

Masterarbeit am Lehrstuhl Controlling – Februar 2024

Topic: Subjective performance measures in incentive contracts

Many firms remain some discretion in determining the compensation of their employees. They evaluate employees' performance based on subjective performance measures and use such unverifiable information in determining bonuses. This observation can hardly be explained by static agency models that require verifiability of performance measures. However, the practical use of subjective performance measures can be explained in a dynamic environment if firms and employees enter relational contracts. The firm promises to grant bonuses based on subjective information, and it is penalized by the labor market if it violates this contract in future periods. Importantly, such relational contracts must be self-enforcing to be credible.

This thesis reviews the theoretical accounting literature on relational contracts. It provides a detailed analysis of the seminal work of Baker, Gibbons and Murphy (1994) and summarizes recent contributions such as Baldenius, Glover, and Xue (2016) and Glover and Xue (2020). Based on the theoretical analysis and the literature review, the author formulates conclusions about the practical use of subjective performance measures.

Ausgangsliteratur

- › Baker, G., R. Gibbons and K. J. Murphy (1994). Subjective performance measures in optimal incentive contracts. *Quarterly Journal of Economics*, 109, pp. 1125-1156. <https://doi.org/10.2307/2118358>
- › Baldenius, T., J. Glover, and H. Xue (2016). Relational contracts with and between agents. *Journal of Accounting and Economics*, 51, pp. 369-390. <https://doi.org/10.1016/j.jacceco.2016.01.002>
- › Glover, J., and H. Xue (2020). Team incentives and bonus floors in relational contracts. *The Accounting Review*, 95, pp. 181–212. <https://doi.org/10.2308/tar-2016-0630>

Bewerbungsprozess

Interessierte Studierende können sich bis **26.02.2024** per E-Mail bewerben. Dazu senden Sie mir bitte ein aktuelles Sammelzeugnis und ein Motivationsschreiben an ulrich.schaefer@univie.ac.at. Für die Bearbeitung des Themas ist das Verständnis von einfachen Vertragsmodellen von Vorteil. Bitte legen Sie im Motivationsschreiben dar, inwiefern Sie mit vertragstheoretischen Prinzipal-Agenten-Modellen vertraut sind.

Weitere Informationen finden Sie unter

<https://controlling.univie.ac.at/master/masterarbeiten/>

Ass.-Prof. Dr. Ulrich Schäfer

Universität Wien

Institut für Rechnungswesen, Innovation und Strategie

Oskar-Morgenstern-Platz 1

1090 Wien

phone: +43 1 4277 38007

email: ulrich.schaefer@univie.ac.at