



## SCHOOL OF ACCOUNTING & COMMERCIAL LAW

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### ACCY 402 CURRENT ISSUES IN MANAGEMENT ACCOUNTING

Trimester 1 2005

### COURSE OUTLINE

Contact Details	Office	Telephone
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Course Coordinator & Lecturer: Mr John Bradshaw <a href="mailto:John.Bradshaw@vuw.ac.nz">John.Bradshaw@vuw.ac.nz</a>	RH 617	463-5779
Lecturer: Dr David Marginson <a href="mailto:David.Marginson@vuw.ac.nz">David.Marginson@vuw.ac.nz</a>	RH TBA	463-TBA

#### Class Times and Room Numbers

Classes are in the format of seminars. A seminar is a class discussion group that centres on set readings/articles and/or presentations prepared and presented by students. There are no lectures or tutorials.

**Seminar Times:** Thursday 8.30 a.m. – 10.20 a.m. in RLWY 220

**Note:** To accommodate Dr David Marginson's visit (12 March through 23 April) and seminars, additional times will be scheduled on TUESDAYS during Weeks 5 and 6 (see seminar programme on pages 7 through 10).

Mid-Trimester break: Friday 25<sup>th</sup> March - Sunday 10<sup>th</sup> April

University classes resume: Monday 11<sup>th</sup> April

Final examinations take place during the university examination period, June 3-18, 2005

#### Prerequisites

ACCY 223 Management Accounting, and either ACCY 302 Advanced Management Accounting or ACCY 314 Accounting and Society.

#### Course Objective

This course introduces students to management accounting literature relating to the behavioural dimensions of management accounting and the design of management control systems.

## Course Content

- Introduction
- Development of management accounting
- Theories in management accounting
- Research methods in management accounting
- Management control systems and strategy process
- Modern methods of management control
- Contingency theory of management control
- Psychology of management control
- Empowerment and accountability
- Students' Project Proposals and Presentations
- Case Study: Managing for profit at Sears
- Project Preparation
- Students' Projects and Presentations

**A detailed seminar programme is printed on pages 7 through 10 of this document.**

## Readings

Reading material will be distributed during the trimester.

## Assessment Requirements

- |   |     |
|---|-----|
| 1. Critique preparation and presentation, and class participation | 30% |
| 2. Research Project Proposal and Presentation                     | 15% |
| 3. Research Project and Presentation                              | 55% |

## Penalties

In fairness to other students, work submitted after the due date will incur a 5% penalty (of the mark obtained) for each day late. Extensions may be granted with no penalty to those who meet the University's aegrotat rules (e.g. medical certificate, family bereavement).

## Course Work

### **Critique Preparation and Presentation, and Class Participation 30%**

Class seminars involve discussion of assigned weekly readings/articles along with other material as determined and presented by the Lecturer.

### **Critique Preparation and Presentation**

On average critique presentation time allocated is 20 minutes, with a further 20 minutes for questions and discussion. Each student is required to prepare a critique and presentation of **one** assigned article during the course.

It is required that the following eight questions/points be covered in your critique:

1. What is the purpose of the article?
2. What is (are) the main issue(s) addressed in the article? And outline the author's (s') main arguments.
3. Discuss major areas of agreement/disagreement you have with the author's (s') arguments.
4. Are there any weaknesses in the article?
5. Select what to you is the most interesting or significant sentence in the article and explain why you find this sentence interesting or significant.
6. Identify questions and issues raised in your mind by the article.
7. What have you learnt from the article?
8. How does the article fit with other topics/articles covered? Relate the article to other areas of your study in accounting.

Students are to select the article for their presentation from those listed in the Seminar Programme at the back of this Course Outline for weeks 1, 2, 3, 4, 5, 5 Cont., 6, and 6 Cont. A minimum of **one** and a maximum of **two** articles may be presented in each class session. Each student must advise the course coordinator by the first week of the course of the article they have selected for their critique presentation.

