***JMAR* Plenary**
1/9/2026
8:30:00 AM-10:00:00 AM

Extracting Information from Compensation Actually Paid: Stock Price Effects vs. Other Signals
Mary Ellen Carter (1), Andrea Pawliczek (2)
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'Compensation Actually Paid' (CAP) in the SEC's 'Pay versus Performance Disclosure' represents a rare but significant update to required compensation disclosure. Because CAP requires new and existing equity grants to be valued at year-end, stock price changes likely explain a significant portion of the difference between CAP and reported total compensation. Consistent with this, we find that 70% of the difference is explained by the effects of stock price changes on the executive's equity portfolio, information that is publicly observable. We then consider whether the unexplained portion contains new information not previously available to investors such as changes in firms' expectations about future performance share payouts. We provide two methods to extract the portion of CAP attributable to price changes using machine readable data allowing estimation of the remaining portion of CAP likely to contain new information. We find that this unexplained portion is associated with future operating and stock performance in firms where CAP is more likely to be informative (e.g., cases where the executive has an equity or performancevested equity portfolio).

***JMAR* Plenary**
1/9/2026
8:30:00 AM-10:00:00 AM

The Behavioral Effects of Approval Authority on Budget Reporting in Hierarchical Non-remote and Remote Environments

Heba Abdel-Rahim (1), Jeremy Lill (2), Jason Kuang (3)
(1) University of Toledo, Ottawa Hills, OH, (2) University of Kansas, Lawrence, KS, (3) Georgia Institute of Technology, Atlanta, GA

We conduct two experiments to examine budget reporting in hierarchical work settings (owners, managers, and employees) under non-remote and remote conditions, respectively. We investigate employees' and managers' reporting behavior when managers have the authority to approve or reject employees' budgets. We predict and find that the presence of budget approval authority increases employees' honesty in both non-remote and remote environments. More importantly, exercising this authority has no significant impact on managers' own honesty in non-remote settings but increases managers' honesty in remote environments due to their enhanced empathy towards owners. Supplemental data further support our theory, suggesting that exercising approval authority leads to a higher level of affective empathy, which in turn increases managers' honesty in remote environments. We discuss the implications of our findings for both research and practice.

***JMAR* Plenary**
1/9/2026
8:30:00 AM-10:00:00 AM

The Effect of Monitoring on Teleworkersâ€™ and Office Workersâ€™ Behavior

Rebecca Sabel (1), Niklas Kahl (1), Arnt WÃ¶hrmann (2), Corinna Ewelt-Knauer (3)
(1) Justus Liebig University, Giessen, Germany, (2) University of Giessen, GieÃŸen, Germany, (3) Universitat Muenster, Muenster, Germany

Today's working environment is shaped by two megatrends: telecommuting and surveillance. While both are widespread in practice, research on how telecommuting affects employee behavior and interacts with monitoring remains scarce. In an experiment, we examine differences in effort and misreporting between teleworkers and office workers. We manipulate the presence of monitoring and focus on a setting that allows employees to reciprocate or retaliate against their employer. Consistent with our predictions, teleworkers exhibit greater effort and misreport less than office workers. A path analysis reveals that these effects are driven by reciprocity. Further, we find that monitoring leads to a greater reduction in effort and misreporting among office workers compared to teleworkers. Our study provides important implications for the design and implementation of management control systems.

1.01: AI and Human Collaboration
1/9/2026
10:30:00 AM-12:00:00 PM

Employees' Creativity with AI Evaluators
Michele Fumagalli (1)
(1) Bocconi University, Milan, Italy

This study explores how artificial intelligence (AI) evaluators of creative outputs, instead of human evaluators, influence employees' creativity. It investigates whether the effect depends on the type of feedback provided by the evaluator and on whether the evaluation influences employees' rewards. Results of an online experiment show that AI evaluators reduce employees' creativity compared with human evaluators when the feedback includes numeric scores and the evaluation influences employees' rewards. In contrast, the effect is not significant when the feedback is non-numeric or the evaluation does not influence employees' rewards. Employees perceive AI evaluators that generate numeric feedback as adopting a quantitative evaluation approach. This perception diminishes intrinsic motivation, thereby reducing employees' creativity. Results can be explained by a process of perspective-taking. Employees may struggle to anticipate the assessment of evaluators that they perceive as different from themselves, such as AIs adopting a quantitative evaluation approach.

1.01: AI and Human Collaboration
1/9/2026
10:30:00 AM-12:00:00 PM

The Impact of an AI Evaluator on Creative Idea Sharing: Evidence from an Experiment
Kyle (Zhiping) Mao (1), Jasmijn Bol (2), Lisa LaViers (2), Jason Sandvik (3)
(1) Texas State University, San Marcos, TX, (2) Tulane University, New Orleans, LA, (3) The University of Arizona, Tucson, AZ

In the modern economy, where innovation is a key driver of firm value, managers must design management control systems to effectively elicit creative ideas from their employees. These control system decisions have become more complex in recent years with the rapid rise of workplace artificial intelligence (AI). In this study, we specifically focus on the role of AI in evaluating employees' creative ideas. We conducted an experiment in which participants were asked to generate and share creative ideas in a marketing-type task. Participants were randomly assigned to one of four experimental conditions in a 2 Ã— 2 between-subjects design that manipulated (1) how participants' ideas would be evaluated (by AI or humans) and (2) how the participants would be compensated for submitting their ideas (quantity-based incentives or quality-based incentives). We find that participants submitted significantly more and higher quality ideas when they were evaluated by AI, as opposed to humans, and we find some evidence that these effects are moderated by the type of incentive structure that participants are faced with. These findings have important implications for managers, because they indicate that managers can use AI evaluators to reduce the costs associated with assessing creative output while simultaneously increasing the quantity and quality of employees' creative output.

1.01: AI and Human Collaboration
1/9/2026
10:30:00 AM-12:00:00 PM

Incentive Design for Humanâ€“AI Collaboration: Aligning Human Effort with Marginal Value

Shanming Liu (1), Jasmijn Bol (2)
(1) Essec Business School, Paris, France, (2) Tulane University, New Orleans, LA

The rapid advances in AI have transformed how work is organized, moving beyond automation toward humanâ€“AI collaboration, or augmentation. While augmentation enhances productivity, accuracy, and clarity, organizations have struggled to realize its full potential, as both over-reliance and under-reliance on AI often lead to misallocated effort. Drawing on HolmstrÃ¶m and Milgrom's (1991) multitasking theory, we develop a framework for redesigning incentive systems in AI- augmented work. We argue that incentives must be reweighted to direct human effort toward task dimensions where human input has the highest marginal value, while reducing emphasis on AI- supported dimensions. We apply this framework to the creativity setting, where novelty requires substantial human input but clarity and feasibility are strongly AI-supported. We test our predictions in a pre-registered laboratory experiment where participants, who use AI to develop creative proposals, were assigned either to a novelty-based incentive condition or an overall- quality incentive condition. Results show that novelty incentives led to proposals rated higher in both overall quality and originality, without reducing feasibility, usefulness, or clarity. Computational text analysis confirmed that novelty incentives increased semantic dispersion, and process-level transcript analysis revealed more exploratory and diverse engagement with AI. The study contributes to research on humanâ€“AI collaboration by showing how reweighting incentives aligns human effort with its greatest marginal value, thereby offering a management controlâ€“based solution to counter effort misallocation in the AI era.

1.02: Contemporary Topics
1/9/2026
10:30:00 AM-12:00:00 PM

When Data Visualization Backfires: The Effect of Mood and Data Visualization on Mood-Congruence Bias

xin xu (1), Huaxiang Yin (2), Yasheng Chen (3)
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Data visualization, widely adopted for its benefits of efficiency in information processing, may introduce unintended biases in managerial decisions. In a 3x2 between-subject experiment in which participants evaluate a subordinate's performance report, we manipulate whether participants are in positive, negative, and neutral mood and whether the performance report is presented in textual descriptions or graphs. We predict and find that data visualization mitigates mood-congruence bias among participants in a positive mood, but it exacerbates this bias among participants in a negative mood. Supplemental analyses using eye-tracking evidence reveal that increasing data visualization shifts negative-mood participants' attention to negative performance indicators. Our results suggest that data visualization could exacerbate biases in managerial decisions and therefore caution firms against blind adoption of data visualization techniques.

1.03: Top Management Teams
1/9/2026
10:30:00 AM-12:00:00 PM

Do Chief Information Officers Improve or Impair Operations? Testing the Impact of CIO Presence and Other Conditional Factors on Operational Efficiency

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(1) University of Nebraska-Omaha, Omaha, NE, (2) University of Nebraska at Omaha, Omaha, NE, (3) University of Nebraska Omaha, N/A

This study investigates the causal impact of Chief Information Officer (CIO) presence on firm operational efficiency. While CIOs are widely regarded as key drivers of digital transformation and strategic alignment, empirical evidence on their operational impact remains inconclusive. Using a firm-year panel dataset from 2004-2019, we employ a two-stage least squares (2SLS) instrumental variables approach to estimate the effect of CIO presence (CIO) on operational efficiency, controlling for firm fixed effects. To address endogeneity concerns, we instrument CIO presence with PEERCIODENSITY, defined as the proportion of peer firms in the same industry and year that have a CIO. We find a negative association between the presence of a CIO and firm operational efficiency. These findings are robust to alternative measures of operational efficiency. Additional tests suggest that the negative effect of CIO presence on overall efficiency is primarily reflected in reduced asset utilization and labor efficiency, as captured by lower fixed asset turnover and revenue per employee. In additional tests, we find this negative association is mitigated in firms with foreign operations and firms with merger and acquisition activities. Lastly, looking at a sample of CIO firms, we find that while CIO presence is generally associated with lower operational efficiency, this negative effect is mitigated when CIOs have broader professional ties. That is, within the subsample of firms with a CIO, stronger CIO networks are positively associated with operational performance.

1.03: Top Management Teams
1/9/2026
10:30:00 AM-12:00:00 PM

Compensation Incentives and the Effect of Chief Sustainability Officers
Jonathan Black (1), Tongqing Ding (1), Bjorn Jorgensen (2), Naomi Soderstrom (1)
(1) The University of Melbourne, Melbourne, Australia, (2) Copenhagen Business School, Frederiksberg, Denmark

Companies appoint Chief Sustainability Officers (CSOs) to advance their Environmental, Social, and Governance (ESG) agendas. For most companies, CSOs are part of the broader executive team, but it is becoming more common for CSOs to be included amongst companies' five highest-paid executives, suggesting they have an influential role in the company. In this paper, we investigate how this choice is related to company sustainability and financial performance and how CSO incentives moderate these relations. We find that relative to having a CSO that is not one of the top-paid executives, having a highly paid CSO is associated with higher sustainability performance, but with lower financial performance. This association is the strongest when the highly paid CSO has ESG metrics in his/her compensation contract. The composition of CSO compensation also matters; CSOs who have a higher proportion of compensation paid as salary are associated with the greatest subsequent improvements in sustainability performance.

1.03: Top Management Teams
1/9/2026
10:30:00 AM-12:00:00 PM

From CFO to CEO: the Role of General Human Capital

Shan Wang (1)
(1) Loyola Marymount University, Los Angeles, CA

Chief Financial Officers (CFOs) increasingly ascend to CEO positions, yet little is known about the attributes that facilitate this advancement. Drawing on human capital theory, this study examines how generalist managerial experience affects CFOs' likelihood of advancing to the CEO role. Analyzing U.S. public firm CFOs from 2000 to 2023, I find that CFOs with broad experience across functions and industries are more likely to be appointed as CEOs. Further analysis shows that industry breadth can compensate for limited functional breadth, but the reverse does not hold. Additionally, functional generalism and social capital enhance male CFOs' promotion prospects, whereas financial reporting quality enhances female CFOs' visibility, suggesting that female managers rely more on formal performance signals for advancement and that the CFO labor market remains segmented by gender.

1.04: Supply Chain
1/9/2026
10:30:00 AM-12:00:00 PM

Information Hostage: Inter-Firm Proprietary Information Sharing and Supply Chain Lock-In

Enshuai Yu (1)
(1) Boston College, Chestnut Hill, MA

This study investigates whether and how proprietary information sharing impacts supply chain lock-in. Using a hand-collected dataset of supply chain contracts, I develop a contract-based measure of potential proprietary information sharing in supply chains, captured by the intensity of confidentiality provisions. Validation tests show that this measure correlates positively with both parties' proprietary cost concerns, and that higher-confidentiality-intensity contracts are linked to improved managerial learning, particularly in firms' information environments and investment decisions. Main analyses indicate that supply chain relationships involving greater proprietary information sharing are more prone to lock-in, as reflected in longer ex-post durations and a lower likelihood of termination following adverse supplier events (e.g., regulatory violations, import competition, and financial distress). These lock-in effects are more salient when customer firms face intense competition, rivals are highly innovative, alternative suppliers are readily available, or the focal relationship is the sole conduit for proprietary information exchange. To address endogeneity concerns, I leverage two plausibly exogenous shocks that alter the proprietary value of information already shared with suppliers in opposite directions, and find that decreases (increases) in proprietary value weaken (strengthen) supply chain lock-in, resulting in more (fewer) relationship terminations. Collectively, the findings highlight contracting frictions induced by proprietary inter-firm information exchange along the supply chain.

1.04: Supply Chain
1/9/2026
10:30:00 AM-12:00:00 PM

Corporate Governance in Global Supply Chains: Evidence from Gender Quotas
Minjia Li (1), Mengqiao Du (2)
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We examine the role of corporate governance in global supply chains. Exploiting staggered mandates for female board representation in 37 customer countries as plausibly exogenous shocks, we study whether these reforms shape the contracting outcomes and board composition of U.S. suppliers, where no comparable national policies exist. We find that U.S. suppliers with greater female board representation are more likely to secure new contracts following the gender quota mandates in their customer countries. These effects are more pronounced when customers hold greater bargaining power relative to suppliers, or when the reforms are mandatory or strictly enforced. While the reforms do not lead to widespread increases in female representation among all supplier boards, we document positive governance spillovers among suppliers operating in more competitive industries or those placing greater emphasis on supply chain issues. Financial performance improves for suppliers with preexisting gender-diverse boards but deteriorates for those without any female directors. These findings highlight how corporate governance reforms shape firm behavior along global supply chains and generate cross-border spillovers.

1.04: Supply Chain
1/9/2026
10:30:00 AM-12:00:00 PM

Responsive Innovation: Aligning with Technology Demands from Customers

Yifei Xia (1), Junjie Zhu (2)
(1) Wenzhou-Kean University, Wenzhou, Zhejiang, (2) Wenzhou-Kean University, N/A

Innovation is critical to a firm's survival and long-run development in a complex and uncertain operating environment. This study examines how customers' underlying interest in emerging technology influences suppliers' innovation efforts, with a focus on the interplay between customers and suppliers in making innovation-related decisions. Building on the prior literature on customer-supplier relationships, we develop a novel measure of customers' underlying technological orientation and explore its association with suppliers' innovation activities, extending the discussion beyond formal, contract-based monitoring mechanisms. Our findings show that customer technology demand has a positive impact on supplier innovation. Furthermore, this effect is more pronounced when customer relationships are more strategically important, such as when the customer is geographically closer, when the supplier faces greater industry competition, or when legal protections for business transactions are weaker. This study contributes to the literature on supply chain relationships and firm innovation by providing empirical evidence on the critical role of business partners in influencing firms' strategic decisions. It also adds to the growing discussion in inter-organizational management accounting by highlighting the influence of informal monitoring mechanisms, showing that suppliers may proactively increase innovation efforts to meet customer expectations, build trust, and strengthen long-term collaboration.

1.05: Managing Firm Risk
1/9/2026
10:30:00 AM-12:00:00 PM

From Restatement Risk to Reporting Rigor: Evidence from the SECâ€™s Clawback Mandate

Andrea Pawliczek (1), Michael Dambra (2), Bryce Schonberger (3)
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In October 2022, the U.S. Securities and Exchange Commission adopted Exchange Rule 10D-1 requiring all firms listed on major stock exchanges to have a written policy in place to recover compensation awarded to executive officers in the event of an accounting restatement (clawback provision). We examine whether firms respond to the clawback mandate by altering their investments in the financial reporting function. Consistent with a mandatory clawback provision encouraging firms to improve the financial reporting function to limit the potential for restatements, we find affected firms increase their hiring of employees in accounting positions in the immediate aftermath of the SEC's rule adoption. We also find evidence that clawback-adopting firms invest more in the external financial audit and report earnings on a timelier basis in the initial periods in which executive compensation will be eligible for a clawback. In contrast to concerns raised regarding mandatory clawbacks, we do not observe evidence of an increase in executive pay or a shift away from performance-based pay for new adopters. Consistent with stakeholder recognition of an improvement in the quality of reported numbers, we find clawback-adopting firms experience an increase in analyst coverage following rule adoption and display positive market-adjusted returns surrounding key rule adoption dates.

1.05: Managing Firm Risk
1/9/2026
10:30:00 AM-12:00:00 PM

Can Enhanced Risk Information Increase Misconduct? Evidence from Mandated Enterprise Risk Assessments

Robert Hills (1), Paul Hribar (2), Trent Krupa (3)
(1) Penn State University, Athens, GA, (2) The University of Iowa, Iowa City, IA, (3) University of Arkansas - Fayetteville, Rogers, AR

We examine how managerial learning about firm-specific risks influences corporate misconduct. We exploit the staggered implementation of Own Risk and Solvency Assessment (ORSA) mandates in the U.S. insurance industry, which require managers to systematically identify, assess, and integrate firm-wide risks into operational decisions. ORSA plausibly enhances understanding of misconduct-related risks, particularly indirect costs such as reputational harm and regulatory scrutiny. We find that following ORSA, firms increase operational misconduct, especially in complex firms and those likely to have overestimated regulatory risk prior to ORSA. These effects are not driven by improved regulatory detection. Our findings highlight a paradox: uncertainty about potential costs can deter misconduct, but improved risk information may reduce this deterrent by enabling more precise cost-benefit calculations. These results suggest that regulatory efforts to improve risk information may unintentionally increase misconduct and that prevailing penalty structures may fail to offset the perceived benefits of these activities.

