

## SCHOOL OF ACCOUNTING & COMMERCIAL LAW

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### ACCY 402 CURRENT ISSUES IN MANAGEMENT ACCOUNTING

Trimester 1, 2007

### COURSE OUTLINE

<b>Contact Details</b>	<b>Office</b>	<b>Telephone</b>
Administration Assistant: Ms Chloe Thompson <a href="mailto:Chloe.Thompson@vuw.ac.nz">Chloe.Thompson@vuw.ac.nz</a>	RH 708	463-5383
Course Coordinator & Lecturer: Dr Chris Hunt <a href="mailto:Chris.Hunt@vuw.ac.nz">Chris.Hunt@vuw.ac.nz</a>	RH 623	463-6921
Lecturer: Ms Carolyn Fowler <a href="mailto:Carolyn.Fowler@vuw.ac.nz">Carolyn.Fowler@vuw.ac.nz</a>	RH 603	463-6506

#### **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 presentations prepared and presented by students. There are no lectures or tutorials.

**Seminar Times:** Tuesday 11.30 am – 2.30pm in RHG04

Note the Mid-Trimester break is from Friday 6 April until Sunday 22 April

#### **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
- Psychology of management control
- Modern methods of management control
- Contingency theory of management control
- Impact of cultural variables on management control systems
- Management control in public schools
- Research project presentation

*A detailed seminar topic programme is printed on pages 5 through 8 of this document.*

## Readings

Reading material will be distributed during the trimester.

## Mandatory Course and Assessment Requirements

Completion of the course requires:

1. Critique preparation and presentation of selected articles	30%
2. Class participation	10%
3. Research Project 1 (Essay or Paper)	25%
4. Research Project 2 (Paper)	30%
5. Research Project 2 Presentation	<u>5%</u>
	<u>100%</u>

To pass the course you must complete all items of assessment (1 to 5 above) and obtain a weighted average of 50% across all items.

## 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 (1 hour through to 24 hours equates to one day for purposes of determining 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).

## Communication of Additional Information

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

## Course Work

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

Each student is required to prepare a critique and make a class presentation of at least **two** assigned articles (or more depending on class size) during the course. Students are to select the articles for their critique and presentation from those listed in the Seminar Programme at the back (pages 5 to 8) of this Course Outline for Topics 1 to 9. A minimum of **one** and a maximum of **two** articles are to be presented at each seminar/class session.

By the end of the first week of the course, each student must advise the course coordinator of the articles they have selected to critique.

### 1. Critique Preparation

(Weighting - 20%)

The following eight questions/points must 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 the major areas of agreement/disagreement you have with the author's(s') arguments.
4. Are there any weaknesses (strengths) 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 and what are the implications of the article?
8. How does the article fit with other topics/articles covered? Relate the article to other areas of your study in accounting.

It is recommended that you have eight distinct sections/headings in your critique.

The *Critique Presenters* must e-mail their *final critique* in the form of a Microsoft Word document (as an e-mail attachment) to both lecturers by 12 noon on the Monday prior to the day of their scheduled critique presentation.

### 2. Critique Presentation

(Weighting - 10%)

On average 20 minutes is allocated for a critique presentation, with a further 10 to 15 minutes for questions and discussion. Prior to your presentation prepare PowerPoint Slides or Overhead Projector Transparencies (teaching aids) to help you facilitate your presentation and the class discussion.

Here are some points you should consider while preparing for and 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.

The *Critique Presenters* must also e-mail their *teaching aids* in the form of a Microsoft “PowerPoint” or “Word” document (as an e-mail attachment) to both lecturers by 8 am on the day of their scheduled critique presentation.

### **3. Class Participation** **(Weighting - 10%)**

For effective discussion of each topic it is very important that you read and understand the assigned articles (usually between two and three per class session) beforehand.

Students are expected to attend all classes and participate fully in discussions. In order to assist you in this process of class participation you are required, for *each* of the assigned articles, to:

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

*All Students (including the Critique Presenter* must e-mail:

1. their most interesting or significant sentence (with article and page reference), and
2. their question for group discussion,

for *each* of the assigned articles, in the form of a Microsoft Word document (as an e-mail attachment, and not as part of the body of the email) to both lecturers by 12 noon on the Monday prior to the day of the scheduled class session.

### **4. Research Project 1 (Essay or Paper)** **(Weighting - 25%)**

Each student is required to complete a research essay or paper. The research paper is a project, which can be a critical and comprehensive literature review or a detailed research proposal. The paper should be *between 3,000 and 4,000 words* long.

You must e-mail in the form of a Microsoft Word or PDF document (as an e-mail attachment) and also submit a hard copy of your *research essay/paper* to both lecturers by **12 noon on Monday 23 April 2007**.

### **5. Research Project 2 (Paper)** **(Weighting - 30%)**

Each student is required to complete a major research 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.

Your topic for the research project must be discussed with and approved by your lecturers no later than *Friday 27 April, 2007*.

You must e-mail the form of a Microsoft Word or PDF document (as an e-mail attachment) and also submit a hard copy of your *research paper* to both lecturers by **12 noon on Friday 1 June 2007**.

### **6. Research Project 2 Presentation** **(Weighting - 5%)**

Each student is required to present his or her research project to the class on **Tuesday 29 May 2007**(i.e. week 12, the last week of the course).

You must also e-mail your *teaching aids* in the form of a Microsoft “PowerPoint” or “Word” document (as an e-mail attachment) to both lecturers by 8 am on Tuesday 29 May 2007.

