

## Jonghwan (Simon) Kim

Phone: +1(213) 598-1018

E-mail: jonghwan.kim@usc.edu

Leventhal School of Accounting  
University of Southern California  
3660 Trousdale Parkway  
Los Angeles, CA 90089

### EDUCATION

---

<b>University of Southern California</b> , Los Angeles, CA	August 2007
Ph.D. Candidate in Accounting	-May 2013
Dissertation Chair: Kenneth A. Merchant	( <i>Expected</i> )
<b>KAIST Graduate School of Management</b> , Seoul, Korea	August 2003
Master of Business Administration	
Concentration: Finance, Accounting, and Business Analysis	
<b>Yonsei University</b> , Seoul, Korea	February 2001
Bachelor of Business Administration	

### RESEARCH

---

#### Interests:

Performance Measurement, Managerial Incentives, Compensation, Management Control Systems, Corporate Governance

#### Working Papers:

“Relationships between Accounting Performance and Career Decisions” (*Job market paper*)

“The Design and Effects of a Long-Term Performance Plan” with Byunghyun Choi, Kyungtae Lee, and Kenneth A. Merchant (*Under review*)

*Best Paper Award, Performance Management Association Conference 2012*

“Discretion and Bias in Promotion Decisions: Information or Preference?” (*Under review*)

“Firms’ Commitment to Mitigate the Ratchet Effect under Annual Bonus Plans with Multiple Performance Measures” with Kenneth A. Merchant and Byunghyun Choi (*A preliminary version available at SSRN*)

#### Work-in-Progress:

“Compensation Peer Groups: Executive Compensation Networks and Performance-Pay Alignment” (*Data collection stage*)

### TEACHING

---

#### Interests:

Managerial Accounting, Management Control System, Financial Accounting, Financial Statement Analysis

#### Experience:

Core Concepts of Managerial Accounting Spring 2011  
*Instructor*, University of Southern California

Core Concepts of Accounting Information Fall 2010  
*Teaching Assistant*, University of Southern California

## CONFERENCE PARTICIPATION

---

### Presentations:

- “Relationships between Accounting Performance and Career Decisions”  
AAA-Annual Meeting, Washington D.C., August 2012
- “The Design and Effects of a Long-Term Performance Plan”  
AAA-Management Accounting Section Meeting, Houston, TX, January 2012
- “Discretion and Bias in Promotion Decisions: Information or Preference?”  
AAA-Northeast Regional Meeting, White Plains, NY, October 2011

### Service:

- Reviewer & Discussant*, AAA-Annual Meeting, Washington D.C., August 2012
- Reviewer*, AAA-MAS Mid-year Meeting, Houston, TX, January 2012
- Reviewer, Moderator, & Discussant*, AAA-Annual Meeting, Denver, CO, August 2011
- Reviewer & Discussant*, AAA-Western Regional Meeting, Newport Beach, CA, April 2011

### Attendance:

- AAA-Annual Meetings* in 2010 (San Francisco, CA), 2011 (Denver, CO), & 2012 (Washington D.C.)
- AAA-Management Accounting Section Meetings and Doctoral Consortiums* in 2008 (Long Beach, CA), 2011 (Atlanta, GA), & 2012 (Houston, TX)
- AAA-Regional Meetings* in 2011 Western (Newport Beach, CA) & 2011 Northeast (White Plains, NY)

## HONORS AND AWARDS

---

- Best Paper Award, Performance Management Association Conference 2012*, Fitzwilliam College, University of Cambridge, 2012
- 2012 Summer Research Travel Grant*, USC Marshall School of Business, 2012
- Academic Excellence Scholarship*, Yonsei University, 1999
- Scholarship for Excellence in Entrance Exam*, Yonsei University, 1994

## PROFESSIONAL EXPERIENCE

---

<b>University of Southern California</b> <i>Research Assistant</i> to Professor Kenneth Merchant, Professor Tatiana Sandino, Professor David Erkens, and Professor Yaniv Konchitchki	September 2007- Present
<b>Samsung Electronics Co., Ltd.</b> , Seoul and Suwon, Korea <i>Assistant Manager</i> , Global ERP Integration, Corporate HQ <i>Assistant Manager</i> , Corporate Accounting & Finance, Corporate HQ <i>Accountant</i> , Visual Display Division	July 2003- June 2007
<b>Imagedrome Inc.</b> , Seoul, Korea <i>Associate</i> , Planning and Business Development	February 2000- January 2002
<b>Bankers Trust Seoul Office</b> , Seoul, Korea <i>Research Assistant</i> (Intern)	Winter 1998, Summer 1999
<b>2nd Infantry Division, U.S. Army</b> , Dongducheon, Korea <i>Sergeant</i> , Administrative Staff	March 1996- May 1998