1.05: Managing Firm Risk
1/9/2026
10:30:00 AM-12:00:00 PM

Capital Investment and Tax Planning: Flattening the Risk Curve

Adam Du Pon (1), Andrew Garofolo (2), Stephanie Hairston (1)
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We examine whether corporate tax planning operates as a dynamic capability that buffers the operating consequences of risky capital expenditure (capex) deviations. Using a large sample of US-listed firms from 2003 to 2023, we document a robust inverted U-shaped association between deviations in capex (both contractions and expansions) and future operating performance. The results indicate that moderate positive capex deviations tie to improved operating-phase results, while extreme negative and extreme positive deviations tie to depressed project portfolio outcomes. Remarkably, enhanced tax planning systematically flattens this downside risk curve, lifting operating profit levels and materially attenuating the performance pitfalls of extreme capex deviations. The result holds across alternative capex deviation constructions, including firmâ€‘specific unobserved components model timeâ€‘series estimations, and numerous other endogeneity and robustness tests. Crossâ€‘sectional splits suggest that the moderation from tax planning is particularly strong among firms that abstain from issuing sales guidance and among domestic firms, not multinationals. The findings reframe strategic tax planning as more than compliance or static avoidance: it appears to function as a dynamic capability that enables firms to take bolder investment bets by insuring against operating downsides. This study integrates tax strategy into projectâ€‘portfolio risk management, advancing research on empirical investment measures, tax planning, and dynamic capabilities.

1.06: Qualitative Research
1/9/2026
10:30:00 AM-12:00:00 PM

A Seat at the Table: Womenâ€™s Experiences Gaining Access into Corporate Boardrooms

Amy Garman (1), Courtney Yazzie (2), Jeremy Lill (3)
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The persistent underrepresentation of women on corporate boards has garnered significant attention from scholars and policymakers. This study investigates the underlying causes of the disparity and explores potential interventions, drawing on insights from interviews with 28 women directors of publicly traded companies. We highlight both supply-side and demand-side challenges women face getting public company board appointments and discuss interventions at the individual, board, and societal level that could help reduce the gender disparity. As such, our research contributes to a nuanced understanding of gender dynamics in corporate governance and proposes actionable strategies to enhance female representation on boards.

1.06: Qualitative Research
1/9/2026
10:30:00 AM-12:00:00 PM

Management Control at the Network Level: The Influence of Customization on Plural Form Control Benefits in Franchising Chains

Martine Cools (1), Alexandra Van den Abbeele (2), Jens Vanmele (3), Sofie Verbieren (1)
(1) Katholieke Universiteit Leuven, Leuven, Belgium, (2) KU Leuven, Leuven, Belgium, (3) KU Leuven, N/A

Firms today increasingly organize themselves as network organizations, which has consequences for how they set up their management control system. This study aims to provide insights into how franchising networks/chains can benefit from adopting a plural form (combining franchised and company-owned units) for improving management control, arguing that these control benefits are aligned with the chain's customization strategy. We undertook a comparative case study involving 10 plural form franchising chains (77 interviews in multiple industries) and find that a chain's customization strategy, ranging from standardization to full customization, shapes which strategic assets are prioritized (brand, operational, relational) and how the plural form facilitates their control (e.g., through flagship stores, training centers, competence trust). The degree of customization also influences how the plural form can be helpful for retaining human capital and sustaining innovation capacity. Our findings contribute to accounting research on network organizations by identifying a chain's customization strategy as a key determinant of how the plural form facilitates control at the chain level.

1.06: Qualitative Research
1/9/2026
10:30:00 AM-12:00:00 PM

Beyond Reporting: IFRS 18 as a Catalyst for Continuing Evolutionary Change in Management Accounting

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IFRS 18: Presentation and Disclosure in Financial Statements introduces one of the most significant reforms in corporate reporting in decades. Effective from 2027, it restructures the statement of profit or loss and, crucially, embeds management-defined performance measures (MPMs) into audited financial statements. This development addresses concerns over the inconsistency of non-GAAP measures but creates new compliance and governance demands. This paper argues that IFRS 18 is not only a reporting reform but also a catalyst for institutional change in management accounting. By formalising MPM disclosures, it requires stronger governance of performance indicators, closer alignment between internal and external reporting, and greater integration of financial systems. The paper reviews relevant academic and professional literature, highlights emerging challenges and opportunities, and proposes a mixed-methods research agenda to examine organisational readiness. In doing so, it contributes to understanding the evolving role of management accounting under IFRS 18.

1.07: Collusion
1/9/2026
10:30:00 AM-12:00:00 PM

It Takes Two to Tango: Do Rankings and Resource Competition Influence Collusion?
Sophie Maussen (1), Melissa Verniest (1), Dwight Waeye (2)
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This study explores how internal reporting elements in a multi-agent capital budgeting setting â€“ rankings and resource competition â€“ influence collusive behavior among managers. In capital budgeting, managers may set more easily achievable targets by overstating project costs and thus claim budget slack. The relative attainment of this cost target is a performance measure that can be used in performance rankings. Resource competition is determined by the funding rule. We distinguish between a non-competitive hurdle rate and competitive, lowest cost funding. Findings of our online experiment indicate that rankings reduce the likelihood of successful collusion when resource competition is low, but less so when resource competition is high. Process evidence reveals that both subordinates face a similar level of bargaining power when collusion drops. This study makes a significant contribution to the literature and has practical implications emphasizing the role of management accountants in designing controls to mitigate ethical conflicts and misreporting.

1.07: Collusion
1/9/2026
10:30:00 AM-12:00:00 PM

Assessing Social Influence and Tipping Points in Honesty: A Modified Becker-DeGroot-Marschak Method

Christian Stindt (1), Matthias Meyer (2)
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Despite mounting evidence that social influence shapes honesty-related behavior in key accounting areas, including occupational fraud, budgeting, and tax compliance, it remains unclear when such mechanisms are likely to be activated and in which settings they are most effective. This paper develops and tests a measure of people-related honesty thresholds, that is, the number of others needed to trigger engagement in a particular behavior, and examines the factors that drive these thresholds. We modify the Becker-DeGroot-Marschak method originally used for eliciting financial thresholds (e.g., the willingness to pay for a new product) to provide an incentive-compatible mechanism for people-related honesty thresholds and conduct an online experiment in which we test this measure within a specific fraud setting. The results show that, in our sample, the distribution of thresholds is skewed well below the level at which fraudulent behavior would be expected to reach a tipping point. This makes it unlikely for fraud to become the dominant group behavior, although isolated incidents may still occur. The antecedents associated with these thresholds align closely with existing theoretical and empirical work on social influence and norm formation. Overall, the study introduces a novel and empirically grounded method for capturing individual susceptibility to social influence, offering new insights into the conditions under which norm shifts toward misconduct might emerge.

1.07: Collusion
1/9/2026
10:30:00 AM-12:00:00 PM

Whistleblowing in Teams: How Social Distance Affects Team Collaboration and Misconduct
Qinnan Ruan (1), Markus Arnold (2)
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In this study, we conduct an experiment to investigate how introducing a whistleblowing program (present versus absent) in a team setting affects team collaboration and misconduct. We also investigate how varying social distance within a team (high versus low) moderates the effects of the whistleblowing program on team collaboration and its effectiveness in reducing misconduct. We find that when social distance is high, team collaboration decreases when a whistleblowing program is introduced but remains unaffected when social distance is low. We also find that when social distance is high, misconduct is reduced, but less so when social distance is low. Our results provide evidence that employees in a team trade off the decision to report the misconduct of other team members against the social and economic costs that are implied by such whistleblowing, and this effect is particularly pronounced when social distance is low.

2.01: Shaping Behavior: Incentive System Design & Target Setting
1/9/2026
2:00:00 PM-3:30:00 PM

Incentive Design and Firm Motives for Environmental Sustainability

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In this study we investigate how firm motives for environmental sustainability are associated with incentive design choices for middle managers, key actors in the implementation of corporate environmental strategies. While prior literature has questioned the effectiveness of performance based incentives for improving firm environmental performance, limited attention has been given to other incentive choices firms use to align middle management actions to firm environmental objectives. We argue that variation in incentive design choices is dependent on the relative emphasis firms place on instrumental and prosocial motives for engaging in environmental sustainability. Using survey and archival data from 197 firms, we find that firms that engage in environmental sustainability for instrumental reasons are associated with a greater emphasis on financial performance measures in determining incentive pay. In contrast, prosocial motives are associated with alternative incentive choices, specifically managerial selection based on environmental values and the use of implicit incentives. We also show that in firms where instrumental and prosocial motives coexist, there are several complementary incentive design choices: 1) managerial selection and implicit incentives, and 2) implicit incentives and the weight placed on environmental performance dimensions for determining incentive pay. This study contributes to the literature by demonstrating the importance of firm motives for understanding incentive design choices.

2.01: Shaping Behavior: Incentive System Design & Target Setting
1/9/2026
2:00:00 PM-3:30:00 PM

Coordination Incentive Design and Information Exchange between Sales and Production Functions
Lan Guo (1), Clara (Xiaoling) Chen (2), Nan Jiang (3), Yuming Hu (4)
(1) Wilfrid Laurier University, Waterloo, ON, (2) University of Illinois at Urbana-Champaign, Champaign, IL, (3) Universitat Pompeu Fabra, Barcelona, Spain, (4) Jinan University, N/A

We examine the association between coordination incentive design and information exchange between sales and production functions within a firm. We develop a theoretical framework about the pros and cons of using coordination incentives to facilitate cross-functional information exchange. While such incentives are designed to encourage coordination including cross-functional information exchange, department managers are held accountable for some performance dimensions they cannot fully control, which could lead to negative consequences. We develop hypotheses regarding the association between three aspects of incentive design (i.e. coordination incentive intensity, coordination incentive alignment, and controllability of performance measures) and cross-functional information exchange within a firm. We test our predictions using survey data collected from 178 electronic manufacturing firms, with responses from three managers in each firm. We find that coordination incentives are effective in enhancing sales-production information exchange under certain circumstances, i.e., when coordination incentive intensity and alignment are high, and when departmental managers perceive high controllability over performance measures. Furthermore, we find that the quantity and quality of sales-production information exchange are positively associated with operational performance. Results of our study suggest that firms should carefully design coordination incentives by striking a balance between facilitating incentive alignment across functions and maintaining high controllability in the performance measurement system.

2.01: Shaping Behavior: Incentive System Design & Target Setting
1/9/2026
2:00:00 PM-3:30:00 PM

Target Setting: Global Evidence

Vishal Baloria (1)
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We use the World Bank Enterprise Survey (WBES) to study target setting decisions of 10,030 manufacturing firms operating within 85 countries and 24 industries between 2017 and 2022. We focus on a relevant target for manufacturing firms â€“ production targets â€“ as the specific research setting by which to provide evidence on how target transparency and horizon affect target difficulty. We find that target transparency and target horizon increase target difficulty. These effects vary predictably with variation in management bonus plans that pay for 'performance-to-goal' as well as uncertainty in workers' effort-performance relationship. Our study leverages large sample preexisting survey data to provide theory-consistent evidence on target setting decisions taken by manufacturing firms across the globe. Our findings complement and extend extant archival, experimental and field evidence on target setting practices of a global set of firms.

2.02: AI and Human Capital
1/9/2026
2:00:00 PM-3:30:00 PM

Do Data-Driven HR Analytics Capabilities Enhance the Performance Benefits of Workforce Diversity and Employee Welfare?

Chia-Hsin Hung (1)
(1) Ming Chuan University, Taipei City, Taiwan

Organizations are simultaneously expanding ESG-Social initiatives-most visibly workforce diversity and employee welfare-while adopting artificial intelligence (AI) across human-capital systems. Whether these practices complement or substitute each other remains unclear. This study investigates how AI adoption conditions the performance consequences of diversity and welfare. Using panel data on Taiwanese listed firms from 2018â€“2022, we estimate industry- and year-fixed-effects models and corroborate results with first-difference and propensity score matching analyses. The findings show that AI adoption is positively associated with firm performance. Workforce diversity enhances performance primarily among AI adopters, and, most importantly, the joint effect of diversity and welfare is strongly positive under AI. These results are robust to alternative measures and specifications. The study highlights the contingent value of ESG-S practices, conceptualizes AI as an enabling management-control lever, and provides guidance on aligning technological investments with human-capital systems.

2.02: AI and Human Capital
1/9/2026
2:00:00 PM-3:30:00 PM

Accounting Human Capital, Artificial Intelligence, and SEC Scrutiny
Joanna Golden (1), Frank Heflin (2), Xiaotao Kelvin Liu (3), Jasmine Wang (4)
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We investigate whether a firm's accounting human capital is associated with SEC scrutiny outcomes. We find that firms with greater accounting human capital, proxied by the ratio of accountants to total employees, as well as the proportion of accountants with graduate education, compliance skills, and audit experience, are less likely to receive SEC comment letters. Furthermore, these firms have fewer disclosure deficiencies identified by the SEC and can resolve comment letters in a timelier manner when they do receive comment letters, suggesting that accounting human capital improves SEC compliance. Given the increasing importance of artificial intelligence (AI), we investigate the role of AI adoption and find that AI also reduces the likelihood of a comment letter. However, accounting human capital matters more when accounting complexity is high, while AI helps more when complexity is low, consistent with the notion that human accounting expertise is more valuable when judgment and experience are likely more important, whereas automation matters more for routine compliance tasks. In addition, we find that a firm's legal expertise complements both accounting human capital and AI. Our results are relevant to recent accounting labor shortages, debates about accounting training, particularly graduate education, and the growing application of AI systems in financial reporting and disclosure.

2.03: Board Oversight
1/9/2026
2:00:00 PM-3:30:00 PM

CEOs Under Turnover Threat: Setting Stretch Earnings Guidance

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This research builds on impression management theory to investigate how CEOs facing turnover threats utilize earnings guidance as an impression management tactic to convince board members to postpone their turnover. We examine the use of ambitious stretch earnings guidance-challenging targets that are difficult to achieve-as an impression management tactic employed by credible CEOs to impress the board with their managerial abilities. Our findings reveal that when credible CEOs issue stretch earnings guidance, they impress the board resulting in delaying their turnover by at least two years. In contrast, this strategy proves ineffective for incredible CEOs. The study enhances our understanding of the earnings guidance literature by identifying a compelling context where stretch earnings guidance functions as an effective impression management tactic that persuades board members to defer potential CEO replacement decisions. The findings also extend the stream of studies on impression management theory by demonstrating the critical role of credibility in impressing board members.

2.03: Board Oversight
1/9/2026
2:00:00 PM-3:30:00 PM

The Effectiveness of Lead Independent Directors: CEO Power, Turnover, and Pay Sensitivity
Francis Ding (1)
(1) Virginia Polytechnic Institute and State University, Blacksburg, VA

I examine whether a lead independent director (LID) is an effective monitor within firms. Using observations from BoardEx of lead independent directors, I find that their presence is negatively associated with CEO power, measured by ownership and pay slice. I also document a negative relation between the presence of an LID on a monitoring committee and CEO power. Further, LIDs appear to be stringent monitors when they serve on a monitoring committee and when they are qualified as financial experts, as reflected in the high sensitivity of forced CEO departures to firm performance. In addition, the presence of a financially expert LID is associated with the high sensitivity of CEO pay to performance. However, I do not find evidence that LIDs serving on monitoring committees are associated with the high sensitivity of CEO pay to performance. Collectively, my results highlight that the presence of an LID reflects power dynamics between the board and the CEO. Director expertise and timely access to critical information affect the effectiveness of LID oversight.

2.03: Board Oversight
1/9/2026
2:00:00 PM-3:30:00 PM

AI Governance: From Hype to Oversight in Corporate Risk Management

Jenny Kim (1)
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The rapid adoption of Artificial Intelligence (AI) technologies by firms has outpaced the development of formal governance structures to oversee their associated risks, highlighting a critical gap in board-level oversight amid a rapidly evolving technological landscape. I investigate whether and how firms implement board-level governance structures to oversee AI-related risks, and how investors respond to such oversight. I find that 26% of firms in the S&P 1500 mention AI governance in their proxy statement in 2024 while 55% mention AI risk in their 10-K filings filed in the same year. Using a combination of keyword-based textual analysis and large language models on proxy statements and 10-K filings from 2018 to May 2025, I identify and categorize AI governance structures of S&P 1500 firms across three dimensions: (1) adoption of AI ethics or responsible use principles, (2) formation of specialized AI oversight committees, and (3) appointment of board members with AI expertise. The most common governance mechanism is the appointment of directors with AI expertise: among firms disclosing AI governance, 90% include at least one such director, with an average of 1.23 AI-expert board members. Relatively fewer firms adopt formal AI principles (17%) or establish AI oversight committees (11.4%). Firms adopting AI governance are typically larger, R&D-intensive, and led by newer CEOs. Event studies show that firms without AI governance experience more negative stock returns following AI risk-related events, suggesting investors value board oversight of AI risks. This study contributes to the literature by providing novel evidence on AI-specific governance and its market consequences, offering timely insights into how boards adapt to emerging technological risks.

