

Topic: Conservative Accounting and Innovation Incentives

The design of a firm's accounting system is important not only because it affects information in capital markets but also because it guides the decisions of firm management. An interesting question is how systematic biases in accounting reports affect managers' investment and innovation decisions. In this context, conservative accounting plays a crucial role. Conventional wisdom suggests that more conservative accounting weakens managers' incentives to innovate since it imposes stricter verification standards for recognizing favorable information. However, these considerations neglect the fact that conservative accounting also alters the optimal design of a firm's control system (for instance, the design of incentive contracts and management information systems).

This thesis studies the effects of conservative accounting on management's innovation incentives when incentive contracts are chosen endogenously and are tailored to the accounting system in place. The author provides an overview of the empirical and theoretical literature on accounting information and firm innovations, followed by a detailed analysis of the theoretical model in Laux and Ray (2020). The objective of the thesis is to critically discuss the potential effects of accounting information design on innovation incentives and to situate the findings within the existing literature.

Ausgangsliteratur

- › Kwon, Y., P. Newman, and Y. Suh (2001). The demand for accounting conservatism for management control. *Review of Accounting Studies* 6(1), pp. 29-52.
<https://doi.org/10.1023/A:1011330003876>
- › Laux, V. and K. Ray (2020). Effects of accounting conservatism on investment efficiency and innovation. *Journal of Accounting and Economics* 70, 101319.
<https://doi.org/10.1016/j.jacceco.2020.101319>

Bewerbungsprozess

Interessierte Studierende können sich bis **30.05.2025** 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 und die erforderlichen mathematischen Grundlagen beherrschen.

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<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