

Motivating Performance

September 30, 2021, 10:15-12:45, Introductory session

November 24, 2021, 08:30-18:00, Seminar

November 25, 2021, 08:30-12:00, Seminar

Location: see KSL

See also Point 4: Organization and Schedule

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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 effects of motivating performance 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: *Input- and Output-related Incentives*, *Team Incentives*, *Incentives in Multi-Task Settings* and *Incentives in New Product Development*. 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 by November 09, 2021 (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.¹ Based on their knowledge of the relevant literature 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*² 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.

2. Course Evaluation

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

¹ 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.

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

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 “*Input- and Output-related Incentives*”

Arnold, M. C., R.L. Hannan, and I. D. Tafkov. 2020. Mutual Monitoring and Team Member Communication in Teams. *The Accounting Review* 95(5): 1-21.

Chan, E. W., S. J. Kachelmeier, and X. Zhang. In press. Working Longer but Not Harder: The Effects of Incentivizing Inputs versus Outputs in a Heterogeneous Workforce. *The Accounting Review*, forthcoming.

Mohanan, M., K. Donato, G. Miller, Y. Truskinovsky, and M. Vera-Hernandez. 2019. Different Stroles for Different Folks: Experimental Evidence on the Effectiveness of Input and Output Incentive Contracts for Health Care Providers with Varying Skills. NBER Working Paper.

Basic Reading “*Team Incentives*”:

Arnold, M. C., and I. D. Tafkov. 2019. Managerial Discretion and Task Interdependence in Teams. *Contemporary Accounting Research* 36(4): 2467–2493.

Fisher, J.G., S. A. Pfeffer, and G. B. Sprinkle. 2003. Budget-Based Contracts, Budget Levels, and Group Performance. *Journal of Management Accounting Research* 15: 51-74.

Maas, V. S., M. van Rinsum, and K. L. Towry. 2012. In Search of Informed Discretion: An Experimental Investigation of Fairness and Trust Reciprocity. *The Accounting Review* 87 (2): 617–644.

Basic Reading “Incentives in Multi-Task Settings”

Hecht, G., I. D. Tafkov, and K. L. Towry. 2012. Performance Spillover in a Multitask Environment. *Contemporary Accounting Research* 29(2): 563-589.

Christ, M. H., S. A. Emmett, W. B. Tayler, and D. A. Wood. 2016. Compensation or Feedback: Motivating Performance in Multidimensional Tasks. *Accounting, Organizations and Society* 50: 27-40.

Brüggen, A., C. Feichter, and M. G. Williamson. 2018. The Effect of Input and Output Targets for Routine Tasks on Creative Task Performance. *The Accounting Review* 93(1): 29-43.

Basic Reading “Incentives in New Product Development”

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

Kachelmeier, S. J., R. A. Webb, and M. G. Williamson. 2020. Do Performance-Contingent Incentives Help or Hinder Divergent Thinking? Working Paper.

Burroughs, J. E., D.W. Dahl, C. P. Moreau, A. Chattopadhyay, and G. J. Gorn. 2011. Facilitating and Rewarding Creativity During New Product Development. *Journal of Marketing* 75: 53-67.

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

Basic literature will be made available shortly after the registration deadline.

4. Organization and Schedule

The **final deadline to register** is **September 7, 2021** (23h59) by email to mariza.chavezsteinmann@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). Note that the registration is decisive and binding.

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.

In addition to the email registration, students are required to **register in KSL**.

The **course** takes place on November 24, and on November 25, 2021. Students must also attend the **introductory session** on September 30, 2021.

Please reserve the following dates in your agenda:

- September 30, 2021, 10:15-12:45
- November 24, 2021, 08:30-18:00
- November 25, 2021, 08:30-12:00

The **seminar paper** has to be submitted by **November 09, 2021** (23h59) to markus.arnold@iuc.unibe.ch and mariza.chavezsteinmann@iuc.unibe.ch. Missing the deadline will definitely lead to the attribution of the minimal mark (1.0).

Students who will be presenting send their **slides and handouts** by **November 21, 2021** (23h59) to mariza.chavezsteinmann@iuc.unibe.ch, so that the handouts can be made available to the whole group on ILIAS. Minor adjustments on the slides can be made afterwards; the grades will be based on the versions students present in class.