2.04: Cost Structure
1/9/2026
2:00:00 PM-3:30:00 PM

Interim CEOs and Cost Adjustment Decisions

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This study examines how interim CEOs influence firm cost behavior with a focus on cost stickiness in SG&A expenses. Using a sample of U.S. CEO successions from 2000 to 2021, we employ a difference-in-differences design with propensity score matching to compare firms led by interim and permanent successors. The results show that interim CEOs are associated with significantly lower cost stickiness. Firms under interim leadership cut SG&A more aggressively during sales downturns, consistent with short-horizon incentives and promotion considerations. Cross-sectional analyses indicate that the effect is stronger in firms with poor prior performance, limited flexibility for accrual earnings management, forced turnovers, and financial distress, and that interim CEOs with CFO backgrounds are particularly effective in reducing stickiness. Additional evidence shows that interim CEOs who reduce stickiness more aggressively are more likely to be promoted, while firms that implement the most aggressive cuts experience lower subsequent valuations. The findings highlight the dual nature of interim CEOs' cost decisions, which improve short-term performance and career outcomes but may undermine long-term firm value.

2.04: Cost Structure
1/9/2026
2:00:00 PM-3:30:00 PM

Know Thyself: Firm-Specific Interplays Between Tax Planning and Cost Structure
Adam Du Pon (1)
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Although theoretical research has explored the links between tax concepts and operational decisions, empirical examinations of how tax avoidance influences operational risk remain scarce. This study bridges that gap by investigating how a firm's tax planning function affects its long-term cost structure, measured as operating leverage, and subsequently, its operating performance. Using a large sample with random intercepts and random slopes, I find that heightened tax avoidance is systematically associated with lower operating leverage for all firms, reflecting a more risk-averse stance. Yet the effects of long-term cost structure on performance vary considerably across firms: for some, higher operating leverage reduces returns, whereas others benefit from increased operating leverage. Moreover, the synergy between tax avoidance and operating leverage proves nearly universally positive (nearly all firm-specific interaction coefficients are positive), indicating that aligning tax planning with cost structure decisions can substantially bolster pretax operating returns. Overall, these findings refine our understanding of cost structure strategies in contemporary business environments, suggesting that a more general approach to operating leverage may overlook the nuanced, firm-specific advantages of coordinating tax and operational choices. For scholars, this highlights the value of incorporating tax dimensions into models of operational risk. Moreover, it highlights the benefits of using random intercepts plus random slopes to clearly identify firm-specific relationships. For practitioners, it underscores the performance gains possible when tax planning is intentionally synchronized with long-term cost structure development.

2.04: Cost Structure
1/9/2026
2:00:00 PM-3:30:00 PM

Artificial Intelligence and Corporate Cost Structures
Wilbur Chen (1), Tai-Yuan Chen (2), Lilian Chan (3), Deli Yang (4)
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We examine the relationship between artificial intelligence (AI) technologies and firms' cost structures following the introduction of ChatGPT. Our findings indicate that AI technologies are associated with reduced cost elasticity, as firms with higher exposure to AI technologies experience a rise in operating leverage in the post-ChatGPT period. Further analysis shows that the decreased cost elasticity is primarily driven by labor-related costs, as selling, general, and administrative (SG&A) expenses and employment levels become more fixed relative to sales fluctuations. Moreover, we also find that the link between operating leverage and default risk becomes weaker amongst firms exposed to AI technologies in the post-ChatGPT period. Further analysis reveals that the increased labor cost rigidity triggered by AI is more pronounced for firms with younger age and more volatile operating environment. Overall, our results suggest that AI technologies accord firms with more flexibility to adopt more fixed labor structure without increasing the downside risks associated with it.

2.05: Transparency
1/9/2026
2:00:00 PM-3:30:00 PM

Subjectively Attractiveâ€”The Sorting Effect of Process Transparency and Its Effects on Long-Term Decisions
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Encouraging long-term oriented decision-making is a key reason why organizations incorporate subjectivity into managers' performance-based contracts. However, contracts with a higher degree of subjectivity may be perceived as less attractive due to the uncertainty surrounding the performance evaluation process. As a result, managers may favor formula-based bonus systems over those involving discretionary weighting. In an experiment with experienced managers, we examine whether process transparency (PT) increases the attractiveness of discretionary-weight contracts and whether this, in turn-partly through enhanced perceptions of procedural fairness-fosters long-term oriented decision-making. Our findings reveal that PT significantly increases both the proportion of managers opting for discretionary-weight systems and their perceived procedural fairness. Furthermore, contract choice and procedural fairness mediate a positive effect of PT on long-term decision-making. These results suggest that PT is an effective mechanism for guiding contract selection in ways that ultimately support beneficial long-term decisions.

2.05: Transparency
1/9/2026
2:00:00 PM-3:30:00 PM

How Decision-Making Transparency and Managerial Discretion Affect Managersâ€™ Reliance on Employee Insights, Bonus Decisions, and Employee Sabotage

Fabien Ize (1)
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The diffusion of knowledge is critical to organizational success. Using two interactive experiments, I find that more transparency about managerial decision-making leads managers to rely less on their employee insights to make decisions. Female managers do this strategically, to avoid reciprocal obligations toward their employee when they oversee employee compensation. In contrast, male managers seem to consult fewer employee insights when they do not oversee employee compensation to appear self-sufficient. However, as theorized, transparency also decreases employees' tendency to sabotage managerial decisions, i.e. to intentionally provide managers with poor insights when they are dissatisfied with their bonus. This is because transparency increases the bonus managers grant employees for their insights but also improves employees' understanding of a low bonus when managers do not consult their insights. The same combination of controls thus impacts both the behavior of managers and of the employees that they manage.

2.05: Transparency
1/9/2026
2:00:00 PM-3:30:00 PM

Competitors or Collaborators? The Effects of Transparency and Compensation Contract on Employee Performance on a Team-Based Task

Joanna Andrejkow (1), Kevin Veenstra (2)
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Hourly and salary-based pay arrangements are the most popular compensation contracts in North America, with team-based tasks becoming increasingly important in a highly competitive and evolving world. However, many companies have not updated their management control systems to reflect this reality. Our paper examines the interactive effect of performance transparency (i.e., high versus low) and compensation contract type (i.e., salary versus hourly) on employees' wealth maximization behaviours in a team-based task. Using an experimental setting, participants assume the role of employees working in a team that receives a team target to complete. We hypothesize that transparency will increase the performance differences between employees working under salary versus hourly compensation contracts in a team setting. Specifically, we find that high transparency increases employees' opportunistic wealth maximizing behaviors, resulting in a larger disparity in completion times between salary and hourly employees. This study contributes to the accounting research on management control systems by showing that the influence of performance transparency in a team-based setting is multifaceted and conditional on whether employees' compensation contracts and wealth maximizing behaviors.

2.06: Prosocial Behavior
1/9/2026
2:00:00 PM-3:30:00 PM

Intermittent Prosocial Reward Tournaments: A Field and Lab Investigation

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Firms frequently use tournament contracts to incentivize employee performance. One increasingly popular approach is intermittent tournaments-short-term, incentive-based competitions interspersed with intentional breaks. However, intermittent incentives create periods without rewards, which can reduce employee motivation. This study investigates whether prosocial rewards, incentives that benefit others, can mitigate this demotivation more effectively than monetary rewards once tournaments conclude. Using a field experiment with a large regional bank and two laboratory experiments, I find that while monetary rewards more strongly increase performance during the tournament phase, prosocial rewards are more effective at sustaining performance after incentives are removed. These results are consistent with theoretical predictions: competition amplifies extrinsic motivation linked to monetary incentives during tournaments, whereas prosocial rewards foster lasting motivation after tournaments, particularly among non-winners. This research offers important insights for incentive design. Specifically, it suggests that prosocial rewards can help maintain long-term employee motivation, while monetary rewards may be more suitable for maximizing short-term output. Moreover, these findings point to a tournament structure that can reduce classic pitfalls of tournament theory, such as 'giving up' by non-winners.

2.06: Prosocial Behavior
1/9/2026
2:00:00 PM-3:30:00 PM

Caring Without Knowing: Psychological Resistance to Impact Information in Social-Mission Work

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(1) University of Illinois at Urbana-Champaign, Champaign, IL, (2) Nanyang Technological University, Singapore, Singapore

For many social-mission organizations, impact information is essential for both external accountability and internal decision-making. Yet these organizations often remain reluctant to measure and disclose the social impact of their efforts, citing logistical challenges such limited resources and technical complexity. We explore whether this reluctance may stem, in part, from psychological resistance among individuals highly motivated to advance a social mission. Across two experiments in which impact is objectively measurable, we find that such individuals are less likely to seek impact information when their work benefits a charity than when it benefits themselves - regardless of whether the information simply confirms that past efforts paid off or provides guidance for future action. Our findings suggest that improved measurement tools alone may not be sufficient to address the lack of rigorous impact evaluation in social-mission organizations. Any effective solution must first confront the underlying psychological resistance to engaging with impact information.

2.06: Prosocial Behavior
1/9/2026
2:00:00 PM-3:30:00 PM

Selflessness, Paid to Care, or Praised to Care? The Role of Incentives in Corporate Volunteerism

Heba Abdel-Rahim (1), Akram Khattab (2), Jing Liu (3)
(1) University of Toledo, Ottawa Hills, OH, (2) Oakland University, N/A, (3) Chapman University, Orange, CA

Corporate volunteer programs (CVPs) are a growing component of firms' CSR and ESG strategies, yet little is known about how incentives affect employees' willingness to participate. We conduct a laboratory experiment using a 1Ã—3 factorial design to examine the effects of monetary and non-monetary incentives compared to no incentive on employee volunteerism and subsequent task performance. In Stage 1, participants freely allocated time between a paid decoding task and a volunteer task for a food bank, highlighting the opportunity cost of volunteering. We manipulate whether volunteering was uncompensated, monetarily incentivized via a piece rate (proxying Volunteer Time Off policies), or incentivized with public recognition. In Stage 2, participants completed only the decoding task, allowing us to test for spillover effects. Contrary to prior research showing that incentives often crowd out volunteering and prosocial behavior, we find that both incentive conditions significantly increase volunteerism. We attribute this difference to the salience of opportunity costs in corporate volunteerism, where monetary incentives are especially effective, outperforming recognition and spilling over to improve subsequent task performance.

2.07: Training and Skill Development
1/9/2026
2:00:00 PM-3:30:00 PM

The Effects of Reward Nature and Reward Contingency on Employee Voluntary Training

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As employees' skills fall further behind what firms need, managers must motivate employees to allocate more effort toward voluntary training. In a multi-task setting where effort allocated to both production and voluntary training can increase performance, I examine how two attributes of performance-based rewards â€“ reward nature (hedonic vs. utilitarian) and reward contingency (goal-based vs. piece-rate) â€“ affect employee effort. I find from a lab experiment that the effect of hedonic (vs. utilitarian) reward nature on employee total effort is more positive when the reward is goal-based than piece-rate, and the effect of hedonic (vs. utilitarian) reward nature on employee voluntary training effort proportion is more negative when the reward is goal-based than piece-rate. The results inform managers of the need to consider reward nature and reward contingency together in reward design for striking the desired balance between production effort and voluntary training effort.

2.07: Training and Skill Development
1/9/2026
2:00:00 PM-3:30:00 PM

Managersâ€™ Usage of Management Control Instruments and Employeesâ€™ Engagement in Skill Development
Ivo Tafkov (1), Markus Arnold (2), Bei Shi (3), Elien Voermans (4)
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We investigate how managers' use of management control instruments can affect employees' engagement in skill development. Specifically, using an interactive experiment, we examine how the presence of periodic performance goals set by managers (present vs. absent) and the presence and timing of manager's training recommendations (absent vs. intra-period vs. beginning-of-period) interact to influence employees' engagement in skill development via training. We predict and find that without training recommendations, performance goals lead to less training as these goals focus both managers and employees narrowly on current as opposed to future performance. We also predict and find that intra-period training recommendations lead to more training, but only when performance goals are absent. Finally, we find that compared to intra-period recommendations, beginning-of-period recommendations make managers better balance the resources needed for current performance vs. skill development when performance goals are present, which leads to more training. Using participants with substantial work experience, a supplemental scenario-based experiment shows training recommendations and goal-setting decisions that are very similar to those made by managers in our main experiment. Our study contributes to the emerging literature on how management controls affect employee skill development.

2.07: Training and Skill Development
1/9/2026
2:00:00 PM-3:30:00 PM

You Should Be Training: The Information and Incentive Effects of Differentiation in Subjective Performance Evaluation on Voluntary Training Participation

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This paper examines how supervisors can influence employees' decisions to voluntarily participate in training by the extent of differentiation in subjective performance evaluations. We argue that differentiation provides two complementary signals: an information effect, helping employees identify potential skills gaps, and an incentive effect, implying that improved performance is rewarded. We predict that these signals are particularly relevant for low-skilled employees. To test this prediction, we design a web-based experiment in which participants act as supervisors and employees across multiple rounds of task performance and evaluation. We measure the degree of supervisor differentiation, randomly assign employees a low or high initial skill level, and manipulate the transparency of employees' relative skill levels to disentangle the information and incentive effects. Halfway through the experiment, employees have the opportunity to invest in training that improves their skill level. Our results provide partial support for our predictions: while differentiation increases training participation, the effect is driven by high-skilled employees. Moreover, we find that the incentive and information effect act as substitutes rather than complements. Low-skilled employees rely primarily on information to motivate training, whereas high-skilled employees respond more to incentives embedded in differentiated evaluations. Our study contributes to research on human capital development and subjective performance evaluation systems in organizations.

2.08: Transforming Decisions in Modern Organizations
1/9/2026
2:00:00 PM-3:30:00 PM

Transforming towards a High-Performance Finance Function: a Longitudinal Case Study
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This paper presents a longitudinal case study of the transformation of Vesteda's Finance & Control department into a High-Performance Finance Function (HPFF) using the scientifically validated HPFF framework. Over a four-year period (2020â€“2024), Vesteda applied the framework to guide structural and cultural improvements. Two diagnostic assessments were conducted to measure progress, identify gaps, and structure targeted action plans. Methodologically, the study employs a mixed-methods approach, combining quantitative HPFF scores with qualitative data from interviews, workshops, and document reviews. The findings show substantial performance improvement, with Vesteda's HPFF score increasing from 5.2 to 7.0. Notable outcomes include enhanced cross-team collaboration, increased automation, greater clarity in roles and responsibilities, and a significant elevation of Finance's strategic position within the organization. The study also identifies key success factors, such as executive sponsorship, integration with Lean methods, and active employee involvement.

2.08: Transforming Decisions in Modern Organizations
1/9/2026
2:00:00 PM-3:30:00 PM

Heuristics for Resource Capacity Planning with Multiple End Products
Vic Anand (1), Ramji Balakrishnan (2)
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Firms must often choose resource capacities before learning their realized demand. This capacity planning problem is complex when it is not profitable to augment resource capacities to meet all realized demand. When resources impose such 'hard' capacity constraints, it is not possible to solve the capacity planning problem analytically. Numerical methods do not guarantee an optimal solution even as the time taken in-creases exponentially in problem size. Limited information about how products consume indirect resources compounds computational complexity and renders numerical optimization infeasible. We develop a ratio-based heuristic, derived from practice, to address these issues and use simulations to assess its efficacy. We find that the heuristic is computationally fast and delivers solutions that are close to those from a gradient search, the best available full information-based optimization method. The efficacy of this heuristic in-creases in problem size and in the ratio of products to resources. The latter aspect occurs because it allows for an increase in expected capacity utilization. In contrast to results relating to product costing, using cost pools to group like resources, determining a pivot resource for each pool, and using ratios for planning capacities within each cost pool, decreases profit. Finally, the ability to use the spot market to augment re-sources upon learning the realization of demand (i.e., allowing for 'soft' capacity constraints) leads to a significant profit increase, suggesting a role for standby capacity.

2.08: Transforming Decisions in Modern Organizations
1/9/2026
2:00:00 PM-3:30:00 PM

Word on the Street: Field Evidence of Artificial Intelligence Use in Sell-Side Equity Research
Michael Yip (1), Minjeong Kim (2)
(1) University of Georgia, Athens, GA, (2) University of Wisconsinâ€“Madison, Madison, WI

Interest in the use and impact of Artificial Intelligence (AI) on sell-side equity research has grown with recent technological advances. We use a multi-method approach to explore the application of AI within equity research and the factors impacting its adoption. We interpret findings from our interviews using resourced based theory which proposes resources and capabilities are pursued when they provide a sustained competitive advantage. Our interview and supplemental survey results reveal several primary findings. First, we find sell-side analysts primarily adopting AI to automate elements of their existing workflow rather than to collect unique information or develop novel forecast methods. Our interviewees describe the widespread availability of AI generated insights and technologies, ease of imitation, and availability of third-party AI vendors presenting challenges with using AI to extract novel insights. Instead, sell-side analysts discuss relying on their existing social network to provide proprietary insights that would be valued. Also, with growing threats from AI, sell-side analysts also discuss their strategies to maintain the exclusivity of their proprietary research from misappropriation from AI model providers. Finally, our interviewees describe tactics to expand their reach to clients in light of growing AI adoption.

Break and Research Exhibition I
1/9/2026
3:30:00 PM-4:00:00 PM

Integrating Artificial Intelligence into Product Life Cycle Value and Activity Value Management

Cheng Jen Huang (1), Shaosyuang Li (2)
(1) National Chengchi University, Taipei City, Taiwan, (2) PricewaterhouseCoopers Taiwan (PwC Taiwan), N/A

Enterprises generate profits through products and services, yet questions remain regarding how long a product can survive and how much value it creates over its life cycle. To address this gap, this study develops a method for measuring Product Life Cycle Value (PLCV) by integrating it with Activity Value Management (AVM), using profit information from AVM as the basis for estimation and applying Artificial Intelligence techniques to construct and validate predictive models that enhance forecasting accuracy and practical relevance. A field-based empirical analysis is conducted with a well-known domestic channel agent, examining the life cycle duration and value of distributed products and incorporating demographic variables from corresponding channel regions to identify key population characteristics that influence profitability. The study contributes to management accounting by introducing a novel approach that links PLCV with AVM and demonstrates how AI-based predictive modeling can generate both theoretical advancements in PLCV measurement and practical insights for improving resource allocation and marketing strategies in channel-based enterprises.