**“Critique Presenters” must e-mail (submit) their critique in the form of a Microsoft Word document (as an e-mail attachment) to [John.Bradshaw@vuw.ac.nz](mailto:John.Bradshaw@vuw.ac.nz) by 12 noon Two Days prior to the day of their scheduled critique presentation to the class.**

Furthermore, prior to your presentation and class discussion, prepare Overhead Projector Transparencies or PowerPoint Slides (teaching aids) as needed to help you facilitate your Critique Presentation and the Class Discussion. Here are some extra points you should consider while presenting your critique: Clear presentation of material; Eye contact and teaching aids; Generating and maintaining group participation/involvement of all class members; Creative ways to provoke thought and discussion; Ability to handle questions.

### **Class Participation**

For effective discussion on the material in class, it is very important that you read and understand the assigned articles (usually two per class session) beforehand. In order to assist you in this process you are required, for each of the assigned articles, to:

1. Select what to you is the most interesting or significant sentence (and prepare to discuss why it is interesting or significant).
2. Formulate one question for group discussion (and prepare to lead its discussion).

**“All Class Participants” (not the class session’s critique presenters) must e-mail (submit) (i) their most interesting or significant sentence (with page reference) and (ii) their question for group discussion, for each of the assigned articles, in the form of a Microsoft Word document (as an e-mail attachment) to [John.Bradshaw@vuw.ac.nz](mailto:John.Bradshaw@vuw.ac.nz) by 12 noon One Day prior to the day of the class session.**

Students are expected to attend **all** classes and participate fully in discussions. Marks will be awarded for class participation.

**Research Project Proposal and Presentation** **15%**

Students are required to submit a formal research proposal (maximum of 4 pages) outlining the objective of their research project and identifying proposed sources of information. Students must discuss their choice of topic with the lecturers during the first 6 weeks. Students present their proposals to the class during week 7 on the **21<sup>st</sup> April 2005**.

A copy of the proposal, in the form of a Microsoft Word document (as an e-mail attachment), is to be emailed to the lecturers by **12 noon Two Days prior to the day of their scheduled proposal presentation to the class.**

**Research Project and Presentation** **55%**

Each student is required to complete a major research essay/paper. The research paper is a major project, which can be a critical and comprehensive literature review, a detailed research proposal or an empirical study. The paper should be between 4,000 and 5,000 words long. Topics for the project must be discussed with and approved by your lecturers. **This research project is due by the end of Monday the 30<sup>th</sup> May 2005.** The manuscript is to be submitted in electronic format (i.e. in an email attachment as a Microsoft Word document) and in paper format (hardcopy).

Students are required to present their research project to the class on the **24<sup>th</sup> or 26<sup>th</sup> May 2005** (i.e. during week 12, the last week of the course).

**Mandatory Course Requirements**

Completion of the course includes:

- (a) Critique preparation and presentation of one selected reading/article;
- (b) The handing in and presentation of proposal for the research project by the stated date; and
- (c) The completion of this research project and presentation of the findings of your research to the class.

In addition, students are expected to participate and prepare fully for all seminars/classes.

To pass the course you must complete all items of assessment and obtain a weighted average of 50% across all items.

**Communication of Additional Information**

Communication of additional work will be through email and class announcements.

**General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

## Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at:

[www.vuw.ac.nz/policy/StudentConduct](http://www.vuw.ac.nz/policy/StudentConduct).

The policy on Staff Conduct can be found on the VUW website at:

[www.vuw.ac.nz/policy/StaffConduct](http://www.vuw.ac.nz/policy/StaffConduct).

## Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

[www.vuw.ac.nz/policy/AcademicGrievances](http://www.vuw.ac.nz/policy/AcademicGrievances).

## Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

*'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.*

### **Plagiarism is not worth the risk.**

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct ([www.vuw.ac.nz/policy/studentconduct](http://www.vuw.ac.nz/policy/studentconduct)) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

*Find out more about plagiarism and how to avoid it, on the University's website at:*

[www.vuw.ac.nz/home/studying/plagiarism.html](http://www.vuw.ac.nz/home/studying/plagiarism.html).