**SEMINAR PROGRAMME****PART I: OVERVIEW OF DEVELOPMENT, THEORIES, CULTURES AND METHODS.****Topic:     Introduction – Chris Hunt & Carolyn Fowler**

**27 February, Tuesday** 11.30 am – 2.30pm in RHG04

**Topic 1:   Development of Management Accounting – Carolyn Fowler**

**6 March, Tuesday** 11.30 am – 2.30pm in RHG04

- (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) Anthony, R., Reminiscences about Management Accounting, *Journal of Management Accounting Research*, 1989, Vol. 1, pp. 1-20.

**Topic 2:   Theories in Management Accounting – Chris Hunt**

**13 March, Tuesday** 11.30 am – 2.30pm in RHG04

- (a) Otley, D.T., "The Contingency Theory of Management Accounting: Achievement and Prognosis", *Accounting, Organizations and Society* 1980, Vol. 5 No. 2, pp. 413-428.
- (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) Shankman, N.A., "Reframing the Debate Between Agency and Stakeholder Theories of the Firm", *Journal of Business Ethics* 19:319-334, 1999.

**Topic 3:   Research Methods in Management Accounting – Chris Hunt**

**20 March, Tuesday** 11.30 am – 2.30pm in RHG04

- (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) Young, S.M, "Field Research Methods in Management Accounting", 1999, American Accounting Association, *Accounting Horizons*, Vol 13 No. 1, pp 76-84.
- (c) Schulz, A.K-D, "Experimental research method in a management accounting context", *Accounting and Finance*, 1999, Vol 39 pp29-51.

**PART II: MANAGEMENT CONTROL**

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

**Topic 4: Management control systems (MCS) and strategy process – Chris Hunt**

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

**27 March, Tuesday** 11.30 am – 2.30pm in RHG04

- (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.

**Topic 5: Psychology of management control – Chris Hunt**

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.

**3 April, Tuesday** 11.30 am – 2.30pm in RHG04

- (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*, 2005, Vol. 30, pp435-456.

MID-TRIMESTER AND EASTER BREAK 6 APRIL THROUGH 22 APRIL

**Note 1:** Your Research Project 1 (essay or paper) in the form of a Microsoft Word document or PDF document (as an e-mail attachment) and also has a hard copy must be submitted to both lecturers by *12 noon on Monday 23 April 2007*.

**Note 2:** Your topic for the Research Project 2 (paper) must be discussed with and approved by your lecturers *no later than Friday 27 April, 2007*.

**Topic 6: Modern methods of management control – Carolyn Fowler**

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.

**24 April, Tuesday** 11.30 am – 2.30pm in RHG04

- (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.

**Topic 7: Contingency theory of management control – Carolyn Fowler**

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

**1 May, Tuesday** 11.30 am – 2.30pm in RHG04

- (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.

**Topic 8: Impact of Cultural Variables on Management Control Systems (MCS)****Guest: Dr Bhagwan Khanna. Email: [Bhagwan.Khanna@vuw.ac.nz](mailto:Bhagwan.Khanna@vuw.ac.nz)****8 May, Tuesday 11.30 am – 2.30pm in RHG04**

- (a) Harrison, G.L. and McKinnon, J.L., "Cross-Cultural Research in Management Control Systems Design: a review of the current state", *Accounting, Organizations and Society* 1999, Vol. 24, pp. 483 - 506.
- (b) Picard, R.R. and Reis, P., Management control systems design: A metaphorical integration of national cultural implications, *Managerial Auditing Journal* 2002, Vol. 17, Iss. 5, pp 222 – 233.
- (c) Lere, J.C. and Portz, K., "Management Control Systems in a Global Economy", *The CPA Journal* 2005, Vol. 75, Iss. 9, pp 62 – 64.
- (d) Ekanayake, S., "Agency Theory, National Culture and Management Control Systems", *Journal of American Academy of Business* 2004, Vol. 4, Iss. 1/2, pp. 49 – 54.

**Topic 9: Management Control in Public Schools – Carolyn Fowler**

This seminar discusses management control in the public sector and evaluates the alternative views of management control in schools.

**15 May, Tuesday 11.30 am – 2.30pm in RHG04**

- (a) Broadbent, J., 1995, Chapter 17: Management control in schools, in Berry, Broadband and Otley (editors), *Management Control –Theories, Issues and Practices*, London: Macmillan.
- (b) Broadbent, J., Jacobs, K., and Laughlin, R., 1999, Comparing schools in the U.K. and New Zealand: Individualizing and socializing accountabilities and some implications for management control, *Management Accounting Research*, 10, 339-361.
- (c) Jacobs, K., 1997, The decentralisation debate and accounting controls in the New Zealand public sector, *Financial Accountability and Management*, 13:4, 331-343.

**Topic: Research Project 2 Preparation****No Class Session on 22 May, Tuesday****Topic: Research Project 2 Presentation – Chris Hunt & Carolyn Fowler****29 May, Tuesday 11.30 am – 2.30pm in RHG04**

*All students' present their major research projects*



**Faculty of Commerce and Administration Offices****Railway West Wing (RWW) - FCA Student and Academic Services Office**

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

**Easterfield (EA) - FCA/Education/Law Kelburn Office**

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

**General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to [www.vuw.ac.nz/policy](http://www.vuw.ac.nz/policy).

For information on the following topics, go to the Faculty's website [www.vuw.ac.nz/fca](http://www.vuw.ac.nz/fca) under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

**Manaaki Pihipihinga Programme**

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email [manaaki-pihipihinga-programme@vuw.ac.nz](mailto:manaaki-pihipihinga-programme@vuw.ac.nz) or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email [pacific-support-coord@vuw.ac.nz](mailto:pacific-support-coord@vuw.ac.nz) or phone (04) 463 5842.