

# Motivating Performance

November 23, 2016, 08:15-18:00, Location: see KSL.

November 24, 2016, 10:15-18:00, Location: see KSL.

Introductory session: September 22, 2016, 13:15-16:45, Location: see KSL.

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## 1. Content

This course is a research seminar for master students in Accounting, Control, and Finance. As a pre-requisite, participants should have a basic expertise in managerial accounting, finance and principal-agent-theory. **The course language is English.** The number of participants is constrained to a maximum of 14.

The purpose of the course is twofold: first, students will deepen their knowledge of some central accounting topics with a specific focus on the question of how performance can be motivated in firms. Second, students will gain insights into how to understand, analyze and conduct empirical accounting research (e.g., experiments and surveys) and how to prepare a research proposal. Introductory literature into the methodology of experimental research will be uploaded to ILIAS and represents mandatory reading material.

The seminar will be organized in four blocks of different fields of accounting research: *Creativity, Sustainability and Sustainability Reporting, Target Setting, and Team Incentives*. Students will be assigned to one of these blocks and provided with some relevant research literature in this field. **Each student's task consists in developing his/her own research question and proposal in the assigned field of accounting research and to write a seminar paper on this research proposal (in English; max. 12 pages without title page, index and bibliography; 12pt font size; 1.5 line spacing), that has to be submitted until November 6, 2016 (23h59).** Therefore, students will have to **search for further literature and understand the current state of the art, its limitations and gaps in the field before developing their own research question.**<sup>1</sup> Based on their knowledge of the relevant literature

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<sup>1</sup> Good journals include, e.g. Accounting, Organizations and Society; The Accounting Review; Contemporary Accounting Research; Journal of Accounting and Economics; Journal of Accounting Research; Review of Accounting Studies; Journal of Management Accounting Research; Behavioral Research in Accounting or Management Science.

in the field and the topics treated in this field, students will develop their own research idea. They are then supposed to **develop their own theory, hypotheses and research design**. The methodology of their research proposal can be either experimental, empirical (archival or survey) or analytical, depending on what method fits best to answer the research question. Hence, the seminar papers are not mere summaries of the existing research; students are explicitly required to provide in-depth explanations of the theories and empirical findings as well as to challenge the findings they present later to the class.

The seminar paper is expected to include the following points: i) current state of literature, ii) identification of an interesting research question, iii) theory leading to the hypotheses and iv) sketch of the research design including the so called *Libby-Boxes*<sup>2</sup> that will be explained in the introductory session.

The content of the seminar paper will then be **presented** (~30min). Afterwards, the project will be **discussed in group** (~15min). To facilitate the discussion, each student prepares a **short handout** (max. 2 pages) for his/her presentation containing the most important points of your paper and the before mentioned *Libby-Boxes*.

All students are **prepared for every session**, i.e. they prepare the corresponding readings and handouts and they **participate actively** in the class discussions. Comments based on scientific arguments are expected to be inquisitive, thoughtful and helpful for the presenters. Therefore, when preparing the presentation, they should think about some questions and problems they can share with their fellow students, making it easy to start a discussion in class.

Participants are required to **be present during all sessions**, i.e. also during the **introductory session** in which preferences for topics can be stated and the **workshop on literature research** (except those, who verifiably already participated).

The **final deadline to register** is **September 1, 2016** (23h59) by email to [beatrice.pidoux@iuc.unibe.ch](mailto:beatrice.pidoux@iuc.unibe.ch). Together with the registration, the current profile sheet ("Studienblatt") is required as well as additional information about the stage of studies and the motivation for the seminar (e.g. plans for the master thesis). A participant list will be uploaded to the institute's homepage. The topics will be assigned after the introductory session, no later than September 27, 2016.

Whenever the number of registrations exceeds the maximum number of 14 participants for this seminar, we will select students based on the following criteria:

- Grades in accounting classes,
- Motivation letter,
- Current state of master studies.

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<sup>2</sup> LIBBY, R. 1981. *Accounting and Human Information Processing: Theory and Applications*. Eaglewood Cliffs (NJ): Prentice Hall: 10-15.

## Course Evaluation

- Classroom contribution (20%)
- Presentation and handout (40%)
- Written seminar paper (40%)

## Workshop on Literature Research

Mr. Beda Scherrer holds a mini-workshop on how to most efficiently organize a literature research on **September 22, 2016**, from 12:00 to 13:00 (Kursraum Engehalde (PC), Room -105, Neubrückstrasse 10 (Areal Engehalde)). All students (except those, who verifiably already participated) are required to participate in this workshop.

## 2. Organization

The course takes place on **November 23, 2016** from 8:15 to 18:00 and on **November 24, 2016** from 10:15 to 18:00. Students who like to participate **must attend the introductory session on September 22, 2016**, from 13:15-16:45.

Please reserve the following dates in your agenda:

- September 22, 2016, 12:00-13:00, and 13:15-16:45
- November 23, 2016, 8:15-18:00,
- November 24, 2016, 10:15-18:00.

Remember also, that students must register until **September 1, 2016 (23h59)** by email to [beatrice.pidoux@iuc.unibe.ch](mailto:beatrice.pidoux@iuc.unibe.ch). Note that the registration is decisive and binding.