## **Students with Disabilities**

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: [disability@vuw.ac.nz](mailto:disability@vuw.ac.nz). The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

## **Student Support**

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st\\_services/](http://www.vuw.ac.nz/st_services/) or email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz).

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email [education@vuwsa.org.nz](mailto:education@vuwsa.org.nz).

**SEMINAR PROGRAMME (DRAFT)****PART I: OVERVIEW OF DEVELOPMENTS, THEORIES, AND METHODS.****Week 1: Introduction & Development of Management Accounting – JB****24 February, Thursday 8.30 a.m. – 10.20 a.m. 8:30am - 10:20am in RLWY 220**

- (a) Luft, J., Long-Term Change in Management accounting: Perspectives from Historical Research, *Journal of Management Accounting Research*, 1997, Vol. 9, pp. 163-197.
- (b) Jaggi, B and Mensah, Y.M. Management Accounting: Historical Perspective and Challenges, *Asia-Pacific Journal of Accounting*, Vol 2, December 1995, pp. 13-32.
- (c) Anthony, R., Reminiscences about Management Accounting, *Journal of Management Accounting Research*, 1989, Vol. 1, pp. 1-20.

**Week 2: Theories in Management Accounting – JB****3 March, Thursday 8.30 a.m. – 10.20 a.m. in RLWY 220**

- (a) Shankman, N.A “Reframing the Debate Between Agency and Stakeholder Theories of the Firm”, *Journal of Business Ethics* 19:319-334, 1999.
- (b) Scapens, R.W "Never mind the gap: toward an institutional perspective on management accounting practice" *Management Accounting Research*, 1994, Vol 5, pp. 301-321.
- (c) Otley, D.T., "The Contingency Theory of Management Accounting: Achievement and Prognosis," *Accounting, Organizations and Society* 1980, Vol. 5 No. 2, pp. 413-428.

**Week 3: Research Methods in Management Accounting – JB****10 March, Thursday 8.30 a.m. – 10.20 a.m. in RLWY 220**

- (a) Roberts, E.S, “In defence of the survey method: An illustration from a study of user information satisfaction” *Accounting and Finance*, 1999, Vol 39 pp 53-77.
- (b) Schulz, A.K-D, “Experimental research method in a management accounting context”, *Accounting and Finance*, 1999, Vol 39 pp29-51.
- (c) Young, S.M, “Field Research Methods in Management Accounting”, 1999, American Accounting Association, *Accounting Horizons*, Vol 13 No. 1, pp 76-84.

**PART II: MANAGEMENT CONTROL (Dr David Marginson)**

**How and why firms seek to influence and direct the actions of participants, and what benefits, issues and difficulties might arise there from.**

**Week 4: Management control systems (MCS) and strategy process – DM**

Means of managing strategy as a process and their effects on managers' strategic activities.

**17 March, Thursday** 8.30 a.m. – 10.20 a.m. in RLWY 220

- (a) Simons, R, 'Strategic orientation and top management attention to control systems', *Strategic Management Journal*, 1991, Vol. 12 (1), pp46-62.
- (b) Kaplan, R. S & Norton, D. P., 'The balanced scorecard: measures that drive performance', *Harvard Business Review*, 1992, Vol. 70 (1), pp71-79.
- (c) Marginson, D. E. W., 'Management control systems and their effects on strategy formation at middle-management levels: evidence from a U.K. organization', *Strategic Management Journal*, 2002, Vol. 23, pp1019-1031.

**Week 5: Modern methods of management control – DM**

Potential and problems of using traditional MCS as a means of exercising management control in the 'new' forms of contemporary organisations that are seemingly becoming more commonplace.

**22 March, TUESDAY** 8.30 a.m. – 10.20 a.m. in RLWY 220 (Scheduled Extra Seminar)

- (a) Otley, D. T., 'Management control in contemporary organizations: towards a wider framework', *Management Accounting Research*, 1994, Vol. 5, pp289-299.
- (b) Spreklè, R. F., 'Explaining management control structure variety: a transaction cost economic perspective', *Accounting, Organizations and Society*, Vol. 26, pp419-441.
- (c) Marginson, D. E. W., 'Beyond the budgetary control system: towards a two-tiered process of management control', *Management Accounting Research*, Vol. 10, pp203-230.



