

## Accounting Research Workshop (ARW) – summer term 2019

- Speaker:** Professor Dr. J. F. M. G. (Jan) Bouwens
- University:** Professor of Accounting, Faculty of Economics and Business,  
University of Amsterdam
- Date:** April 16, 2019
- Subject:** "Adding controls: Do junior managers respond the same as senior managers?"

### **Abstract:**

We study, in a construction firm, whether and how project managers who are initially evaluated on their project profitability respond to the introduction of an additional performance measure: working capital levels. Our prediction is that project managers, conditional on their seniority, will respond differently to the new policy. The decision to add the specific performance measure of working capital in addition to the profit measure serves as a natural experiment to test how project managers respond when facing a new condition the firm creates. We predict and document that senior project managers will resist the introduction of the new performance measure, as it infringes on the implicit contract between them and the principal. Our empirical results suggest that senior project managers reject the new performance measure, while junior project managers accept it.



We were pleased, that we could welcome Professor Jan Bouwens at the Accounting Research Workshop at the faculty of Business Administration and wish him all the best for his future work and research projects.