



APPLIES TO ACADEMIC YEAR 2010/2011

## GRA 6259 Advanced 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 the management and control of processes of change. 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

The students shall acquire knowledge about:

- The properties of important costing models.
- The multi-dimensional process analysis, and how this analysis relates to productivity, effectiveness, instability and gaps in customer requirements.
- The assumptions of traditional budgeting with respect to the linkage between strategy and management control, and be able to critically discuss these assumptions.
- The key concepts and relations in linear programming, and how this method is applicable in the process of capacity harmonization.
- The main explanatory models of competitive advantage.
- How strategy development and implementation evolve, according to the balanced scorecard rhetoric.
- The basic assumptions of organizational behavior and value-creation, on which the philosophy of beyond budgeting is based.
- The main principles of management control, applied in beyond budgeting, and the management accounting methods which are prescribed as substitutes for traditional budgets.
- That questions about organizational behavior and value-creation not necessarily have universal answers and thus, understand that there is no common solution as to management control.
- Economic theory of motivation and compensation systems, including alternative theoretical approaches.
- Selected empirical findings from the fields of motivation and compensation.

#### Acquired skills

The students shall acquire skills with respect to:

- The process of solving allocation problems within an activity framework.
- The assessments of capacity adjustments, based on LP information.
- Comparison of competing methods of management control - traditional budgeting, the balanced scorecard, and beyond budgeting - with respect to organizational context.
- Discussions of the relevance of competing management control concepts.
- Discussions of the implications of invalid model assumptions as to the balanced scorecard.
- The ability to explain the basic features of the framework Levers of Control, including the main groups of control systems.
- The assessments of strengths, weaknesses, and the effectiveness of different compensation systems.

### Prerequisites

BBA or equal academic programmes 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  
Lazear, Edward P. 1995. Personnel economics. Cambridge, Mass . : MIT Press. selected parts distributed on It's learning  
Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2007. Driftsregnskap og budsjettering : økonomi- og virksomhetsstyring. 2. utg. Bergen : Fagbokforlaget

### **Collection of articles:**

A collection of articles from Harvard Business Review and Management Accounting (among others) will be made available at the start of the course

### **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. 43 (3)  
Gibbons, R. 1998. Incentives in organizations. Journal of Economic Perspectives. 12,4  
Lazear, E.P. 2000. Performance pay and productivity. American economic review. 90 (5)

## **Course outline**

### **1. Process and activity analyses**

The properties of important costing models  
Multidimensional Process Analysis and other Process Oriented Methods  
Capacity analysis by means of linear programming

### **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**

A course of 6 ECTS credits corresponds to a workload of 160-180 hours. 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/It's learning 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.

**Examination 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**

It is only possible to retake an examination when the course is next taught.

The assessment in some courses is based on more than one exam code.

Where this is the case, you may retake only the assessed components of one of these exam codes.

Where this is not the case, all of the assessed components of the course must be retaken.

All retaken examinations will incur an additional 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.