**Week 5 Cont: Contingency theory of management control** – DM

Is there an appropriate 'fit' between the design and use of management control systems and the organizational context in which these systems must operate?

**24 March, Thursday** 8.30 a.m. – 10.20 a.m. in RLWY 220

- (a) Chapman, C. S., 'Reflections on a contingent view of accounting', *Accounting, Organizations and Society*, 1997, Vol. 22, 189-205.
- (b) Abernathy, M. A. & Brownell, P., 'The role of budgets in organizations facing strategic change: an exploratory study', *Accounting, Organizations and Society*, 1999, Vol. 24, pp189-204.
- (c) Khandwalla, P. N., 'The effects of different types of competition on the use of management control', *Journal of Accounting research*, 1972, Vol. 10, pp275-285.

EASTER AND MID-TRIMESTER BREAK 25 MARCH THROUGH 10 APRIL

**Week 6:** **Psychology of management control** – DM

How the experience of role ambiguity appears to drive control behaviours, such as budgetary commitment and reliance on accounting performance measures. Including psychological concepts such as personal need for structure (PNS) that influence people's attitude towards budgets.

**12 April, TUESDAY** 8.30 a.m. – 10.20 a.m. in RLWY 220 (Scheduled Extra Seminar)

- (a) Searfoss, D. G., 'Some behavioral aspects of budgeting for control: an empirical study', *Accounting, Organizations and Society*, 1976, Vol. 1 (4), pp375-385.
- (b) Hopwood, A. G., 'An empirical study of the role of accounting data in performance evaluation', *Empirical Research in Accounting*, 1972, Vol. 12, pp156-182 (Supplement to *Journal of Accounting Research*).
- (c) Marginson, D. & Ogden, S., 'Coping with ambiguity through the budget: the positive effects of budgetary targets on managers' budgeting behaviours', *Accounting, Organizations and Society*, forthcoming.

**Week 6 Cont: Empowerment and accountability** – DM

The ‘problem’ of management control also includes questions relating to the meaning and practicalities of both empowerment and accountability.

**14 April, Thursday** 8.30 a.m. – 10.20 a.m. in RLWY 220

- (a) Hales, C., ‘The impact of decentralization on managerial behaviour’, *Journal of Management Studies*, 1999, Vol. 36, pp831-851.
- (b) Eccles, T., ‘The deceptive allure of empowerment’, *Long Range Planning*, 1993, Vol. 26 (6), pp13-21.
- (c) Marginson, D. & Ogden, S., ‘Managers, budgets and organizational change: unbundling some of the paradoxes’, *Journal of Contemporary Accounting and Organizational Change*, 2005, Vol. 1 (1), pp1-28.

**Week 7:** **Students’ Project Proposals** – DM & JB

All students’ present their project proposals

**21 April, Thursday** 8.30 a.m. – 10.20 a.m. in RLWY 220

**Week 8:** **Case study: Managing for profit at Sears** – JB

Case study material will be distributed during Week 7

**28 April, Thursday** 8.30 a.m. – 10.20 a.m. in RLWY 220

**Week 9:** **Project Preparation** (5 May, Thursday 8.30 a.m. – 10.20 a.m. **no class** as exchanged for 22 March class)

**Week 10:** **Project Preparation** (12 May, Thursday 8.30 a.m. – 10.20 a.m. **no class** as exchanged for 12 April class)

**Week 11:** **Project Preparation** (19 May, Thursday 8.30 a.m. – 10.20 a.m. **no class** as exchanged for 24 May class)

**Week 12:** **Students’ Projects** – JB

All students’ present their projects

**24 May, Tuesday** 8.30 a.m. – 10.20 a.m. in RLWY 220 (Scheduled Extra Seminar)

**26 May, Thursday** 8.30 a.m. – 10.20 a.m. in RLWY 220