APPLIES TO ACADEMIC YEAR 2016/2017

GRA 6259 Management Control Systems

Programme
Master in Accounting and Auditing

Responsible for the course
Tor Tangenes

Department
Department of Accounting - Auditing and Business Analytics

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. The course content is limited to management control, and covers topics related to performance management, such as the balanced scorecard, beyond budgeting, forecasting and incentive mechanisms.

Learning outcome
Acquired knowledge

The students shall acquire knowledge about:
- the main explanatory models of competitive advantage.
- the application of the balanced scorecard at a company group level, and how the goal hierarchy is used to co-ordinate and mobilize firm resources and organizational behaviour
- how the balanced scorecard may be adjusted for public management and not-for-profit organizations
- main categories and sources of dysfunctional objectives and measures
- empirical studies of the relationship between the balanced scorecard and value creation
- the main principles of management control, applied in beyond budgeting and in the traditional management control
- how organizations function and value is created
- how business forecasting is applied in 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:
- comparison of competing methods of management control - traditional budgeting, the balanced scorecard, and beyond budgeting - with respect to organizational context.
- discussing the validity of competing systems of management control
- discussing the schools of strategic management to which the balanced scorecard is based
- discussing the application of the balanced scorecard with repect to alternative schools of sttrategic management
- discussiing the creation and destruction of value with respect to management control at the individual level
- explaining the basic features of the framework Levers of Control, including the main groups of control systems.
- discussing the strengths, weaknesses, and the effectiveness of different compensation systems.

Prerequisites

All courses in the Masters programme will assume that students have fulfilled the admission requirements for the programme. In addition, courses in second, third and/or fourth semester can have spesific prerequisites and will assume that students have followed normal study progression. For double degree and exchange students, please note that equivalent courses are accepted.

Compulsory reading
Books:
Gjønnes, Svein H. og Tor Tangenes. 2013. Arbeidsbok til Økonomi- og virksomhetsstyring : strategistøtte ved prestasjonsstyring, ressursstyring og beslutningsstøtte. 2. utg.. Fagbokforlaget. Del 1

Gjønnes, Svein H. og Tor Tangenes. 2014. Økonomi- og virksomhetsstyring : strategistøtte ved prestasjonsstyring, ressursstyring og beslutningsstøtte. 2. utg. Fagbokforlaget. Del 1: kapitlene 1 - 8
Lazear, Edward P. 1995. Personnel economics. MIT Press. selected parts distributed on It's learning
Mintzberg, Henry, Bruce Ahlstrand, Joseph Lampel. 2009. Strategy safari : the complete guide through the wilds of strategic management. 2nd ed. FT/Prentice Hall. 1-349

Book extract:
Kaplan, Robert S. and Anthony A. Atkinson. 1998. Advanced management accounting. 3rd ed. Prentice Hall. chapter 13 and 14

Articles:
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
Kaplan, R. S. and D. P. Norton. 1996. Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review. 74(1)
Rappapont, A. 1999. New Thinking on How to Link Excecutive 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

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). pp.593-616
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. **Performance Management**
   From Financial Control to the Balanced Scorecard
   The Balanced Scorecard at the Company Group Level
   The Balanced Scorecard in Public Management and in Not-for-Profit Organizations
   A Critical Glance at the Balanced Scorecard
   Advanced Topics in Budgeting
   Practical Implications of Beyond Budgeting
   Beyond Budgeting in Practice
   Levers of Control
   Business Forecasting

2. **Incentives and Organizational Behavior**
   Agency model
   Incentive models
   Behavioral Economics

Computer-based tools

Not applicable

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

Form of assessment	Weight	Group size
Written examination 3 hours	100%	Individual

Specific information regarding student assessment will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several components of the overall assessment. Candidates may be called in for an oral hearing as a verification/control of written assignments.

Examination code(s)
GRA 62591 written exam accounts for 100 % of the final grade in the course GRA 6259.

Examination support materials
BI approved exam calculator
Bilingual dictionary
Permitted examination support materials for written examinations are detailed under examination information in the student portal @bi. The section on support materials and the use of calculators and dictionaries should be paid special attention to.

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. All retaken examinations will incur an additional fee. Please note that you need to retake the latest version of the course with updated course literature and assessment. Please make sure that you have familiarised yourself with the latest course description.

Additional information
Honour code. Academic honesty and trust are important to all of us as individuals, and are values that are integral to BI's honour code system. Students are responsible for familiarising themselves with the honour code system, to which the faculty is deeply committed. Any violation of the honour code will be dealt with in accordance with BI’s procedures for academic misconduct. Issues of academic integrity are taken seriously by everyone associated with the programmes at BI and are at the heart of the honour code. If you have any questions about your responsibilities under the honour code, please ask. The learning platform itslearning is used in the teaching of all courses at BI. All students are expected to make use of itslearning.