

Masterarbeit am Lehrstuhl Controlling – Juni 2024

Topic: Optimal design of managerial bonus pools

Many firms use bonus pools as one component of management compensation. From a theoretical perspective, a benefit of such bonus pool arrangements is that they can be based on subjective, unverifiable performance measures. A firm commits to a specific amount that will be paid out in total while the distribution of the bonus pools to individual managers is based on subjective measures. This mechanism allows firms to provide incentives based on unverifiable information, which is difficult to use in individual bonus contracts. At the same time, bonus pools come at a cost. The firm must pay out the total bonus amount even if the management performed poorly.

This thesis provides insights into the benefits and costs of bonus pools arrangements. The author outlines and explains the model analysis of Rajan and Reichelstein (2006) and Rajan and Reichelstein (2009) and summarizes recent developments in this field such as Budde and Hofmann (2023).

Ausgangsliteratur

- › Rajan, M. V., and S. Reichelstein (2006). Subjective performance indicators and discretionary bonus pools. *Journal of Accounting Research*, 44, pp. 585-618. <https://doi.org/10.1111/j.1475-679X.2006.00212.x>
- › Rajan, M. V., and S. Reichelstein (2009). Objective versus subjective indicators of managerial performance. *The Accounting Review*, 84, pp. 209-237. <https://doi.org/10.2308/accr.2009.84.1.209>
- › Budde, J., and C. Hofmann (2023). Dynamic bonus pools. *The Accounting Review*, forthcoming. <https://doi.org/10.2308/TAR-2019-0442>

Bewerbungsprozess

Interessierte Studierende können sich bis **17.06.2024** 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.

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

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