Break and Research Exhibition I
1/9/2026
3:30:00 PM-4:00:00 PM

The Impact of Supervisors’ Persuasion Tactics in Target Communication on Subordinates' Acceptance of Assigned Targets: Experimental Evidence

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This study investigates whether and how supervisors' persuasion tactics affect subordinates' target acceptance in the target setting process. I predict and find that applying persuasion tactics in target communication increases subordinates' target acceptance. Specifically, relative to no persuasion, using the central-route persuasion tactics improves subordinates' target acceptance, whereas using the peripheral-route persuasion tactics does not improve subordinates' target acceptance. Noteworthily, subordinates with an extremely challenging target level have a higher intention to exert their effort and to attain the target when their supervisor employs the central-route persuasion. Furthermore, my results also show that subordinates assigned to an easy target are more likely to perceive their target attainment as personally meaningful after supervisors use the peripheral persuasion to communicate the target. Taken together, this study contributes to target-setting theory and has important practical implications for the supervisorâ€“subordinate relationship.

3.01: Balancing Trade-offs in Control System Design to Shape Performance & Adaptability
1/10/2026
8:00:00 AM-9:30:00 AM

Divergent Demands in the Management Control system and Employee Behavior in Audit Firms
Rosemarijn deBruin (1), Paula Dirks (1), Lucia Bellora-BienengrÃ¤ber (1), Sally Widener (2)
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This study examines how divergent demands for professionalism and commercialism within the management control system (MCS) of audit firms affect role conflict and ultimately reduced audit quality behaviors (RAQB). Using survey and archival data from 591 auditors across seven Dutch audit firms, we find that professionalism-focused management control practices (MCP) reduce experienced role conflict, while commercialism-focused social interactions with peers and supervisors are shown to increase it in auditors. We also find that the interaction effect between both diverging demands increases the negative association with role conflict. Additionally, auditors with stronger professional identities demonstrate a lower RAQB. The study contributes to auditing literature, as well as literature on management control and role conflict, and offering insights into mitigating unwanted auditor behaviors and balancing competing organizational demands effectively within audit firms.

3.01: Balancing Trade-offs in Control System Design to Shape Performance & Adaptability
1/10/2026
8:00:00 AM-9:30:00 AM

The Voluntary Production and Use of Management Accounting Information: Evidence from U.S. Private Firms
Eva Labro (1), Andy Call (2), Bradley Hendricks (3), Andrew Sutherland (4)
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We survey and interview U.S. private firm CFOs on their management accounting information practices. We document substantial heterogeneity in the production frequency of variance analyses, profitability analyses, sales forecasts, and cost allocation reports, as well as in the dissemination of this information to internal and external parties. While middle managers commonly access internal reports, rank-and-file employees and suppliers receive them far less frequently than what the prior academic literature would suggest. Our cross-sectional analyses reveal several themes. As firms grow and plan an ownership transition, they produce and disseminate more information. Production and dissemination are also greater among firms obtaining GAAP audits and reporting more technology reliance. Banks and Venture Capital/Private Equity owners appear to influence not only financial reporting, but also management accounting information practices. Collectively, our results shed light on the economic tradeoffs behind management accounting information practices in a setting where accounting choices are voluntary.

3.01: Balancing Trade-offs in Control System Design to Shape Performance & Adaptability
1/10/2026
8:00:00 AM-9:30:00 AM

Management Control Configurations for Organizational Adaptability
Philipp Sekol (1), Utz SchÃ¤ffer (1), Daniel Schaupp (2)
(1) WHU-Otto Beisheim School of Management, Vallendar, Germany, (2) Vienna University of Economics and Business, Vienna, Austria

Organizational adaptability is critical for firms seeking to avoid inertia and capitalize on emerging opportunities in dynamic environments. This study investigates the relation between specific configurations of management control design and organizational adaptability. Using field survey data and applying both Necessary Condition Analysis (NCA) and fuzzy-set Qualitative Comparative Analysis (fsQCA), we first examine how different design choices for management control practices relate to the practices' contribution to adaptability. Our findings indicate that it is the coherent configuration of practices, rather than isolated design choices, that drives adaptability, offering empirical support for complementarity theory. Next, we examine at a superordinate level which combinations of control practice designs, each contributing to adaptability individually, jointly result in organizational adaptability. While the regression results underscore the individual relevance of forecasting, performance evaluation, and OPEX allocation for adaptability, the fsQCA findings demonstrate that it is their combination that enables high adaptability. This combination reflects three underlying mechanisms: cognition, flexibility, and learning, which jointly enhance organizational adaptability.

3.02: Promotion and Reciprocation
1/10/2026
8:00:00 AM-9:30:00 AM

Helping Others to Help Yourself: How Employees Compete Strategically for Promotions versus Bonuses
Wioleta Olczak (1), Eric Chan (2), Yu Tian (3)
(1) Marquette University, Milwaukee, WI, (2) The University of Texas at Austin, Austin, TX, (3) University of Central Florida, Orlando, FL

Organizations often use subjective rewards with ambiguous evaluation criteria, specifically promotions and discretionary bonuses, to motivate employees. Our study examines whether employees perceive the evaluation criteria for promotions and bonuses differently, and whether these perceptions affect their engagement in strategic prosocial behavior as an impression management tactic. Using an interaction laboratory experiment, we manipulate reward type (promotion vs bonus) and prosocial behavior visibility (high vs low) and examine employees' willingness to take the costly prosocial action of helping their colleagues. We find that when prosocial behavior is highly visible, employees competing for a promotion engage in significantly more prosocial behavior than those competing for a bonus. Conversely, when prosocial visibility is low, employees competing for a promotion shift their effort toward more self-interested behavior. In contrast, employees competing for a bonus do not change their prosocial behavior strategically, regardless of its visibility. These results are consistent with signaling theory suggesting that employees view promotions as more symbolic and value-driven, whereas bonuses are seen as transactional and performance-based. Overall, our findings provide new insights into how different incentive rewards shape employees' strategic workplace behavior, particularly prosocial behavior that are critical for organizational success.

3.02: Promotion and Reciprocation
1/10/2026
8:00:00 AM-9:30:00 AM

When Fairness Backfires: Organizational Culture and Gender Bias in Promotion Decisions
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This study examines whether two fairness-oriented cultural controls influence gender bias in promotion decisions and whether decision transparency can mitigate such bias. Specifically, we focus on equality-oriented culture, which emphasizes equal opportunities, and meritocracy-oriented culture, which emphasizes performance-based advancement. Drawing on moral credentialing theory, which suggests that perceiving oneself or one's organization as fair can license greater reliance on personal preferences, we predict that although both cultures can signal fairness, equality-oriented culture's lack of evaluative specificity in ambiguous promotion contexts may increase the implicit bias, whereas meritocracy culture's performance anchoring constrains it. We further predict that transparency will reduce such bias by creating social accountability. In an online experiment, we find that equality-oriented culture leads to greater bias in favor of male candidates than meritocracy-oriented culture, and such bias disappears when decision transparency is present. These findings show that fairness-oriented cultural controls are not functionally equivalent and that pairing them with control mechanisms like transparency can prevent bias from undermining fairness goals.

3.02: Promotion and Reciprocation
1/10/2026
8:00:00 AM-9:30:00 AM

The Effect of Feedback Dimensions on Employee Performance and Willingness to Reciprocate
Kevin Veenstra (1), Xinying Hu (2), Chang Eui Yoon (3), Zhuoyi Zhao (4)
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As organizations increasingly use feedback mechanisms to enhance employee motivation, questions remain about the optimal frequency and timing of positive and negative feedback. This study investigates how feedback frequency (high, low, or none) affects employee performance and willingness to reciprocate, and how feedback timing (early, middle, or late in the task sequence) influences behavior for different feedback signs (positive vs. negative). Using an online experiment with undergraduate students, participants completed an effort-based task for three periods and received feedback based on manipulations. Results indicate that feedback presence improves performance regardless of frequency, and only negative feedback shows significant timing effects. Specifically, early negative feedback enhanced performance more than negative feedback delivered at the end of task, while positive feedback showed no timing-based performance differences. Willingness to reciprocate was assessed post-feedback, revealing that high-frequency feedback promotes higher willingness to reciprocate than early low-frequency feedback, but does not differ from middle or late low-frequency feedback. Additionally, early positive feedback results in lower willingness to reciprocate than middle positive feedback, while late negative feedback leads to higher willingness to reciprocate than early negative feedback, highlighting the role of feedback timing and sign in shaping reciprocity. These findings suggest that managers should ensure that employees receive feedback during the task, as the presence of feedback-regardless of frequency-enhances performance compared to no feedback. To foster willingness to reciprocate, managers should be cautious when giving early feedback, as early negative feedback can set a discouraging tone, while early positive feedback may raise expectations that, if unmet, lead to disappointment.

3.03: ESG
1/10/2026
8:00:00 AM-9:30:00 AM

Can the Prevalence of Carbon Reduction Target Disclosures Decrease Managersâ€™ Sensitivity to the Cost of Carbon Abatement Investments?

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Firms increasingly pledge to voluntarily reduce their carbon emissions by disclosing carbon reduction targets, creating considerable debate about the value of such information. Drawing from social norm theory, we posit that a greater prevalence of carbon reduction target disclosures reduces managers' emphasis on the cost of a carbon abatement investment (CAI) by communicating social information about the potential benefits of such investments. To identify managers' cost sensitivity, we consider managers' reactions to the availability of relatively voluntary carbon offsets to reduce reported net emissions. Results from two between-subjects experiments show that CAI judgments are less cost-sensitive when carbon reduction target disclosures are common relative to when they are rare. Our findings have implications for policymakers by revealing an unintended benefit of increasing the prevalence of carbon reduction disclosures, reducing managers' sensitivity to the cost of CAI.

3.03: ESG
1/10/2026
8:00:00 AM-9:30:00 AM

Creating ESG Risk Silos or Breaking Them Down? The Effects of Risk Inventory Format and ESG Mission on Risk Response

Joanna Van Meerbeeck (1), Eddy Cardinaels (2), Sabra Khajehnejad (3), Dieter Smeulders (4), Alexandra Van den Abbeele (1)
(1) KU Leuven, Leuven, Belgium, (2) Tilburg University, Tilburg, Netherlands, (3) ESSEC Business School, Leuven, Belgium, (4) University of Bern, Bern, Switzerland

We examine the impacts of presentation of ESG (Environment, Social & Governance) risks in a risk inventory and ESG mission statement on risk response. We hypothesize that under a substantive ESG mission, creating a separate ESG risk category within the risk inventory leads to increased investment in ESG risk management. We test our prediction using a 2x2 between-subjects experiment. Half of the participants are given a risk inventory with a separate ESG risk category, while the other half are given a risk inventory with ESG risks integrated into traditional risk categories. We also manipulate the company's ESG mission statement, i.e. genuine commitment to ESG (substantive ESG mission statement) vs. an ESG approach aimed at securing financial performance (symbolic ESG mission statement). Our results indicate that a distinct ESG risk category, combined with a substantive ESG mission, leads to increased allocation to ESG risk management whereas no effect is observed with a symbolic ESG mission. Further analyses confirm that a distinct ESG risk category enhances saliency, prompting greater managerial attention and supporting the signalling role of the ESG mission. However, we caution against the formation of an 'ESG risk silo', which could lead to the prioritization of ESG risks at the expense of other risk types.

3.03: ESG
1/10/2026
8:00:00 AM-9:30:00 AM

The Effect of Quantitative Environmental Targets and Managersâ€™ CSR Norms on Their Environmental Investments
Victoria Fung (1)
(1) University of Illinois at Urbana-Champaign, Champaign, IL

As more companies link executive and employee compensation to environmental performance, it is increasingly important to understand how environmental targets influence managerial behavior. In this study, I examine how the presence or absence of a quantitative environmental target affects managers' environmental investment decisions, particularly when managers have strong or weak CSR norms. When managers are given a quantitative environmental target, they can use the externally provided benchmark to guide their decisions. However, when a quantitative target is not given, managers need to independently determine a reasonable investment level, which may be partially determined by their personal CSR norms. As a result, I predict and find that when managers have strong CSR norms, quantitative targets with low to moderate difficulty have a negative effect on environmental investment decisions compared to when there is no quantitative target. However, for managers with weak CSR norms, there is no difference in environmental investment level whether there is a quantitative target or not. My study has practical implications for companies designing environmental targets to meet their environmental goals.

3.04: Hiring
1/10/2026
8:00:00 AM-9:30:00 AM

Paying for Diversity: How CEO Messaging Influences Employee Responses to Diversity-Based Executive Compensation

Seung Kyo Ahn (1), Ryan Sommerfeldt (2), Laura Wang (3)
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Despite legal and political pressures to scale back DEI initiatives, many organizations continue to tie executive compensation to diversity goals. We examine how this practice affects employees' organizational citizenship behavior directed toward the organization (OCBO) and how leader communication moderates this effect. Across two experiments, we find that when DEI initiatives are framed solely in instrumental terms (e.g., to enhance performance), tying executive pay to diversity goals reduces trust in leadership and, in turn, OCBO. However, this negative effect is fully mitigated when the CEO also provides a moral justification for the initiative. Our results suggest that firms should be mindful that diversity-based incentives can inadvertently undermine employee trust and engagement. For those continuing to use diversity-based executive compensation, leadership offering a moral justification can buffer this unintended negative consequence.

3.04: Hiring
1/10/2026
8:00:00 AM-9:30:00 AM

Managerial Screening Pre-Commitment, Candidate Quality, and Time-to-Hire: An Experimental Investigation

Ala Mokhtar (1), Adam Presslee (2), Anil Kshatriya (3)
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The ability to efficiently hire quality employees is central to an organization's personnel control system. Using an experiment, we examine an intervention that nudges managers toward greater precommitment in their screening process-requiring them to commit in advance to screening a self-chosen number of candidates before making a hiring decision. We find that precommitment in screening leads managers to hire higher-quality candidates but also increases time-to-hire, compared to a no precommitment approach where managers retain full discretion over when to hire. The trade-off between hiring speed and candidate quality is reflected in firm earnings, where in our context we find that faster hiring under no precommitment yields higher returns despite lower hire quality. These findings highlight the managerial tension between efficiency and effectiveness in hiring. The study also contributes to theory by showing how precommitment strategies influence whether managers adopt a maximizing or satisficing approach to decision-making in uncertain, time-sensitive contexts.

3.04: Hiring
1/10/2026
8:00:00 AM-9:30:00 AM

Pay Delegation in Employee Recruitment
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Using an experiment, I test practitioners' claims that pay delegation, i.e., allowing workers to set their own salaries, can improve recruitment outcomes, particularly for smaller firms with limited compensation budgets. When larger firms do not offer pay delegation, but offer a higher salary than what smaller firms can pay, smaller firms are more successful at recruiting workers if they offer pay delegation, but only when the salary gap between the two types of firms is small. Notably, smaller firms that offer pay delegation experience greater recruiting success if larger firms also offer pay delegation. Contrary to practitioners' claims, pay delegation does not improve recruiting outcomes through trust, but instead through autonomy and fairness. These results reinforce practitioners' claims that pay delegation can be an effective recruiting tool, but with important caveats about when firms are likely to reap the recruiting benefits of pay delegation and why those benefits materialize.

3.05: Performance Metrics
1/10/2026
8:00:00 AM-9:30:00 AM

Performance Targets, Bonus Plan Convexity, and CEO Incentives

Michal Matejka (1), Sunyoung Kim (2), Jongwon Park (3), An Qian (4)
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Annual bonus plans commonly include not just a performance target but also two other compensation goals, the threshold and the maximum. We argue that the use of three compensation goals has important incentive effects because it allows firms to change bonus plan convexity, i.e., the relative extent to which their executives are rewarded for exceeding the performance target. As predicted, we find that concave bonus plans increase the likelihood of meeting the performance target. In contrast, bonus plan convexity increases performance in the above-target range as well as the likelihood of meeting the maximum. Finally, we present evidence that convexity alleviates strategic withholding of end-of-period effort, as reflected in abnormal fourth-quarter earnings. Combined, our evidence suggests that concave bonus plans motivate predictable performance just above the target at the cost of aggravating the ratchet effect.

3.05: Performance Metrics
1/10/2026
8:00:00 AM-9:30:00 AM

Decoupling Pay and Prospects: The Case for Subjective Performance Information
Jan Bouwens (1), Nan Jiang (2)
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We revisit Holmstrom's informativeness principle in a multi-period employment setting. We study a setting where the supervisor initially can use one instrument only to provide financial incentives to the agent: a salary increase. She can use objective and subjective performance metrics to motivate her decision to change the salary of the agent. This situation changes in our setting when the firm allows the supervisor to deploy two financial incentives: Salary increase and performance-based pay where in the latter case the agent is rewarded for delivering performance. Our core prediction is that, once the supervisor can separately make decisions about the salary increase and performance-based pay, she starts to use subjective metrics to a higher extent to convey the prospects of the employee while using primarily objective metrics to motivate pay-for performance. Our prediction is based on the idea that the supervisor wants to secure the next-period effort of the agent with the pay-for performance instrument, and at the same time wants to assure that employees learn about their prospects in the firm. We test this using within-firm data from a professional services company. Consistent with our prediction, we find that the weight on subjective assessments in salary-raise decisions increases by nearly twenty percent, whereas bonuses load primarily on objective measures. Our additional analysis suggests that the greater reliance on subjective metrics in salary-raise decisions is driven by appraisals of firm-wide contributions, rather than performance confined to the employee's own business area.

