalling potential customers about the quality of their products. Product warranties provide a type of insurance that can be effective if buyers are less informed than sellers. But, as will be shown below, buying insurance brings difficulties if buyers better informed than sellers.

The market may come to equilibrium with a price that ensures the sale of a portion of high-quality cars. But this piece will deliberately be lower than if consumers would be aware of the quality of the machine at the time of purchase. Therefore, I should wait to sell my new car model and in excellent condition is much cheaper than I paid for it. Because of asymmetric information, low-quality products are promoting products with high quality off the market.

Our used car example shows how asymmetric information can lead to the disappearance market. In an ideal world of perfect markets, consumers will have the opportunity to choose between low-quality cars and high quality. Some would choose the former because of their low cost, others would prefer to pay more for the latter. Unfortunately, in the real world, it is not easy for consumers to determine quality used cars at the time of purchase, so their price falls and high-quality cars disappear from the
market. This is just a stylized example, illustrating an important problem that arises for many markets. Consider some other examples of asymmetric information and possible reaction of the government or private firms.

Why do people over 65 have difficulties with health insurance at almost any price risk to be seriously ill for an elderly person is relatively high, but why the price of insurance did not grow because of this risk, the reason is information asymmetry? People who buy insurance and know their general health much better than any insurance company, even if the latter performs a medical examination. Therefore, there is an adverse selection, and to an extent far greater than in the case of used cars. Since most likely is not the healthy people who want to insure themselves, increase their share in the total number of insured. This increases the price of insurance, so that more people healthy, weighing their own risk, prefer not provided.

In fact, credit card companies and banks may use some of retrospective data stored on the computer to distribute them and learn to distinguish between borrowers with low quality and high quality. Many people believe that the computerization of credit information violates trade secrets. Are companies allowed to retain this data and share them with each other? We cannot give you the answer to this question, but I can only observe that the retrospective credit information has an important function. It eliminates or at least substantially reduces the problem of asymmetric information and adverse selection, which could otherwise hamper the functioning of credit markets. Without such retrospective data. We have emphasized the role of signals in the labour markets, but they can also play an important role in many other markets with asymmetric information. Consider the markets for durable goods such as televisions, radio equipment, film and photo products and refrigerators. Many companies produce these products, but some are more reliable than others. If consumers cannot determine which brand is most reliable, the best brands can be sold at higher prices. Firms that produce products with high quality and reliable wish to inform customers about this, but how can they convince answer is through guarantees and warranties. Buyers of cattle see information about the health of many important animals. Individuals unhealthy build more slowly than those of healthy weight and are less suitable for reproduction. Because of asymmetric information in the livestock market (sellers know more than buyers of animal health), most countries have introduced livestock sales guarantees. According to these rules, retailers ensure that their animals do not suffer from contagious diseases and are responsible for
all costs associated with the presence of disease.

The asymmetry of this type of information determines the market failure in which bad products collect good ones. The market failure can be overcome if vendors offer standardized products, provide assurances and guarantees, or find other ways to maintain a good reputation for their products. Sellers can solve the problem of asymmetric information giving customers a kind of signal for the quality of their product. For example, employees can signal their high productivity with a good education. Asymmetry of information may be associated with increased costs for company owners (the client) to monitor the behaviour of company managers (the agent). Managers may be interested in additional benefits for themselves or to maximize total revenue, even though shareholders should maximize profits. Asymmetry of information may explain the presence of substantial unemployment, while some workers are actively seeking work order. According to the effective wage theory, its level in excess of competitive salaries (effective wage) increases productivity by discouraging workers to assume their responsibilities. The concept of asymmetric information is closely linked to the concept of efficiency of the capital market. Its meaning is that certain categories of persons may have information that is as inaccessible to all market participants. Asymmetric is a concept that explains the existence of the market, because each participant hopes that the information that he may not be known to its competitors, and therefore he can take an effective decision. Discuss the concept of asymmetric information. Is it possible to achieve absolute symmetry of information on the securities market?

