



APPLIES TO ACADEMIC YEAR 2011/2012

GRA 6259 Advanced Managerial Accounting and Control

Programme

Master in Professional Accountancy

Responsible for the course

Tor Tangenes

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 and control has changed considerably during the last two decades, more influenced today than ever by theories and methods from the academic fields of strategy, management, and organizational behavior. Moreover, management accounting and control is today focused on relevant information for decision-making on various decisions levels and on adequate control systems. As an auditor, insight into these contemporary concepts and methods is eminent.

Learning outcome

Acquired knowledge

The students shall acquire knowledge about:

- Main concepts of effectiveness and resources and important relationships between effectiveness and resource management
- The payment perspective with respect to resource analysis.
- Traditional and adjusted metrics of effectiveness.
- 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:

- Adjusting accounting figures in order to increase the relevance and the validity of the effectiveness measurements.
- Calculation and assessments of firm effectiveness.
- 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. Prentice Hall. chapter 13 and 14
Lazear, Edward P. 1995. Personnel economics. MIT Press. selected parts distributed on It's learning
Tangenæs, Tor og Svein H. Gjønnæs. 2011. Økonomi- og virksomhetsstyring. Fagbokforlaget. Utvalgte kapitler

Articles:

Barney, Jay. 1991. Firm Resources and Sustained Competitive Advantage. Journal of Management. 17 (1). s. 99-120
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)
Kaplan, R.S. & S.R. Anderson. 2004. Time-driven Activity-based Costing. Harvard Business Review. Nov
Mintzberg, Henry. 1987. Crafting Strategy. Harvard Business Review. 65 (4) July-August
Quinn, James B. 1977. Strategic goals : process and politics. Sloan Management Review. Fall
Rappaport, A. 1999. New Thinking on How to Link Executive Pay with Performance. Harvard business review. 77 (2)
Simons, Robert. 1994. How New Top Managers Use Control Systems as Levers of Strategic Renewal. Strategic Management Journal. Vol 15. s. 169-189

Collection of articles:

En samling av vitenskaplige artikler fra blandt annet Harvard Business Review og Management Accounting vil bli gjort tilgjengelig før kursstart.

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. 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. The Measurement of Effectiveness**

Effectiveness and the Resource-based view
Traditional metrics; properties and limitations
Measurements based on financial reports
Measurements by means of the payment perspective

2. Performance Management

From financial control 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

Computer-based tools

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.