3.06: Cost Adjustments and Changes
1/10/2026
8:00:00 AM-9:30:00 AM

Mechanisms Underlying the Degree of Revenuesâ€"Expenses Matching
Edmond Tapero (1)
(1) Tel Aviv University, Ashdod, Israel

This study revisits the association between revenues and expenses documented by Dichev and Tang (2008) by exploring two economic mechanisms: the firm's loss status and asymmetric cost behavior. First, using a large panel of 110,889 firm-year observations from 1967 to 2023, I find that loss firms exhibit weaker revenuesâ€"expenses matching than profit firms, a phenomenon attributable to structural firm characteristics such as higher financial, operating leverage and smaller size. Second, I document asymmetric matching: expenses respond less to revenue declines than to increases, reflecting managerial frictions in resource adjustments. These findings hold after controlling for R&D expenditures, special items, and listing cohorts, suggesting that these mechanisms are robust and express fundamental economic forces. The contributions are twofold. First, I extend the stream of studies on revenuesâ€"expenses matching by identifying two economic mechanisms underlying weak revenuesâ€"expenses matching, above and beyond financial reporting issues or sample composition explanations documented in prior studies. Moreover, both losses and asymmetric cost behavior offer a broader understanding of the economics driving the matching decline over time. Second, I extend the cost-accounting literature by showing that asymmetric cost behavior not only affects cost levels but also impairs the matching degree during revenue declines.

3.06: Cost Adjustments and Changes
1/10/2026
8:00:00 AM-9:30:00 AM

Customer Data Privacy and Cost Elasticity: Evidence from the Implementation of Cybersecurity Law

Clara (Xiaoling) Chen (1), Xin Cheng (2), Ziwei Song (3), Cheng Yin (4)
(1) University of Illinois at Urbana-Champaign, Champaign, IL, (2) Renmin University of China, Beijing, Republic of China, (3) Tsinghua University, Beijing, Beijing, (4) Tsinghua University, Beijing, People's Republic of China

Countries are enacting laws to protect customer data privacy by prohibiting unauthorized data acquisition and use of customer personal data. Using the implementation of China's Cybersecurity Law (CSL) as an exogenous shock, we examine how customer data privacy regulation affects firms' cost structure. We first document a positive association between CSL and cost elasticity. Using measures of managerial uncertainty based on textual analysis of forward-looking statements in annual report, we then show that the implementation of the CSL does not affect managerial perception of volume uncertainty, but significantly increases managerial perception of contribution margin uncertainty, which, in turn, increases cost elasticity. Cross-sectional results reveal that the positive effect of CSL on cost elasticity is more pronounced for firms that are more sensitive to downside risk and those that rely more heavily on information about individual customers. The main results are robust to various checks using alternative samples and specifications. Overall, this study sheds light on the effect of data privacy regulation on firms' cost allocation decisions.

3.06: Cost Adjustments and Changes
1/10/2026
8:00:00 AM-9:30:00 AM

Regulatory Costs and Vertical Integration: Evidence from Supply Chain Disclosure Regulations

Enshuai Yu (1)
(1) Boston College, Chestnut Hill, MA

I study whether and how supply chain disclosure regulations shape corporate vertical boundaries. I employ a 2010 California corporate disclosure mandate designed to eradicate human trafficking and slavery in supply chains. This mandate elevates costs to firms that rely on supply chain parties, specifically reputational and litigation risk, other stakeholder pressure, and information acquisition and monitoring costs. As a result, to better control their supply chains, affected firms vertically integrate, primarily via acquiring supply chain parties. The effect is concentrated among firms facing greater stakeholder pressure (e.g., plaintiffs, consumers, NGOs, and shareholder activists), higher sourcing risk, and asset specificity. Also, following the regulation, affected firms increase overall vertical integration and reduce outsourcing to suppliers. Collectively, my findings suggest that supply chain disclosure regulations incentivize firms to expand their vertical boundaries.

3.07: Labor & Workload
1/10/2026
8:00:00 AM-9:30:00 AM

Lateral Moves and Employee-Job Match Quality: Evidence from the Field
Yiwei Li (1)
(1) Harvard University Business School, Boston, MA

This study examines voluntary, employee-initiated lateral moves as a mechanism for improving employee-job match quality. Using 11-year personnel data from an S&P 500 company, I find that employees undertaking such moves exhibit significantly higher long-term promotion rates, lower turnover, and improved performance ratings compared to matched employees who remain in their roles. Conversely, involuntary, firm-dictated lateral moves fail to generate these benefits, suggesting that voluntary lateral moves enable employees and local managers to exploit private information to improve job matching. The benefits of voluntary moves particularly pronounced for those facing high information asymmetry, limited promotion opportunities, or substantial changes in job content prior to their move. However, lateral moves also entail short-term transition costs, such as temporary declines in performance and role clarity. This research contributes to the accounting and economics literature by highlighting a dynamic, post-hire mechanism for improving employee-job match quality. The findings demonstrate the strategic value of lateral mobility in workforce optimization, particularly relevant for flat organizational structures and periods of hiring constraints when firms must maximize the productivity of existing employees rather than rely on external recruitment.

Break and Research Exhibition II
1/10/2026
9:30:00 AM-10:00:00 AM

You Belong with Me: Energy Cost and Carbon Accounting for Time-Specific Calculations of Electricity Costs and Carbon Emissions

Philip Dickemann (1), Marc Wouters (1), Niklas Letmathe (1)
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This paper introduces the Energy Cost and Carbon Accounting (ECCA) model, a novel framework that integrates time-specific electricity cost and carbon intensity data into management accounting systems. Existing approaches to carbon accounting often rely on aggregated data, obscuring temporal variability in energy-related emissions and costs. In contrast, the ECCA model aligns electricity consumption with time-specific grid characteristics, generating granular cost and carbon information at the unit and timeslot levels. Drawing on contingency theory, we simulate four scenarios based on electricity market data, systematically varying electricity pricing structures and consumption patterns across hourly to yearly aggregation levels. Our findings show that higher temporal resolution substantially improves the accuracy and decision-usefulness of both energy cost and carbon emissions information, particularly in environments characterized by fluctuating electricity prices and carbon intensities. The ECCA model can enhance operational decision-making, drive behavioral change, and support effective regulatory frameworks. While implementation depends on data availability and organizational flexibility, recent advances in smart metering and energy management systems enhance feasibility. The paper extends design-based management accounting research and contributes to the literature by conceptualizing temporal volatility as a critical contingency factor in the design of energy cost and carbon accounting systems.

3.07: Labor & Workload
1/10/2026
8:00:00 AM-9:30:00 AM

The D in Delegation: The Impact of Discretion in the Delegation of Decision Rights

Alisa Sophie Bach (1)
(1) NA - No Affiliation, Vienna, Wien

In this study, I investigate the consequences of awarding employees discretion in delegating decision rights. I exploit a field setting in a German insurance company with close to 30,000 observations, where the firm gave employees discretion to alter their job design. Employing a two-way-fixed-effects-difference-in-difference design, I find that employees who use the discretion given to them to alter their job design significantly improve their performance. Exploiting the experiment's design choices, I examine the difference between employees who use discretion to alter their job design and those who uphold the status quo. I find that employees with a lower absolute differential in prior-treatment performance between tasks included in their job design are more likely to use discretion to alter their job design. My result thus challenges the broadly discussed notion that employees might use discretion to select themselves into low-performance tasks. These findings have important managerial implications. First, I show that allowing for discretion in delegation can lead to an increase in employee performance. Second, my results indicate that the assumption of moral hazard as a potential consequence of employee discretion in delegation is not supported.

3.07: Labor & Workload
1/10/2026
8:00:00 AM-9:30:00 AM

Workload, Time Use and Efficiency
Eremina Ytsma (1), Austin Sudbury (1)
(1) Carnegie Mellon University, Pittsburgh, PA

An extensive literature exists on task assignment between workers (e.g.Bar-Isaac and LÃ©vy (2022), Ghosh and Waldman (2010), Waldman (1990)), but there is relatively scant work on allocations 'within' workers. Yet as knowledge work increases, it is crucial for workers to figure out how to allocate their time across tasks, especially when workload is high. In this paper, we study how workload affects performance and how workers adjust labor input and organize tasks in response to workload. We develop a dynamic multi-tasking model with labor-leisure and quality-quantity choices in a production environment that allows for efficiencies of scale. We find that in heterogeneous contexts, with more learning within projects than within the same step across projects, it is optimal to work sequentially, completing one project before starting the next. In homogeneous contexts, in which learning within the same step across projects is relatively stronger, it is optimal to work in batches, completing the same step across projects. Output increases with workload in both contexts, but while timeliness may decrease in heterogeneous contexts, quality and timeliness increase in homogeneous contexts because higher workload increases the efficiency of batch work. We provide empirical evidence of the theoretical predictions using detailed workload, productivity, internet and time use data of insurance claims examiners in two departments that handle heterogeneous and homogeneous claims respectively, and who face plausibly exogenous variation in workload. We show evidence consistent with examiners working in batches in the homogeneous context and sequentially in the heterogeneous context. A 1 standard deviation increase in workload increases output by 2.8% in the heterogeneous and 9.3% in the homogeneous context, while timeliness and quality increase in the latter context only.

Break and Research Exhibition II
1/10/2026
9:30:00 AM-10:00:00 AM

Auditors and Client Layoffs
Vishal Baloria (1)
(1) University of Connecticut, Storrs, CT

We examine the effects of auditor industry expertise and resources on subsequent client layoffs. We find that auditor industry expertise is positively associated with the likelihood of a subsequent client layoff, suggesting auditors transfer their industry knowledge to clients for complex, non-routine, and unstructured decisions. We fail to find that better resourced auditors, Big 4 firms, affect subsequent client layoffs. The positive association for audit industry experts is concentrated among firms making layoffs for strategic reasons rather than for financial reasons, as measured by financial distress or within a declining industry. We also find that that the positive association for audit industry experts is concentrated among firms with robust internal information environments, as proxied by the absence of material weaknesses or misstatements. Collectively, our results provide evidence that auditors with industry expertise can supply value beyond the financial statement audit by providing information to support their clients' operational decisions.

4.02: The Influence of Media
1/10/2026
10:00:00 AM-11:30:00 AM

Can Local Media Encourage Empire Building? Evidence from Business Journals

Farzana Afrin (1), Vishal Baloria (2)
(1) California State University - Fullerton, Fullerton, CA, (2) University of Connecticut, Storrs, CT

Local business journals encourage local firms to grow, network, and hire. We find that after a local business journal enters a geographic market, overinvestment by local firms increases. Value-destroying acquisitions by local firms also increase after local business journal entry into markets. We complement our entry analyses by benchmarking local firms within 100 miles of a local business journal to adjacent firms within 100 to 250 miles. We again observe evidence of overinvestment among local firms, with stronger effects for local business journals with more subscribers, a greater emphasis on firm scale and growth, and more active networking events. After local business journals introduce daily email newsletters, initiate dissemination of content through social media, and enter markets via digital-only editions, local firms' overinvestment increases. Our collective evidence suggests that local business journals, which emphasize firm scale, growth, and social networking, can encourage managerial empire building. Our findings of local media engendering agency conflicts extend a burgeoning literature on the positive effects of local media.

4.02: The Influence of Media
1/10/2026
10:00:00 AM-11:30:00 AM

Partisan Media and Corporate Voluntary Disclosures: Evidence from Sinclair Acquisitions
Ming Li (1), Adam Koch (2), Yi Liang (2), Ge Wu (3)
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Using Sinclair Broadcast Group's acquisitions of local TV stations as a quasi-experimental setting, we investigate whether changes in the political orientation of local media influence firms' voluntary disclosure behavior. Drawing on mediaâ€⍰bias theory and implementing a staggered differenceâ€⍰inâ€⍰differences design, we find that corporate managers do not operate in an information vacuum â€“ the local media ecosystem changes their economic behavior. Specifically, conservative-leaning CEOs in designated market areas (DMAs) affected by Sinclair's acquisitions of local TV stations increase both the quantity (frequency) and quality (optimism) of their forecasts. Our findings contribute to political economy and disclosure literature by linking local media partisanship to corporate reporting behavior, highlighting how media consolidation, by altering the political orientation of a local information environment, influences the flow of firm-level information that investors rely on, with implications for pricing, risk assessment, and capital allocation decisions.

4.02: The Influence of Media
1/10/2026
10:00:00 AM-11:30:00 AM

Does Media Sentiment Affect Real Actions? Evidence from Data Breaches
Vishal Baloria (1)
(1) University of Connecticut, Storrs, CT

Negative media coverage imposes reputational costs on firms and encourages managers to take reactive actions to placate the press. We use an event study design to demonstrate that data breaches generate significant negative media sentiment towards firms. This effect is stronger among smaller firms, firms that withhold disclosure about the nature of data breaches, and firms involved in severe data breaches. We further document that investment efficiency decreases in the period following data breaches for firms experiencing the most negative media sentiment. This decline in investment efficiency is specific to IT spending and manifests as overinvestment in IT. Our collective evidence suggests that media encourages managers to overreact to data breaches.

4.03: Labor & Wages
1/10/2026
10:00:00 AM-11:30:00 AM

Pay Disclosure Laws and Employee Salary

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We examine the impact of pay disclosure laws on employee salary. Using a staggered adoption of several U.S. state-level laws that require employers to provide salary information in job postings, we find that these laws lead to lower posted salaries for affected jobs compared to unaffected jobs. The negative effect is more pronounced among firms located in more concentrated local labor markets and larger firms, while it is weaker for positions with professional certification requirements. Consistent with the public salary disclosure facilitating tacit coordination among peer firms, we observe a decline in variations in posted salaries within the same local labor market and occupational category following the pay disclosure laws. Furthermore, we utilize salary expense data from banks and find a consistent decline in average salaries following the pay disclosure laws. Our findings highlight employers' strategic use of public salary disclosure in labor markets, with policy implications for the costs of salary disclosure regulations.

4.03: Labor & Wages
1/10/2026
10:00:00 AM-11:30:00 AM

Conservatism in Hiring
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We investigate how firms' hiring activities respond to changes in expected labor demand using job posting data. Our analysis reveals that while hiring significantly decreases following declines in expected demand, as reflected in recent stock returns, the response to increases in expected demand is considerably more muted. We attribute this conservative hiring behavior to labor market frictions associated with both downsizing and expansion. Consistent with our predictions, we find that the asymmetric hiring pattern is more pronounced in firms facing higher labor downsizing costs (e.g., strong unions or higher labor enforcement risk) and in jobs with higher hiring costs (e.g., high-salary or hard-to-fill positions). The asymmetry is also stronger in firms exposed to greater downside risk, suggesting the downward uncertainty further exacerbates the implications of adjustment costs. Finally, we reconcile our findings with the cost stickiness literature by showing that the asymmetry in hiring responses is more pronounced in firms with stickier cost structures. Overall, our findings suggest that firms exercise caution in their hiring practices, with labor adjustment costs playing a significant role in shaping this behavior.

4.03: Labor & Wages
1/10/2026
10:00:00 AM-11:30:00 AM

Mandatory Salary Range Disclosure and the Gender Pay Gap

Marshall Vance (1), Jaewon Cheong (2), David Tsui (3)
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Pay transparency laws have been proposed as a means to reduce persistent gender pay disparities. In this paper, we use novel data from a crowdsourced compensation platform to examine whether recent laws mandating salary range disclosures in job postings narrow the gender pay gap, and whether these laws differentially affect cash versus equity compensation. Using a difference-in-differences design with fixed effects to control for unobserved time-invariant differences across employers, locations, and occupations, as well as employer-wide changes over time, we find that pay transparency laws are associated with modest increases in salary for both men and women, but no reduction in the gender gap for salary. In contrast, we find that equity compensation declines substantially for women but is unchanged for men, resulting in an overall widening of the gender pay gap. Cross-sectional analyses indicate that these effects are concentrated in settings with greater scope for negotiation and higher potential for gender bias. Our results provide evidence of the consequences of mandatory salary range disclosure and highlight that pay transparency laws can have unintended effects on gender pay gaps, particularly for forms of compensation not explicitly targeted by these laws.

4.04: Firm Information Environment
1/10/2026
10:00:00 AM-11:30:00 AM

Corporate Disclosures and Real Responses to Geopolitical Risk: Evidence from the War in Ukraine

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We study how the recent geopolitical tensions between Russia and Ukraine affect the demand and supply of SEC issuers' relevant information. As Russia accumulates an unprecedented number of troops near the Ukrainian border on March 3, 2021, stakeholders start acquiring filings with information on firm-specific geopolitical risk exposures. Despite the increases in demand for information on firm-specific exposures, most firms supply novel information about their exposures only after Russia invades Ukraine on February 24, 2022. This implies that the geopolitical threat of war increases demand for information, but firms tend to delay the supply of information until the realization of war. Disclosure behavior varies across channels such as current reports, quarterly reports, conference calls, and management guidance. Cross-sectional analyses reveal that managers' communications take into consideration potential shareholder exits when choosing their disclosure channel. Next, identifying a subsample of firms with revenues in Russia via the country's tax register, we examine whether historical segment revenue disclosures on Russian exposure led to greater stakeholder responses when Russia invaded Ukraine. Controlling for firms' proportions of revenues from Russia, we find that firms with the segment revenue disclosures experience greater negative abnormal returns and high analysts' forecast errors at the onset of the war, despite incurring fewer impairments as the war unfolds. These findings are both important and timely and add to our understanding of the interplay between geopolitics, corporate disclosures, and capital market consequences in the United States.

