



APPLIES TO ACADEMIC YEAR 2009/2010

GRA 6259 Managerial Accounting and Control

Programme

Master in Professional Accountancy

Responsible for the course

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Language of instruction

Norwegian

Introduction

The field of Management Accounting has changed considerably during the last two decades, and links to the fields of Management, Organizational theory and Strategy have emerged. Moreover, Management Accounting is today more focused on relevant information for decision-making on various decisions levels, and attention is directed towards management and control of processes of change in firms' activity structures. As an auditor, insight into contemporary concepts, methods, and models for development of relevant information and mechanisms for management and control of firm performance is eminent.

Learning outcome

• Acquired knowledge:

- Be familiar with the arguments for Strategic Management Accounting as an academic field and with the problems addressed in this field.
- Be familiar with the concept of strategic cost analysis and the underlying analysis.
- Understand how ABC contributes to cost measurements in a strategic cost analysis.
- Understand the multi-dimensional process analysis, and how this analysis on process level relates to productivity, effectiveness, instability and gaps in customer requirements.
- Be familiar with the assumptions of traditional budgeting with respect to the linkage between strategy and management control, and be able to critically discuss these assumptions.
- Understand the assumptions with respect to competitive advantage, strategy development, and strategy implementation, on which the rhetoric of the balanced scorecard is based.
- Be familiar with the basic assumptions on which the philosophy of beyond budgeting are based.
- Be familiar with the main principles of management control, applied in beyond budgeting, and the management accounting methods which are prescribed as substitutes for traditional budgets.
- Understand that questions about organizational functioning and value creation not necessarily have universal answers and thus, understand that there is no common solution as to management control.
- Be familiar with economic theory of motivation and compensation systems, including alternative theoretical approaches.
- Be familiar with selected empirical findings from the fields of motivation and compensation.

• Acquired skills:

- Be able to critically assess the results from a strategic cost analysis.
- Be able to structure and solve resource allocation problems within an activity framework.
- Be able to initiate and assess process change proposals, based on LP information.
- Be able to compare competing methods of management control - traditional budgeting, the balanced scorecard, and beyond budgeting - with respect to organizational context.
- Be able to discuss the relevance of competing management control concepts.
- Be able to discuss implications of invalid model assumptions for the use of the balanced scorecard.
- Be able to explain the basic features of the framework Levers of Control, including the main groups of control systems.
- Be able to assess the strengths and weaknesses of different economic incentives, and to consider when different systems are effective.

Prerequisites

BBA or equal academic programs qualifying for admission to the programme.

Compulsory reading

Books:

Kaplan, Robert S. and Anthony A. Atkinson. 1998. Advanced management accounting. 3rd ed. Upper Saddle River, N.J.: Prentice Hall. chapter 13 and 14, distributed on Blackboard
Lazear, Edward P.. 1995. Personnel economics. Cambridge, Mass.: MIT Press. selected parts distributed on Blackboard
Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2007. Driftsregnskap og budsjettering : økonomi- og virksomhetsstyring. 2. utg. Bergen : Fagbokforlaget

Articles:

Barney, Jay. 1991. Firm Resources and Sustained Competitive Advantage. Journal of Management. 17 (1)
Hope, Jeremy and Robin Fraser. 2003. New Ways of Setting Rewards: The Beyond Budgeting Model. California Management Review. 45 (4)
Hope, Jeremy and Robin Fraser. 2003. Who Needs Budgets?. Harvard Business Review. 81 (2)
Jensen & Murphy. 1990. Performance Pay and Top-Management Incentives. Journal of Political Economy
Johnson, H. Thomas. 1988. Activity-Based Information: A Blueprint for World-Class Accounting. Management Accounting. 69 (12)
Johnson, H. Thomas. 1992. It's Time to Stop Overselling Activity-Based Concepts. Start Focusing on Total Customer Satisfaction Instead. Management Accounting. 74 (3)
Kaplan, R. S. and D. P. Norton. 1996. Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review. 74 (1)
Mintzberg, Henry. 1987. Crafting Strategy. Harvard Business Review. 65 (4)
Quinn, James B.. 1977. Strategic Goals: Process and Politics. Sloan Management Review. Fall
Rappapont, A.. 1999. New Thinking on How to Link Executive Pay with Performance. HBR. 77,2
Shank, John K. & Vijay Govindarajan. 1992. Strategic Cost Analysis of Technological Investments. Sloan Management Review. Fall.
Shank, John K.. 1989. Strategic Cost Management: New Wine, or Just New Bottles?. Journal of Management Accounting Research. 1 Fall
Simons, Robert. 1994. How New Top Managers Use Control Systems as Levers of Strategic Renewal. Strategic Management Journal. 15, s. 169-189

Other:

-I løpet av kurset kan det bli delt ut materiale på flere emner som er relevante for kurset og eksamen

Recommended reading**Books:**

Simons, Robert. 1995. Levers of control: How managers use innovative control systems to drive strategic renewal. Boston, Mass.: Harvard Business School

Articles:

Baker et. al.. 1988. Compensations and Incentives: Practice Vs. Theory. Journal of Finance. XLIII, 3
Gibbons, R.. 1998. Incentives in organizations. Journal of Economic Perspectives. 12,4
Lazear, E.P.. 2000. Performance Pay and Productivity. AER. 90, 5

Course outline**1. Process and activity analyses**

From the generic value chain to strategic cost analysis
Multidimensional Process Analysis and other Process Oriented Methods
Activity analysis by means of linear programming
Decision relevance and the analysis of change

2. Performance Management

An introduction to the Balanced Scorecard
The philosophy of Beyond Budgeting
Beyond Budgeting in practice
Levers of Control
A critical view on the Balanced Scorecard

3. Incentives and Organizational Behavior

Agency model
Incentive models
Behavioral Economics

Computer-based tools

Excel

Learning process and workload

36 hours of lectures, teamwork and discussions.

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book.

Examination

3-hour written examination.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

Exam code(s)

GRA 62591 accounts for 100 % of the final grade in the course GRA 6259.

Examination support materials

BI-approved exam calculator.

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

Re-sit examination

Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee.

Additional information**Honor code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.