Students who will be presenting send their slides and handouts until **November 20, 2016 (23h59)** to [christoph.hoerner@iuc.unibe.ch](mailto:christoph.hoerner@iuc.unibe.ch), so that the handouts can be made available to the whole group on ILIAS. **Minor** adjustments can be made afterwards; the grades will be based on the versions students present in class.

**The seminar paper has to be submitted until November 6, 2016 (23h59)** to [markus.arnold@iuc.unibe.ch](mailto:markus.arnold@iuc.unibe.ch) and [christoph.hoerner@iuc.unibe.ch](mailto:christoph.hoerner@iuc.unibe.ch). Missing the deadline will definitely lead to the attribution of the minimal mark (1.0). Basic literature will be made available shortly after the registration deadline.

### 3. Topics and Readings

#### **Basic Mandatory Reading on Experimental Methodology:**

LIBBY, R., R. BLOOMFIELD, and M. W. NELSON. 2002. Experimental Research in Financial Accounting. *Accounting, Organizations and Society* 27 (8): 775–810. (methodology, Libby-Boxes and possible applications with focus on financial accounting)

SMITH, M. 2003. *Research Methods in Accounting*. London, Thousand Oaks, New Delhi: Sage Publications, Chapter 6: Experimental Research, 100-116.

SPRINKLE, G. B., and M. G. WILLIAMSON. 2007. Experimental Research in Managerial Accounting. In *Handbook of Management Accounting Research (Volume 1)*, edited by C. S. CHAPMAN, A. G. HOPWOOD, and M. D. SHIELDS. Oxford/ Amsterdam: Elsevier, 415-444. (rather topic orientated introduction to research in experimental research in managerial accounting)

#### Optional:

GUALA, F. 2005. *The Methodology of Experimental Economics*. Cambridge: University Press, 11-6, and 62-83.

FRIEDMAN, D., and S. SANDER. 1994. *Experimental Methods: A Primer for Economists*. Cambridge: University Press, 1-37.

LIBBY, R. 1981. *Accounting and Human Information Processing: Theory and Applications*. Eaglewood Cliffs (NJ): Prentice Hall, 10-15. (where the Libby-Boxes originate from)

#### **Basic Reading “Creativity”:**

GRABNER, I. 2014. Incentive System Design in Creativity-Dependent Firms. *The Accounting Review* 89 (5): 1729-1750.

KACHELMEIER, S., B. REICHERT, AND M. D. WILLIAMSON. 2008. Measuring and Motivating Quantity, Creativity, or Both. *Journal of Accounting Research* 46 (2): 341-373

KACHELMEIER, S., AND M. D. WILLIAMSON. 2010. Attracting Creativity: The Initial and Aggregate Effects of Contract Selection on Creativity-Weighted Productivity. *The Accounting Review* 85 (5): 1669-1691.

**Basic Reading “Sustainability and Sustainability Reporting”:**

BALAKRISHNAN, R., G. B. SPRINKLE, and M. G. WILLIAMSON. 2011. Contracting Benefits of Corporate Giving: An Experimental Investigation. *The Accounting Review* 86 (6): 1887–907.

CHURCH, B. K., W. JIANG, and X. (J.) KUANG. 2015. A Dollar For a Tree or a Tree for a Dollar? The Behavioral Effects of Measurement Basis on CSR Investment Decision. Working Paper, Georgia Institute of Technology, Jinan University.

MARTIN, P. R. 2014. Corporate Social Responsibility and Managerial Reporting. Working Paper, Indiana University.

**Basic Reading “Target Setting”:**

ARNOLD, M.C., AND M. ARTZ. 2015. Target Difficulty, Target Flexibility, and Firm Performance: Evidence from Business Units’ Targets. *Accounting, Organizations and Society* 40: 61–77.

BOUWENS, J., AND P. KROOS. 2011. Target ratcheting and effort reduction. *Journal of Accounting and Economics* 51: 171–185.

WEBB, R. A., S. A. JEFFREY, AND A. SCHULZ. 2010. Factors Affecting Goal Difficulty and Performance when Employees Select their Own Performance Goals: Evidence from the Field. *Journal of Management Accounting Research* 22: 209–232.

WEBB, R. A., M. G. WILLIAMSON, AND Y. M. ZHANG. 2013. Productivity-target Difficulty, Performance-based Pay and Outside-the-box Thinking. *The Accounting Review* 88(4): 1433–1457.

**Basic Reading “Team Incentives”:**

ARNOLD, M.C., AND I. TAFKOV. 2015. Managerial Discretion and Task Interdependence in Teams, Working Paper, University of Bern and Georgia State University.

FISHER, J.G., S. A. PEPPER, AND G. B. SPRINKLE. 2003. Budget-Based Contracts, Budget Levels, and Group Performance. *Journal of Management Accounting Research* 15: 51-74.

NALBANTIAN, H. R., AND A. SCHOTTER. 1997. Productivity Under Group Incentives: An Experimental Study. *The American Economic Review* 87 (3): 314-341.

*All papers and reading materials are available at the Institute for Accounting.*