4.04: Firm Information Environment
1/10/2026
10:00:00 AM-11:30:00 AM

Caught up in the AI Rat Race: Does Technological Peer Pressure Fuel Ai Washing or Hushing?
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The SEC has cautioned public firms against artificial intelligence (AI) washing-overstating AI investments in corporate disclosures. Legal experts expect AI washing to increase as firms face intensified competitive pressures to deploy AI, but disclosure theory suggests competition may instead lead to AI hushing-understating AI investments in disclosures-due to proprietary cost concerns. I examine whether technological peer pressure (TPP) fuels AI washing or hushing. Using a word embedding machine learning model, I construct AI and investment dictionaries, and measure AI washing or hushing as the difference between a firm's decile rank in retrospective AI investment disclosure (from annual reports or earnings calls) and its decile rank in actual AI investment among peer firms in a year. To mitigate endogeneity, I exploit a plausibly exogenous increase in peers' R&D intensity to capture a focal firm's TPP. I find that TPP induces AI washing, particularly among firms that opportunistically overstate AI investment, benefit more from capital market rewards, or gain strategic competitive advantages from inflated disclosure. Overall, my findings shed light on how technological competition affects the discordance between corporate AI use disclosure and investment, highlighting a pressing regulatory concern given the SEC's mandate to ensure full, fair, and truthful disclosures to support efficient capital allocation.

4.04: Firm Information Environment
1/10/2026
10:00:00 AM-11:30:00 AM

When Speaking Freely Pays: Anti-SLAPP Laws and Firms' Cost of Equity

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A fundamental question in corporate finance is whether a firm's cost of equity (COE) is influenced more by the amount of information disclosed or by the direction and tone of that information. While greater transparency can reduce information asymmetry and lower financing costs, negative disclosures may increase perceived risk and, consequently, firms' COE. We examine this trade-off using the adoption of U.S. state anti-SLAPP laws, which provide speech protections to corporate critics, thereby promoting the freer flow of information and negative disclosures. Employing an imputation-based difference-indifferences approach, we find that anti-SLAPP laws reduce firms' COE, especially for those in opaque information environments or with better-informed employees. Further analysis suggests that this effect operates through declines in information asymmetry, return volatility, and systematic and stock price crash risk. Our findings highlight how legal institutions that encourage free speech can lower financing costs by enhancing transparency and reducing uncertainty in capital markets.

4.05: Contract Framing
1/10/2026
10:00:00 AM-11:30:00 AM

How Does Contract Frame Impact Effort Persistence?
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Prior research finds that individuals prefer bonus contracts, but that penalty contracts elicit greater initial effort due to loss aversion. However, the effects of such contracts-and mixed contracts that combine bonus and penalty incentives-on effort persistence are less understood. In an experiment, we predict and find that combined contracts induce greater effort persistence than bonus or penalty contracts. Additionally, we find this effect is greater for more narcissistic participants, which mitigates individual differences in later effort as a function of narcissism that are observed under the other contracts. Our results further suggest that combined contracts are perceived as no less fair than bonus contracts, while they may be perceived as fairer than penalty contracts. In total, our study contributes to the literature by providing insights into the longer-term impacts of contract frame on employee effort and carries valuable implications for firms seeking to optimize workforce performance.

4.05: Contract Framing
1/10/2026
10:00:00 AM-11:30:00 AM

Short-Term Gains and Long-Term Costs: The Effect of Contract Framing on Creative Performance

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This paper investigates how the framing of incentive contracts-bonuses versus penalties-affects employee creativity in both the short and long term. Drawing on prospect theory and self-determination theory, we argue that penalty framing produces two competing effects: it increases risk-taking, which can enhance creativity, but also undermines intrinsic motivation, which reduces creativity. To examine the net effect and whether it persists, we conducted a two-stage laboratory experiment in which participants first worked on an incentivized task followed by an unincentivized task. We find that penalty framing led to higher creative performance than bonus framing, with mediation analysis supporting the risk-taking mechanism. However, in the subsequent unincentivized task, creativity declined more sharply for participants previously exposed to penalty contracts, suggesting a persistent effect of reduced intrinsic motivation. These findings contribute to the research on incentive design by showing how framing shapes not only immediate creativity but also performance once incentives are absent.

4.05: Contract Framing
1/10/2026
10:00:00 AM-11:30:00 AM

Reevaluating Employee Effort under Bonus and Penalty Contracts

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We conduct an experiment to examine the effects of bonus versus penalty contract framing on employee effort and misreporting when whether employees receive the bonus or must pay the penalty depends on their reported performance. In this common setting, we predict and find lower employee effort under a penalty contract than under an economically equivalent bonus contract. This is opposite the finding reported in most prior studies. Consistent with our theory, this result occurs because the penalty contract is perceived as less fair. Furthermore, employees misreport more under the penalty contract both because their expected disappointment about having to pay a penalty is greater than their expected disappointment about not receiving the bonus and because of the lower perceived fairness of the penalty contract. Lower effort and more misreporting under the penalty contract in the common setting in which employee incentives depend on their performance reports helps explain why penalty contracts are not more prevalent in practice. In addition, our evidence on the process driving our findings clarifies the costs and benefits of contract framing, and as such can help firms design better incentive contracts.

4.06: Creativity and Incentives
1/10/2026
10:00:00 AM-11:30:00 AM

Shared Values Across Hierarchies: How Value Congruence and Compensation Scheme Affect Subordinate Performance

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Many organizations, including for-profit firms, seek to support a social mission. This study experimentally examines the effects of superiors' and subordinates' value congruence with the social mission and the superiors' compensation scheme on subordinate performance. We predict and find that under a more value-congruent superior, performance is higher for more value-congruent subordinates than for less value-congruent subordinates, especially when the more value-congruent superior receives performance-based pay, as more value-congruent subordinates seek to support the organizational mission and the superior who shares their values. However, under a less value-congruent superior, more and less value-congruent subordinates are more focused on and motivated by their given target, in line with goal-setting theory, and performance is similar given the same target difficulty. Our results present new implications for organizations supporting social missions on how shared values across the organizational hierarchy and compensation scheme impact subordinate behavior.

4.06: Creativity and Incentives
1/10/2026
10:00:00 AM-11:30:00 AM

The Effects of Self-regarding and Others-regarding Rewards on Creativity: Behavioral and Neurological Evidence

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Creativity, the generation of unique, useful proposals, is essential for organizational success; yet the impact of rewards on creativity remains unclear. This study integrates behavioral and neurological evidence to examine how the type of creativity-contingent reward influences proposal uniqueness, usefulness, and overall creativity. Specifically, we compare a no rewards condition to two reward types: others-regarding (prosocial) and self-regarding (cash). We find others-regarding rewards significantly enhance both uniqueness and usefulness, leading to greater overall creativity relative to no rewards. In contrast, we find self-regarding rewards improve usefulness but not uniqueness, resulting in no net gain in creativity. Neuroscientific evidence using functional near-infrared spectroscopy (fNIRS) shows that others-regarding rewards engage brain areas associated with both divergent and convergent thinking (right Angular Gyrus, right Supramarginal Gyrus), while self-regarding rewards engage areas related to executive control (right Middle Frontal Gyrus) but associated with limited divergent thinking. An additional experiment using transcranial direct current stimulation (tDCS) provides causal evidence that modulating neural activity in the right Angular Gyrus enhances divergent thinking, increasing the uniqueness of creative output. Together, these findings demonstrate that reward type meaningfully shapes creative outcomes through distinct cognitive mechanisms, which should inform both theory and practice.

4.06: Creativity and Incentives
1/10/2026
10:00:00 AM-11:30:00 AM

The Effects of Incentivizing Crazy Ideas on Group Creativity

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Practitioners sometimes advocate incentivizing employee groups to generate ideas that break with existing norms (hereafter, crazy ideas), but the effectiveness of these incentives remains unclear. While such incentives can boost creativity by expanding the range of ideas shared, they may also violate group norms and disrupt cohesion, potentially undermining group creativity. We test this theory in three experiments where participants brainstorm creative university course ideas under different incentive structures. In the absence of group interaction, incentivizing crazy ideas increases the number of crazy ideas, which leads to a greater number of highly creative ideas. When group interaction is introduced, however, we observe a trade-off: incentivizing crazy ideas enhances creativity but also reduces it by weakening group cohesion. A third experiment shows that this cohesion cost is mitigated when groups have norms that support sharing crazy ideas. These findings highlight the tradeoffs of incentivizing crazy ideas and suggest that the efficacy of these incentives depends on the social dynamics within groups.

4.07: Sharing is Caring
1/10/2026
10:00:00 AM-11:30:00 AM

Information Sharing Between Participants in Lab and Online Experiments

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Communication outside the experimental design might pose a threat to the validity of experimental research. Moving beyond anecdotal evidence, we conduct experiments in two university laboratories with different setups, as well as on Prolific and CloudResearch, to measure information sharing outside the experimental design. We find evidence of information sharing in all settings and no evidence of differences in rates across platforms. In our studies, an estimated 6â€“11% of participants had received information from others. In the lab using cubicles, no information sharing occurred on the first day of data collection, suggesting a potential mitigation strategy for experiments vulnerable to communication. In online experiments, excluding participants flagged as duplicates by Qualtrics reduces information sharing. Our findings suggest that communication should not be overlooked as a threat, and we begin to examine design choices to mitigate its occurrence.

4.07: Sharing is Caring
1/10/2026
10:00:00 AM-11:30:00 AM

Effects of Incentivizing Novelty vs. Usefulness and Idea Sharing Policies on Idea Sharing and Subsequent Collaboration

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(1) Cornell University, Ithaca, NY, (2) Cornell University, ITHACA, NY

Across two experiments, we examine how incentives emphasizing novelty versus usefulness in a creative task influences (1) employees' willingness to share ideas, and (2) their subsequent collaboration. In Experiment 1, participants first generate three creative ideas under novelty or usefulness incentives, and then either voluntarily share their ideas or are required to share at least one idea. We find that novelty incentives reduce voluntary idea sharing by heightening evaluation apprehension but mandating a minimum level of sharing mitigates this effect. However, even with lower idea sharing, we find participants in the novelty incentives + voluntary sharing condition collaborate with each other more in a subsequent group-based creative task than those from the novelty incentives + mandatory sharing condition. Experiment 2 uses a scenario-based experiment to explore this finding, manipulating whether sharing one idea is voluntary or mandatory and whether most peers share only one idea or some peers share multiple ideas. Results reveal that seeing peers share multiple ideas increases perceptions of both collaboration and competition. These findings suggest that the low level of voluntary idea sharing under novelty incentives supports subsequent collaboration because it avoids the competitive perceptions triggered by additional idea sharing under a mandatory policy. Taken together, our findings offer practical implications for designing creativity incentives and idea sharing policies that balance idea sharing and subsequent collaboration.

4.07: Sharing is Caring
1/10/2026
10:00:00 AM-11:30:00 AM

An Examination of Supervisor-Subordinate Knowledge Sharing
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Knowledge sharing between supervisors and subordinates is essential for employee development and organizational success. However, relatively little is known about how control system features can influence supervisors' willingness to share knowledge, particularly when that knowledge is high in value. We explore how features of the control environment (knowledge sharing culture, relationship transparency and subordinate relative ability) influence supervisors' decision to share knowledge, and the strategic decision of what type of knowledge to share. We conduct an experiment and observe that a culture of knowledge sharing leads to more knowledge sharing between supervisors and subordinates. We also observe that within knowledge sharing cultures, relationship transparency and supervisor ability jointly influence the extent to which high-value knowledge is shared. A follow up supplemental experiment provides support for our theory that social comparisons can explain these effects. Our findings highlight that although a culture of knowledge sharing increases supervisors' willingness to share knowledge, managers may be strategic in the type of knowledge they are willing to share.

4.08: Practice Panel

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The practice of accounting is evolving faster than ever and demanding new skills and career pathways for long-term professional relevance. There is much focus amongst accounting educators and practitioners to evaluate whether academic curricula and workplace learning programs have the appropriate balance of ensuring that future accountants have the necessary knowledge in fundamental accounting knowledge while learning about the new skills that would be required in addition to the fundamental accounting knowledge. Modern accounting professionals need expertise in emerging areas such as data analytics, and artificial intelligence to stay competitive. The 2025 IMA Competency Framework-expanded from six to ten domains-offers a market-responsive, data-driven blueprint for academics and practitioners to use to maintain the appropriate level of balance of the necessary fundamental accounting knowledge and the latest developments that are rapidly influencing the practice of accounting in the profession. This paper relies on the 2025 IMA Competency Framework as a unifying standard for educators, employers, and individual professionals. The paper illustrates how the framework could be used in curriculum design, workforce talent development, and personal career planning. We provide strategies for embedding competencies into learning outcomes, role expectations, and upskilling plans, supported by real-world examples. This is a call to action for stakeholders to adopt the framework with the same urgency as the technological, regulatory, and market changes redefining the profession.

5.01: Performance Evaluation
1/10/2026
1:15:00 PM-2:45:00 PM

Confirmation Bias in Discretionary Performance Evaluations: The Role of Performance Summaries

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Managers' discretionary performance evaluations are often biased by their prior beliefs about the evaluated employee. We examine how such confirmation bias is affected by the use of summary measures in performance reports. We hypothesize that confirmation bias exists when summaries are framed in terms of achievements but are attenuated when summaries are framed in terms of failures. We test our hypotheses using data collected in an experiment with participants from Indonesia. The results are consistent with our predictions and show that failure framing of summary measures can be used as a tool to trigger critical thinking and debias performance evaluation judgments.

5.01: Performance Evaluation
1/10/2026
1:15:00 PM-2:45:00 PM

Employee Self-Assessments in the Performance Review

Marte Abts (1)
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Many firms require their employees to write self-assessments as part of their performance management systems. This study examines how the use of employee self-assessments in the performance review process affects employee performance. Drawing on self-enhancement theory, I propose that the effect of using self-assessments for evaluation on employee performance depends on its design. I hypothesize that using self-assessments for evaluative purpose is more effective in enhancing employee performance when the self-assessment design includes a future-oriented, developmental focus, compared to when it does not. I conducted a 2*2 between-subjects experiment with 188 participants. The results show that when the self-assessment is used in the evaluation, employee performance is higher if the self-assessment form incorporates a future orientation, compared to when it focuses solely on evaluating one's past performance. In contrast, I find that when self-assessments are not used as part of the performance review process, including a future orientation hampers performance. Additionally, this study provides some evidence that supervisors consider self-assessments a valuable source of information in performance evaluation decisions. These findings have important implications for both research and practice.

5.01: Performance Evaluation
1/10/2026
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Mitigation or Exacerbation? The Effects of Public Peer Review on Subjective Performance Evaluation Bias
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Firms are increasingly adopting Peer Review systems, in which employees' work, behavior, and performance are evaluated not only by supervisors but also by peers at the same hierarchical level. We investigate whether, and under what conditions, public nature of Peer Reviews can mitigate manager's performance evaluation bias. Using a scenario-based promotion decision task, we examine how Public Peer Review and the degree of managerial interest relevance with evaluation outcomes jointly affect managers' subjective performance evaluation bias. We predicted and found that Public Peer Review deters managers' strategic use of peer-generated information for self-interested purposes, which in turn attenuates their performance evaluation bias. However, this effect only occurs when the evaluation outcomes are directly tied to manager's personal interests. Our findings highlight the importance of interest relevance as a contextual determinant of Public Peer Review's effectiveness and provide practical insights into designing peer evaluation systems that mitigate bias in subjective performance evaluation.

5.02: Office Grind
1/10/2026
1:15:00 PM-2:45:00 PM

Targeting Targets
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This study investigates whether and how workers' individual characteristics and prior performance affects optimal target setting. We conducted an online experiment with nearly 3000 participants. In the first part, we elicited personal characteristics such as personality traits and preferences, and participants completed a real-effort task. In the second part, we randomly assigned different performance targets for the same real-effort task, awarding a fixed bonus to participants who met their assigned target. Using 38 different target levels, our results confirm an inverted U-shaped relationship between target and performance. In a second step, we use machine learning techniques to predict which target levels maximize individual performance. The results indicate that targets predicted to be optimal vary for each person based on their unique characteristics.

5.02: Office Grind
1/10/2026
1:15:00 PM-2:45:00 PM

Slowing the Rat Race: The Effects of Competitive Incentive Systems and Work-life Balance Communication on Employee Overwork

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Excessive and unproductive overwork is a costly and persistent issue in many organizations, that is often driven by competitive incentive systems and information asymmetry between managers and employees. This study examines how two common incentive systems-tournaments and bonus allocations-influence employees' unproductive overwork behavior, and whether managers' non-binding work-life balance (WLB) communication can mitigate such behavior. Using an interactive laboratory experiment, we find that a tournament system in which managers assign only a single reward, causes significantly more unproductive overwork than a bonus allocation system in which managers can decide on how to split the reward among employees. However, when managers actively use WLB communication to discourage overwork, it significantly mitigates this negative effect, even though the communication is non-binding and managers cannot directly infer whether employees have worked overtime. Supplementary evidence suggests that employees interpret managers' WLB messages as credible signals, and managers indeed follow through by adjusting their bonus decisions to avoid rewarding unproductive overwork. Overall, our findings highlight how different competition incentive systems drive employees' unproductive overwork, and how such behavior can be mitigated with a low-cost, behavioral intervention centered on work-life balance messaging.

5.02: Office Grind
1/10/2026
1:15:00 PM-2:45:00 PM

The Hidden Cost of Voice: How Employee Input on a Remote Versus In-Office Work Policy Reduces Peer Helping Behavior

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Many firms give employees voice regarding various work policies. Prior research generally finds positive effects of giving employees voice. Our study examines a possible unintended negative effect of giving employees voice (i.e., that doing so may reduce peer-to-peer helping behavior). Because employees differ in their preferences, when firms establish a policy based on employee voice, there will be winners (the firm policy matches the employee's preferences) and losers (the firm policy does not match the employee's preferences). One potential consequence of creating winners and losers is that peer-to-peer helping behavior may depend on the type of peer employee they are asked to help. We conduct an experiment in which employees are given voice on whether their team will work remotely or in the office to investigate the impact on peer-to-peer helping behavior. We find support for two of our three predictions. First, we find that employees are less willing to help a peer who has differing preferences. Second, we find that, among those with strong preferences for the work policy, losers helping winners exhibit the lowest helping behavior, relative to all other pairings. We extend the literature on giving employees voice by providing evidence of an unintended negative consequence on peer-to-peer helping behavior. These findings can help firms make more informed decisions when designing their management control systems.