## PROFESSIONAL AFFILIATIONS

---

American Accounting Association  
AAA-Management Accounting Section

## REFERENCES

---

### **Professor Kenneth A. Merchant (Dissertation Chair)**

Deloitte & Touche LLP Chair in Accountancy and Professor of Accounting  
Phone: 213-821-5920  
E-mail: kmerchant@marshall.usc.edu

### **Professor David Erkens**

Assistant Professor of Accounting  
Phone: 213-740-9318  
E-mail: erkens@marshall.usc.edu

### **Professor Tatiana Sandino**

Associate Professor of Business Administration, Harvard Business School  
Phone: 617-495-0625

**ABSTRACTS OF PAPERS**

---

**“Relationships between Accounting Performance and Career Decisions”**

This paper empirically examines whether accounting performance measured at corporate and reporting segment levels affects decisions to promote or dismiss executives in sub-organizations and how the relationship varies in different decision-making contexts. In a sample of 4,657 executive-years in a Korean conglomerate, the findings indicate that: (1) promotions (dismissals) are positively (negatively) associated with corporate and segment ROAs; (2) corporate and segment ROAs are associated only when promotion decisions involve hierarchical advancement; (3) counter-intuitively, the sensitivity of promotions to accounting performance is weaker for executives with greater decision-making authority and responsibility; and (4) the sensitivity of promotions to accounting performance is stronger when there is greater organizational interdependency. An additional exploratory analysis finds evidence of supervisors' consideration of organizational demand for knowledge transfer in promotion decision-making. Overall, the results indicate that supervisors incorporate accounting information into their evaluations in different manners depending on the decision-making circumstances that determine the informativeness of accounting performance for career decisions.

**“The Design and Effects of a Long-Term Performance Plan”** (*Under review*)

with Byunghyun Choi, Kyungtae Lee, and Kenneth A. Merchant

*Best Paper Award, Performance Management Association Conference 2012*

We use data obtained from a large Korean conglomerate to explore the design and effects of a long-term performance plan (LTPP) and the short-term incentive plan (STIP) with which it is used. The payouts from the LTPP were significantly larger than those for the STIP. LTPP performance targets were, on average, easier to achieve than those for the STIP, but target achievability was not significantly related to planning uncertainty. Importantly, the adoption of the LTPP did appear to lengthen managers' decision making horizons, as the adoption of the plan was associated with subsequently larger long-term investments, even after controlling for changes in economic conditions, and higher key-performance-indicator performance.

**“Discretion and Bias in Promotion Decisions: Information or Preference?”** (*Under review*)

This paper examines the effects of subjective evaluations in promotion decisions. In particular, I compare two competing explanations about what appears to be the outcome of favoritism. As a common driving factor, an established professional relationship affects promotion decisions in two ways. Information Hypothesis explains that the relationship facilitates effective communication of more and truthful information about a subordinate's qualities while Preference Hypothesis predicts that the once favored subordinates will be favored again as long as favoritism benefits a supervisor. The analysis using a sample of 4,657 executive-years in six companies of a Korean conglomerate finds that (1) supervisors do not favor subordinates simply due to an established relationship; (2) rather, supervisors value information that has been communicated and cumulated for a long (but not too long) time and at a close (hierarchical) distance; and (3) with many promotion contestants, supervisors may lack resources to make thoroughly evaluate every subordinate and, as a result, pursue an alternative efficient decision-making strategy, thus narrowing the candidate pool to those with whom more information is

communicated. The findings generally support for Information Hypothesis. They also suggest that adequate performance incentives may mute a supervisor's incentives for dysfunctional favoritism and ease principals' burden to reward and monitor managers' supervisory tasks separately.

### **“Firms’ Commitment to Mitigate the Ratchet Effect under Annual Bonus Plans with Multiple Performance Measures”**

with Kenneth A. Merchant and Byunghyun Choi

Prior literature has documented ratcheting targets and a potential adverse incentive problem it may cause, and, as a remedy to the problem, proposed a firm's commitment to incomplete use of past performance in setting future targets. In this paper, we examine whether a firm makes such a commitment, whether it behaves differently depending on the past target achievement level, the type of a performance measure, and the importance weight. Using a confidential dataset that consists of 1,208 performance-measure-year observations with the complete set of information including targets, actual performance, and importance weights for all performance measures used in the short-term incentive plan, we find that (1) the firm makes a credible commitment; (2) the firm's target revision behavior, however, varies with the previous target achievement level—rewarding past good performance, eliminating excess good luck, and compensating for excess bad luck; (3) the firm's behavior also varies with the type of performance measure—making stronger commitments for good financial and common measures while penalizing bad performance in the measures; and (4) contrary to our prediction, importance weights do not affect the firm's target revision behavior. Overall, generally consistent with prior literature, our study adds empirical evidence with novel findings, making the best use of the unique dataset.