There is another important difference between financing through mergers symmetry of shares by payment in cash. It should be noted that the company's management information A, the initiator of the union, has information on the prospects of their company's development, which, of course, not possessed by other market participants. Economists call this phenomenon asymmetric information, or unequal access to information.

Assignment - a document, an order according to which an open-ended loan officer or an institution or a certain amount issued for a specific purpose. Asymmetric information a situation in which individual participants in the transaction have important information to other interested parties have not. So far, we have added to our analysis details and new considerations about two aspects of insolvency market - public goods and external effects. There is another aspect, less clear. Market
inefficiencies manifested when buyers or sellers do not have complete and accurate information, and to get it, they should be paid an exorbitant price. In a more specialized language, this type of market insolvency arises from asymmetric information, namely the uneven information that the parties to a transaction on the market. This means that buyers and sellers have different information about the price, quality or any other characteristic of the product or service. Asymmetric information on goods can lead to the formation of such markets where vendors will offer only defective goods. One explanation for this paradox is based on the idea of asymmetric information for used cars. Asymmetric information may lead to market failure as a result of which scarce resources of society will be distributed inefficiently.

Asymmetric information. Buyers of medical services generally have little understanding of complex diagnostic and therapeutic procedures, while sellers of these procedures - doctors - have all the information they need. This creates an unusual situation where the doctor (provider) as representative of the patient (customer) tells the patient what medical services should consume. The value of asymmetric information product quality was analysed for the first time by George Akerlof. Analysis of Akerlof goes much farther than the market of used cars. Markets for insurance, loans and even work also characterized by asymmetric information about the quality. To understand its meaning, we begin with the market used car and then see how the same principles apply to other markets.

The information asymmetry is manifested clearly in this market. One of the potential buyers, respectively, the previous team player is aware of his abilities than other teams. In the case of used cars, we could control the information asymmetry with data for their repair. In baseball, we can compare data disability athletes. If they train intensively and perform rigorous programs of physical exercise, then we should expect a low probability of damage and a high degree of adaptability when hurt. In other words, the players have trained less likely to sit on the bench. If the lemons market exists, then the level of legal ability to free players can be considered lower than that of the renewed contract. In some cases, Physical data of the athletes themselves, known for their teams, define a second level of these candidates for a contract extension. Since most of these players should be free, they will have higher skills for health reasons.

We have seen that asymmetric information in some cases leads to
lemons. Since retailers know more about the quality of goods than the buyer, the latter may assume it is low, and therefore prices are falling, and sold only low-quality goods. We have also seen how government intervention (for example, in the health insurance market) or maintaining a reputation (for example, in the service sector) can help partially solve this problem. We will now consider another mechanism, not less important that allows buyers and sellers to overcome information asymmetry - market signals. The market signals concept was developed for the first time by Michael Spence, who showed that in some markets,

This phenomenon of asymmetric information explains why the stock price of companies that initiate merger usually decreases when it is known that the merger will be based on the exchange of shares. According to P. Askin, R. Brunner and D. Mullins, during the period from 1973 to 1983, the average decline in the price of shares in such cases was 2.5%. In contrast, according to their observations, following the merger notification with payment in cash, the stock price of companies that initiate transactions rose by an average of 0.8%. By analysing the properties of the world oil market information space, we concluded that the main properties of this space is no information asymmetry (its accessibility to one of the participants in the transactions and inaccessibility to others). The main property of this space is its inequality, i.e., inaccessibility of the most important part of information about the oil market for any of the subjects of this market. In terms of non-equilibrium nature of environmental information, none of the subject’s market is unable.

4. Conclusions

- First of all, information asymmetry is manifested in the employment of workers stage.
- The concept of asymmetric information is closely linked to the concept of efficiency of the capital market.
- An asymmetric effect passes quietly through a symmetrical protection, since it is designed to contain only symmetrical effects.
- Asymmetric information is the uneven distribution of information about the product between the parties to the transaction.
List of References