5.03: Sustainability
1/10/2026
1:15:00 PM-2:45:00 PM

Navigating through the Stormâ€”Physical Climate Risk and Cost Structure

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The occurrence of natural hazards such as wildfires, earthquakes, or hurricanes has been increasing over the past decades, representing a growing source of risk for individuals and companies. This paper aims to shed light on how managers adapt cost structures in response to such increased physical climate risk. Drawing on real-options theory, we predict that managers increase the share of variable to fixed costs to increase operating flexibility and mitigate a firm's risk exposure. To test this prediction, we exploit the staggered occurrence of hurricanes across the US between 2003 and 2022. In line with our prediction, we find an increase in a firm's share of variable costs after the occurrence of hurricanes. Additional analyses further substantiate that our effect, which primarily occurs in COGS, is driven by risk-balancing motives and varies across industries. Focusing on the frequency of occurrence, our results reveal a heterogeneous reaction over time, indicating learning effects.

5.03: Sustainability
1/10/2026
1:15:00 PM-2:45:00 PM

Beyond Disclosure: How Firms Reshape Organizational Structure in Response to the Sustainability Reporting Regulation

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This paper examines how firms respond to sustainability reporting regulation through changes in their internal organizational structures, focusing on the European Union's Non-Financial Reporting Directive (NFRD). Using a difference-in-differences approach with matched EU and U.S. firms, we find that the NFRD leads firms to generalize sustainability responsibilities-embedding them within existing managerial roles. We document that generalization improves short-term sustainability performance, but is also associated with a significant decline in financial performance. To explain these findings, we employ instrumented DiD regressions and show that generalization is negatively associated with sustainability-related incentives and not significantly linked to sustainability targets. These results suggest that firms restructure their sustainability governance without fully aligning other management control elements, potentially undermining short-term financial efficiency. Our findings offer novel evidence on how sustainability mandates shape organizational design elements.

5.03: Sustainability
1/10/2026
1:15:00 PM-2:45:00 PM

Climate Commitment and Climate Talents
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Climate change presents one of the most critical challenges of our time. However, the role of climate talent-professionals dedicated to implementing climate strategies and driving environmental performance-has received relatively little attention in research. This study examines the impact of climate commitments at both the state and corporate levels on the demand for climate talent. We find that state-level greenhouse gas emission targets are associated with increased climate-related job postings, but only when such targets are enacted through legislation rather than executive orders. On the corporate side, commitments to climate disclosure are positively correlated with climate talent job postings, particularly among companies subject to higher media scrutiny or among those with a greater proportion of sustainability-focused institutional investors. Furthermore, we find that cumulative job postings for climate talent are associated with reduced carbon emissions. Our findings highlight climate talent as a key enabler that materializes climate policy and disclosure commitment into measurable improvements in climate performance.

5.04: Monitoring & Control
1/10/2026
1:15:00 PM-2:45:00 PM

Management Controls, Firm Growth, and the Maintenance of Corporate Culture
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Theoretical and empirical evidence suggests that strong corporate cultures-defined as shared values and beliefs among organizational members-can enhance internal alignment, operational efficiency, and firm performance. These features are often seen as enabling firms to scale rapidly. However, theoretical insights from multiple literatures suggest that the internal alignment and behavioral consistency characteristic of strong corporate cultures rely on control practices that are difficult to sustain when the workforce of an organization grows rapidly. Drawing on these literatures, we argue that rapid growth in employees can weaken the strength of corporate culture. Using text-based methods to capture the strength of corporate culture, we find that firms with strong pre-existing cultures are less likely to sustain their cultures during rapid growth. We further find that this tradeoff between growth and culture is amplified by non-organic growth through acquisition and greater geographic expansion. Moreover, we show that strong-culture firms that focus more on employee-related control practices, such as recruitment and employee development, are more likely to preserve the strength of their cultures during rapid growth. Our findings highlight the vulnerability of corporate culture to scaling pressures and contribute to the literatures on corporate culture and management controls by demonstrating how growth strategies shape the sustainability of strong cultures in firms.

5.04: Monitoring & Control
1/10/2026
1:15:00 PM-2:45:00 PM

Business Strategy and Workplace Safety: The Role of Internal Governance and External Monitoring Mechanisms
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This study draws on Miles and Snow's (1978) typology of business strategy, focusing specifically on Prospectors and Defenders, to examine whether firms pursuing different strategic orientations differ in the occurrence of workplace safety violations. Additionally, we explore the moderating roles of CEO stock-based compensation, as an internal governance mechanism, and analyst coverage, as an external monitoring mechanism, on the relationship between business strategy and workplace safety violations. Using workplace safety violation data from the Violation Tracker database between 2014 and 2022, we find that Prospectors are less likely than Defenders to engage in workplace safety violations and incur fewer penalties scaled by the number of employees. Moreover, CEO stock-based compensation, as an internal governance mechanism, appears to decrease the probability, frequency, and total violation penalty of workplace safety violations in Prospectors. Although we don't find that analyst coverage helps reduce the probability and frequency, analyst coverage reduces the total penalties of workplace safety violations. This study contributes to the literature on business strategy and workplace safety by demonstrating how internal governance mechanisms and external monitoring differentially shape workplace safety across strategic types.

5.04: Monitoring & Control
1/10/2026
1:15:00 PM-2:45:00 PM

Organizational Complexity and Management Control Systems: Organizational Hierarchy and Subsidiary Supervision
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We examine the subsidiary structure of firms to extend our understanding of how organizational complexity affects the relationship between organizational structure and the supervision of subsidiaries. We hypothesize that as complexity increases and more decision authority is transferred to subsidiaries within the organization, firms will find it beneficial to complement this distribution of decision rights with direct supervision of key subsidiaries to maximize its benefits. Using diversification-based metrics of organizational complexity, we find that complexity reinforces the complementarity between the number of layers in the organizational hierarchy (organizational distance) and the number of top executives appointed to subsidiary management positions (shared executives). Further analysis shows that the subsidiaries chosen for supervision display characteristics that suggest the supervision provided likely encompasses both monitoring and advising functions. Finally, responding to calls for the examination of management controls as a system of interrelated components, we present evidence that organizational distance and shared executives are systematically related to the CEO's span of control and the incentive pay provided to non-executives.

5.05: Executive Compensation & Corporate Governance
1/10/2026
1:15:00 PM-2:45:00 PM

Board Knowledge and Performance Metric Variety in CEO Bonus Contracts
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This study examines the role of the board's knowledge base in explaining a greater variety of performance metrics in CEO bonus contracts. We argue that the breadth of the board's knowledge base determines how the board conceptualizes the ways in which the CEO creates firm value when selecting metrics for the CEO's bonus contract. Boards with a broader knowledge base may identify a larger pool of metrics that are both precise about the dimensions of action that they want to encourage and congruent with firm value, leading to greater performance metric variety in CEO bonus contracts. We further expect this association to become stronger in uncertain environments when designing precise and congruent performance metrics is most complex but also most valuable. Using board functional diversity as a proxy for the board's knowledge breadth and a newly created measure of performance metric variety, we find a positive association between the boards' knowledge breadth and performance metric variety, which becomes stronger in uncertain environments. Additional analyses reveal that greater metric variety is associated with improved performance and higher investor support in firms with knowledgeable boards, especially when environmental uncertainty is high.

5.05: Executive Compensation & Corporate Governance
1/10/2026
1:15:00 PM-2:45:00 PM

Insider Trading Policy and Executive Compensation
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This study examines how expanded disclosure of insider trading policies affects executive compensation. Using the U.S. Securities and Exchange Commission's (SEC) December 2022 rule mandating public disclosure of firms' insider trading policies, we find that as firms prepare for compliance, abnormal insider-trading profits decline significantly, while total executive compensation increases, suggesting that insider-trading profits function as a form of implicit pay for executives. The increase in total compensation is concentrated among insiders who trade opportunistically, as indicated by whether their transactions follow predictable patterns; this finding aligns with prior research showing that such trades are more informative and therefore generate positive abnormal returns. The compensation adjustment is concentrated in formula-based pay, namely bonuses and equity grants, with little change in salary or option awards. Overall, our results suggest a trade-off between implicit and explicit compensation and provide policy-relevant evidence that transparency reforms can enhance market fairness while inducing changes in compensation design.

5.05: Executive Compensation & Corporate Governance
1/10/2026
1:15:00 PM-2:45:00 PM

Firm Responses to Proxy Advisor Recommendations: Evidence from Supplemental Proxy Filings

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Proxy advisors (PAs) play a key role in shareholder voting, with negative PA recommendations leading to significant voting dissent against management proposals. We examine firms' decisions to file a supplemental proxy statement (DEFA14A) in response to Against recommendations Institutional Shareholder Services (ISS) and Glass Lewis (GL), the most influential PAs, issue for Say on Pay proposals. Approximately 11% of firms respond to these recommendations by filing a DEFA14A, more often if ISS or both PAs recommend Against than if only GL does. Filings are more common for larger firms and those with more dispersed institutional ownership. The typical filing is substantial in length and discusses compensation, firm performance, the link between pay and performance, and the selection of peer groups by PAs. These results suggest that firms balance the costs of disclosure (alerting investors unaware of the negative recommendations) against the benefits (mitigating the concerns raised by PAs). We document positive market reactions in the two-day window around the filing date when both proxy advisors recommend Against. Approximately 8% of filing firms secure a recommendation reversal to For, resulting in over 20% greater SOP support. In the absence of a recommendation change, DEFA14As are not associated with better SOP voting outcomes. We conclude that while some DEFA14As communicate favorable information to the market and are successful in changing PAs' recommendations, their effectiveness is limited, perhaps because of the structural features of the proxy voting process (e.g., shareholders casting their votes rapidly after PAs file their reports and the absence of a mechanism through which firms can review and respond to the reports in a timely manner).

5.06: Performance Evaluation
1/10/2026
1:15:00 PM-2:45:00 PM

Do Peer and Self-Evaluations Affect Pay? Field Evidence from a Fortune 500 Corporation
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We examine whether and how supervisors incorporate peer and self-evaluations into formal performance and compensation decisions, and whether these ratings predict future performance. Using detailed personnel data from over 16,000 employees at a multinational corporation between 2017 and 2021, we find that both peer and self-ratings are positively associated with supervisors' official performance assessments and compensation outcomes. Further, both types of ratings predict future performance, with peer ratings exhibiting stronger predictive power. Additional analyses reveal that the informativeness of peer ratings varies by evaluator characteristics and job contexts. Overall, these results provide novel evidence on the practical relevance of peer and self-evaluations in the performance evaluation process and organizational decision-making.

5.06: Performance Evaluation
1/10/2026
1:15:00 PM-2:45:00 PM

Zoomed Out: How Remote Work Influences Employeesâ€™ Performance Evaluation Outcomes Through Network Formation

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This study explores the performance evaluation consequences employees experience when they telecommute. We posit that professional network formation is an important mediator in the relation between telecommuting and performance evaluation, as employees who telecommute build less effective networks, which are, in turn, associated with less favorable evaluation and promotion decisions. Exploiting proprietary data from an e-commerce firm and the first COVID-19 pandemic-led lockdown as an exogenous shock to telecommuting, we derive three important insights. First, we find support for the notion that employees who telecommute build less effective networks and specifically achieve lower centrality in their firm's social network. Second, we find that when employees have lower network centrality, this is associated with more average (as opposed to extremely positive or extremely negative) performance ratings and a lower likelihood of being rated as 'promotion-ready'. Third, we find that employees' level of network centrality mediates the relation between telecommuting and performance evaluation outcomes. Collectively, our results highlight the challenges that telecommuting as a relatively novel type of work arrangement poses for management control.

5.06: Performance Evaluation
1/10/2026
1:15:00 PM-2:45:00 PM

When Multi-Raters Compete: Gender Differences in Strategic Behavior During Multi-Rater Performance Evaluation
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Multi-rater performance evaluation is a contemporary management control practice that promises more informative performance evaluations. However, we have yet to understand whether such systems can also pose problems related to different groups of employees. For this purpose, I collaborate with a European e-commerce company to examine strategic behavior in multi-rater systems, focusing on situations in which employees function as multi-raters and compete for monetary rewards. I focus on understanding gender differences in both mutual rating relationships and strategic rating behaviors, that is, strategic downvoting to improve individual standing and reciprocal ratings for mutual benefit. Results from multivariate regressions indicate that female employees, compared to male employees, are 33.6% less likely to engage in mutual rating relationships when they compete with the respective multi-rater for rewards. At the same time, in mutual rating relationships, female employees are more likely to provide lower-than-average ratings, consistent with strategic downvoting behavior. In comparison, their male counterparts provide higher-than-average ratings, consistent with reciprocal rating behavior. These findings highlight important challenges related to multi-rater performance evaluation and help explain gender differences in career advancement.

5.07: Misreporting
1/10/2026
1:15:00 PM-2:45:00 PM

Perceptions of Deterrence: How Investigator Compensation and Whistleblowing Channel Anonymity Jointly Influence Ex Ante Misreporting

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This experimental study examines how internal whistleblowing program design influences employees' ex ante misreporting behavior. Concerns are being raised that many internal whistleblowing programs are not perceived as effective, limiting their deterrent potential. We investigate the joint impact of internal investigators' compensation structure (profit-sharing vs. fixed-wage) and whistleblowing channel type (anonymous vs. non-anonymous) on misreporting. Based on perceptual deterrence theory and social distance concepts, we hypothesize that fixed-wage compensation for investigators will increase deterrence perceptions and deter employee misreporting, particularly when the whistleblowing channel is non-anonymous. Results from a participative budgeting experiment support this prediction. Misreporting is significantly lower with fixed-wage compensation versus profit-sharing when the whistleblowing channel is non-anonymous, but not when it is anonymous. Process evidence confirms deterrence perceptions drive these results. These findings show that common practices like anonymous channels may have unintended consequences by weakening deterrence perceptions and potentially diminish the benefits created from investing in objective internal investigators.

5.07: Misreporting
1/10/2026
1:15:00 PM-2:45:00 PM

The Effects of Incentive Design and Co-Worker Physical Presence on Performance Misreporting
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Companies are increasing the use of group-based incentives to foster team cohesion, and fostering team cohesion may be particularly crucial in settings where employees are not working in close physical proximity. Various work design choices impact the degree of co-worker physical presence, such as remote and hybrid work which has significantly increased after the COVID-19 pandemic. These trends raise the importance of examining the joint effects of incentive design and co-worker physical presence on employee behavior. Using an experiment, we examine the interactive effects of incentive design (individual-based versus group-based) and co-worker physical presence (absent versus present) on performance misreporting. We posit that there will be greater overstatement of performance under group-based incentives than individual-based incentives because workers can justify their overstatement as benefiting their co-workers, and this effect is diminished by the physical presence of co-workers. We find support for our hypothesis that workers overstate their performance more under group-based than individual-based incentives when co-workers are physically absent, but not when their co-workers are physically present. Our study contributes to the literature on employee misreporting, extending research on the interactive effects between work design and incentive design.

5.07: Misreporting
1/10/2026
1:15:00 PM-2:45:00 PM

Strategy Communication Is Prefactual Communication: How Communicating Plans for Improvement Increases Internal Misreporting

Stephen Bachmann (1)
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I conduct an experiment to examine the effect of strategy communication on performance measure misreporting. Strategy communication incorporates methods for achieving goals and objectives and improving associated performance measures by articulating if-then, cause-and-effect relationships. I predict such if-then expectations about the future, known as 'prefactuals,' causes employees to find it more morally acceptable to misreport because they can imagine how the performance measure will improve in the future. As predicted, I find misreporting is greater when strategy intended to improve the performance measure is communicated. Supporting my theory that misreporting is driven by the prefactual nature of strategy communication, I also find that when employees have multiple ways to misreport, varying the communicated strategy changes how they misreport. I find similar patterns in employees' moral acceptability of misreporting. In contrast with prior accounting research, which emphasizes strategy communication's benefits, these findings demonstrate a potential detrimental consequence of this common practice.

6.01: Employee Incentives
1/10/2026
3:00:00 PM-4:30:00 PM

Earnings pressure and rank-and-file employee decisions: Evidence from pharmacistsâ€™ opioid dispensing activities

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This study examines how corporate earnings pressure affects rank-and-file employee decisions, using pharmacists' opioid dispensing activities as our research setting. Combining U.S. Drug Enforcement Agency (DEA) data with public company earnings reports, we find that pharmacies whose parent company meets or narrowly beats quarterly earnings forecasts ('pressured pharmacies') dispense 9.7 percent more opioids than when not under pressure, while pharmacies whose parent company exceeds earnings forecasts by a large margin dispense 3.5 percent less opioids. The result for pressured pharmacies is stronger in the last month of a quarter, in locations farther from DEA offices, in areas with less local media scrutiny, and in communities with weaker religiosity and social capital. Pressured pharmacies shifted to dispensing other opioids after OxyContin's abuse-deterrent reformulation, suggesting pharmacists respond to nonmedical demand. States with more pressured pharmacies show higher future opioid-related deaths. The findings highlight how earnings pressure affects rank-and-file employee decisions, with potential public health consequences.

6.01: Employee Incentives
1/10/2026
3:00:00 PM-4:30:00 PM

Corporate Cultural Diversity and Long-Term Performance: The Role of Employee Ownership
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This paper investigates the relationship between corporate cultural diversity and long-term financial performance, focusing on the moderating role of employee ownership. We argue that corporate cultural diversity, the coexistence of multiple distinct values within an organization, allows firms to better adapt and refine their strategic focus, thereby enhancing firms' long-term financial performance. However, as corporate cultural diversity can also lead to misunderstandings and conflicts among employees, we suggest that firms with higher levels of employee ownership are better equipped to capitalize on the advantages of corporate cultural diversity. Employee ownership can mitigate the potential negative effects of corporate cultural diversity by fostering a stronger sense of ownership among employees, which aids in resolving conflicts. Drawing on a dataset of S&P 1500 firms, our findings reveal that corporate cultural diversity contributes to enhanced company performance only in the context of high levels of employee ownership. These findings highlight the dynamic between corporate cultural diversity and ownership structures, offering insights into how firms can leverage corporate cultural diversity to strengthen long-term performance.

6.01: Employee Incentives
1/10/2026
3:00:00 PM-4:30:00 PM

The Effect of Non-Executive Employee Ownership on Tolerance of Cost-Cutting

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This study investigates whether employee ownership increases tolerance of cost-cutting in the form of layoffs. Cost-cutting initiatives are typically undertaken to increase firm value. However, if such initiatives damage employee sentiment, leading to low morale, reduced effort, and higher turnover, cost-cutting can ultimately destroy rather than create value. I examine whether employee ownership may mitigate this negative effect of cost-cutting on sentiment. Using a sample of layoffs between 2008 and 2025, I find that surviving employees react more negatively as the proportion of the workforce laid off increases, but this decline is substantially weaker in employee-owned firms. My results provide novel evidence that employee ownership moderates the effect of cost-cutting on employee sentiment, increasing the likelihood that such actions achieve their intended effect.

6.02: Employee Reviews
1/10/2026
3:00:00 PM-4:30:00 PM

Measuring Quality

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Quality is fundamental to firm value creation, yet existing measures are limited in coverage, lack cross-firm comparability, and primarily rely on lagging indicators that capture product or service failures only after they occur. We develop a novel measure of firm-year-level product and service quality using employee-generated text from over 4.3 million Glassdoor reviews. Leveraging machine learning models trained on a subset of firms with third-party customer satisfaction data, we construct quality indices for S&P 1500 firms spanning 2008 to 2023. The resulting measures show meaningful variation across firms and within firms over time. Our text-based quality indices demonstrate strong predictive power for future quality provision in out-of-sample tests, emerging as the single most important predictor relative to firm fundamentals and Glassdoor numerical ratings. We validate our measure by examining its association with alternative quality scores, third-party product/service quality rankings, future product recalls, and brand value. Our paper shows the value of employee voices as a powerful, forward-looking, and scalable signal of quality offerings. The paper offers implications for stakeholders seeking to identify quality-related risks and opportunities before they become externally visible.

6.02: Employee Reviews
1/10/2026
3:00:00 PM-4:30:00 PM

Echoing Employee Reviews as a Control System

Wenxin Wang (1)
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This paper examines whether firms' engagement with employee reviews functions as an effective interactive control system. Using a dataset of 367,749 reviews from 237 firms over the period 2007â€“2024, this paper addresses three questions: (1) Do firms respond to employee reviews, and if so, which firms are more likely to respond and which types of reviews elicit responses? (2) How do firms respond-do their responses reflect genuine engagement with employee concerns or primarily reputation management strategies? (3) Are firms' response behaviors associated with changes in the internal working environment or improvements in external labor market reputation? The findings reveal substantial variation in whether, why, and how firms engage with employee reviews. Moreover, specific response behaviors are linked to tangible outcomes, including higher employee satisfaction, lower turnover, and stronger labor market attractiveness. This study contributes to the literature on the role of employee reviews in firms' information environments and management control by showing how engagement with employee reviews on external platforms can operate as an interactive control system, bridging rank-and-file employees with management and reinforcing organizational learning.

6.03: Executive Compensation Structure
1/10/2026
3:00:00 PM-4:30:00 PM

When Do Long-term Incentives Work? The Role of Compensation Duration in the Trade-Offs over Permanently Reinvested Foreign Earnings

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Theory predicts that longer compensation duration-the vesting period of compensation grants-does not always deter managerial short-termism; its effectiveness hinges on the costs and benefits of myopic behaviors. This paper tests this prediction by examining how compensation duration influences the designation of permanently reinvested foreign earnings (PRE), a tax strategy that increases reported earnings but constrains domestic investment capacity. Exploiting variation in market expectations and investment opportunities, I find that longer compensation promotes value-enhancing investments only when managers' short-term incentives are ex-ante aligned with shareholder interests. Specifically, compensation duration reduces PRE following strong domestic returns only when managers have already exceeded earnings expectations, and increases PRE in response to foreign profitability only when doing so allows managers to meet forecasts they would otherwise miss. Absent this ex-ante alignment, extended compensation duration fails to curb short-termism, limiting firms' responsiveness to profitable opportunities. Additional analyses rule out alternative explanations related to income-based compensation structures and external financing costs. Consistent with the private benefits of short-termism, I further find that managers who use PRE to meet market expectations receive higher compensation and face lower turnover risk. These findings reveal a key boundary condition for the effectiveness of long-term incentives and offer new insights into how compensation design shapes both reporting and investment behavior.

6.03: Executive Compensation Structure
1/10/2026
3:00:00 PM-4:30:00 PM

Tax-Induced Distortion in Managerial Horizon

Jen Choi (1), Rachel Yoon (2), Jason Gwanhee Kim (3)
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This study examines how the differential tax treatment of cash bonuses and equity-based awards alters CEOs' after-tax incentive horizons. Using staggered changes in state-level personal income and long-term capital gains tax rates, we find that lower personal income tax rates and higher capital gains tax rates, which increase the after-tax weight on short-horizon payoffs, prompt CEOs to engage in myopic behavior. Conversely, tax changes that increase the after-tax weight on long-horizon payoffs reduce such behavior. The effect of tax rate changes is stronger when the affected pay component constitutes a larger share of the CEO's pay-for-performance sensitivity. We find little evidence that boards offset these taxâ€‘induced shifts by rebalancing bonus and equity incentives, but competitive product markets appear to mitigate the extent of myopic behavior. Overall, our results suggest that taxes distort the realized, afterâ€‘tax incentive composition of short-term and long-term awards, shifting the balance of horizons designed by the board.

6.04: Feedback and Learning
1/10/2026
3:00:00 PM-4:30:00 PM

Do Big Prizes Attract Talent or Big Heads? The Role of Narcissism, Skill Level, and Relative Performance Information in Public and Private Tournament Choice

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Tournaments with relatively large prizes might attract those who are either the most talented or the most narcissistic. Using a laboratory experiment, we find evidence that when tournament choice is public and relative performance information is unavailable, more narcissistic participants differentially prefer tournaments with the largest prizes. However, when either of these conditions is removed (i.e., when tournament choice is private or relative performance information is available), we find that participant narcissism does not predict tournament choice. Instead, consistent with economic sorting theory, skill level predicts tournament choice when relative performance information is available. In addition, our results suggest that top-level positions (which presumably have exceptionally large prizes) will likely attract more narcissistic applicants when hiring tournament choice is public and when little relative performance information is available. These results are important for both theory and practice.

6.04: Feedback and Learning
1/10/2026
3:00:00 PM-4:30:00 PM

Too Much of A Good Thing: When Does Greater Performance Measurement Frequency Lead to Less Learning?
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A firm's performance measurement system serves an important decision-facilitating function by providing employees with performance information that facilitates their learning. Due to recent technological advancements, firms can provide their employees with performance information on a more frequent basis, which has the potential to boost employees' learning. Using an experiment, we demonstrate the extent to which these benefits materialize depend on how employees learn. Specifically, increasing performance measurement frequency boosts learning from one's own experiences (experiential learning) by providing more timely information, but hinders learning from others' experiences (vicarious learning) by inducing more myopic information processing. The key insights of our study are that the effects of performance measurement frequency are more nuanced than previously thought, and that the net benefit of greater performance measurement frequency may depend on the relative importance of fostering experiential versus vicarious learning.

6.04: Feedback and Learning
1/10/2026
3:00:00 PM-4:30:00 PM

The Effect of Incentive Contracts and The Timing of Granting Decision Authority on Employee Learning

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Organizations increasingly pair rule-based controls with performance incentives, but imperfect controls raise a critical question: when should employees get decision authority? We examine how employees learn to work with and against imperfect rule-based behavioral controls by distinguishing between short-term feedback adaptation and long-term strategy learning. A 2Ã—2 between-subjects online experiment manipulates the timing of granting decision authority and the incentive scheme over an imperfect control with occasional malfunctions. We find that incentives paired with immediate authority boost on-task performance by fostering feedback adaptation, with gains concentrated when the control makes mistakes. However, this learning fails to transfer to a new, control-free task. Furthermore, incentives backfire when authority is delayed, leading to worse performance than a flat wage.

6.05: Rewards and Motivation
1/10/2026
3:00:00 PM-4:30:00 PM

The Effect of Tipping on Service Employee Motivation
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Academics and the popular press have recently called into question the traditionally held belief that service employees are more motivated by customer tips than by equivalent fixed pay. We conduct a framed experiment with experienced service employees to examine whether and why tipping offers such a motivational advantage. We find that service employees are indeed more motivated by tipping, and that this motivation results from a difference in source of pay (customer rather than employer) and timing of pay (tipping occurs after performance rather than before). These findings help explain why North American service organizations continue to delegate compensating employees to customers. Further, by investigating the process underlying the efficacy of tipping, we provide insights into why delegating compensation to customers could be ineffective in some situations.

6.05: Rewards and Motivation
1/10/2026
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Personality Traits, Self-Selection and Incentives

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This study examines how personality traits influence individuals' self-selection into tasks of different complexity and their responses to monetary incentives. In a two-stage real effort experiment, participants choose between a simple slider task and a more complex puzzle task. While some of the participants get their selected task, others are randomly assigned. Incentive schemes vary between flat wage and piece rate compensation. We find that individuals high in Openness are more likely to select the complex puzzle task, whereas those high in Agreeableness prefer the simple slider task. Receiving one's preferred task significantly improves performance in the complex puzzle task, but not in the slider task. Moreover, while monetary incentives generally enhance performance in the complex task, this effect reverses when participants per- form their preferred task, indicating a crowding-out effect. Our analysis aims to clarify the channels via which monetary incentives affect performance in tasks of different complexity. Our research contributes to a broader understanding of how personality traits interact with task preference, incentives and performance, offering practical insights for improving employee allocation and incentive design, potentially reducing turnover through informed allocation practices.

6.05: Rewards and Motivation
1/10/2026
3:00:00 PM-4:30:00 PM

Reward Allocations in Teams: When Decision Autonomy Helps and When it Hurts

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As organizations adopt flatter structures, teams increasingly decide how to allocate jointly earned rewards-such as bonuses, profits, or royalties-often with no or minimal hierarchical oversight. Prior research shows that, under certain mechanisms, team members can effectively use subjective, non-contractible peer information to allocate rewards, thereby curbing free riding and motivating contributions. Yet it is unclear whether teams should be granted autonomy over which mechanism to use. We conduct an experiment comparing even splits, which may appear fair but enable free riding, with two peer-based allocation mechanisms that mitigate it: bargaining (majority-approved proposals) and impartial sharing (averages of self-excluding proposals). The key novelty of our study is that teams either select the mechanism themselves or are assigned one. In both cases, bargaining and impartial sharing increase contributions by about 50% relative to even splits. However, when granted a choice, most teams opt for even splits due to naÃ¯ve expectations and preferences for procedural clarity. Among the peer-based mechanisms, teams prefer bargaining to impartial sharing since it preserves individual agency and control. This reveals a key tension: while it is beneficial to grant teams autonomy over the use of peer information to allocate rewards under a specific mechanism, granting them autonomy over the choice of mechanism itself may backfire.

6.06: Artificial Intelligence
1/10/2026
3:00:00 PM-4:30:00 PM

AI Agents and Management Controlâ€"Aligning the Digital Workforce with Organizational Objectives
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Autonomous agents built on large-language models are entering organizational workflows as quasi-employees that browse, code, and decide without continuous human supervision. This article introduces AI agents as objects of management control by conducting several experiments and reviewing the literature on AI safety research. The first two experiments show that setting targets for an AI agent can lead to misreporting and cheating. The third experiment indicates that AI agent's budget forecasts become downward biased if the agent is informed that a too high forecast leads to project termination. Subsequently, the paper provides examples from AI safety research that indicate that the control problems apparent in the three experiments are part of a broader issue. AI agents have been shown to distort effort, manipulate data, and bypass monitoring. The article continues by identifying three sources of misaligned AI agent behavior: (1) training of the AI models, (2) misspecified performance metrics, and (3) goal conflicts between prompts at different hierarchical levels such as system prompts and user prompts. Next, the article discusses potential solutions to AI agent control problems through the classic three-legged stool of decision rights, monitoring and measurement, and incentives. The article concludes with suggestions for future research.

6.06: Artificial Intelligence
1/10/2026
3:00:00 PM-4:30:00 PM

Safety in Obedience: Employeesâ€™ Reluctance to Deviate from their Supervisorsâ€™ Advice and the Role of AI

Kai Bauch (1), Andreas Ostermaier (2), Huaxiang Yin (3)
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Supervisors often serve as both advisors and evaluators, creating tension for employees who must decide whether to follow or deviate from their advice. Drawing on psychology theory of self-serving attribution bias, we argue that employees are reluctant to deviate from their supervisors' advice as they anticipate punishment regardless of decision outcome. We predict that this reluctance is mitigated when firms resort to artificial intelligence (AI) based advisor systems. We test our theory in an interactive laboratory experiment, where participants act as employees or supervisors. Employees perform a task that generates profit for their supervisor, who determines whether to award a bonus to employees. Employees can seek advice, and we vary whether the source of the advice is the employee's supervisor or an AI-advisory system that replicates supervisors' advice. Consistent with our predictions, employees deviate less from supervisors' advice than AI's advice and supervisors award lesser bonuses to employees deviating from their advice than employees following their advice. Our findings contribute to research on advice taking, subjective performance evaluation, and the growing role of AI as an alternative advice source.

6.07: Workplace Giving
1/10/2026
3:00:00 PM-4:30:00 PM

Making Workplace Giving Visible: The Effects of Employee Giving Information on Prosocial Norms and Behavior

Timothy Mallon (1), Kyle (Zhiping) Mao (2), Eric Chan (3)
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Workplace giving programs are widely used to facilitate employee contributions to charitable causes. Organizations vary in whether and how they internally disclose employee giving information (EGI), yet little is known about how different forms of such disclosures influence the development of descriptive prosocial norms and employees' prosocial workplace behavior. Using a laboratory experiment, we examine two common forms of EGI: 1) Categorical EGI, which lists donors without indicating their donation amounts, and 2) Ranked EGI, which ranks employees by the size of their donations. We find that while both forms of EGI increase employee participation in workplace giving, they differ significantly in how they shape prosocial norms and affect subsequent helping behavior. Categorical EGI, by highlighting the binary contrast between donors and non-donors, weakens the formation of prosocial norms and reduces employee helping by drawing attention to those who did not donate. In contrast, Ranked EGI avoids this adverse effect by shifting attention toward the top donors as prosocial exemplars. Mediation analysis supports our theory that changes in perceived prosocial norms mediate the observed effects. These findings offer both theoretical and practical insights into how different forms of EGI shape prosocial behavior in workplace settings.

6.07: Workplace Giving
1/10/2026
3:00:00 PM-4:30:00 PM

Keeping up Appearances: The Effect of Donation Visibility and Prosocial Incentive Type on Employee Effort

Melissa Verniest (1), Sophie Maussen (1)
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Prior research on prosocial incentives, which are donations to charity tied to the work activities of employees, suggests that these incentives lead to higher employee effort when donation visibility increases. However, prior literature mostly considers assigned prosocial incentives, which entail that employees cannot choose how much they want to donate to charity. As optional prosocial incentives, which do allow employees to choose, are more common in practice, we investigate how donation visibility affects employee effort for assigned and optional prosocial incentives. Relying upon the theory of prosocial behavior and social comparison theory, we expect that increased visibility will boost employees' self and social image for assigned prosocial incentives, but not for optional prosocial incentives. Thus, we predict that the effect of donation visibility on employee effort will be less positive for optional prosocial incentives than for assigned prosocial incentives. Preliminary results of a laboratory experiment partially support our hypotheses. As such, this study highlights that assigned and optional prosocial incentives can affect employees' behavior differently.

6.07: Workplace Giving
1/10/2026
3:00:00 PM-4:30:00 PM

How Peer Charitable Contribution Observability Can Reduce Inter-Employee Trust under Discretionary Bonus Allocations

Jeremy Douthit (1), Kyle (Zhiping) Mao (2), Patrick Martin (3), Wioleta Olczak (4)
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Firms are increasingly including their employees in the firm's philanthropic endeavors by utilizing firm-facilitated employee charitable giving programs. Because such programs are firm-facilitated, high levels of knowledge about employees' giving behavior is commonplace within the firm. This study provides experimental evidence regarding the conditions under which an employee's observability of their peer's charitable giving can have a negative effect on inter-employee trust. Specifically, we develop theory that suggests employees are more likely to attribute their peer's giving to selfish impression management concerns when both 1) employee giving is visible to firm management and 2) the firm employs a discretionary performance evaluation system, relative to when either of these aspects is absent. We expect these selfish attributions to subsequently reduce inter-employee trust. Our experimental results support our theory. These findings suggest a novel interaction between the firm's employee-focused CSR and its management control system. Specifically, our study provides evidence that the benefits of firm-facilitated employee giving and discretionary performance evaluation are likely muted when used in conjunction.

Session: ED Talks (15 minutes each)
1/8/2026
11:00:00 AM-12:00:00 PM

Data Analytics for Managerial and Cost Accounting

D. Kip Holderness (1)
(1) West Virginia University, Morgantown, WV

Dr. Holderness will present useful information about how and why data analytics should be incorporated into Cost Accounting and Managerial Accounting courses. He will share his own personal experience of how he has redesigned his cost accounting course with data analytics integration. Further, he will share how his methods have helped his curriculum evolve to meet changes in the CPA and CMA exams.