



DEPARTMENT OF ACCOUNTING AND FINANCE

ACCG 330 STRATEGIC MANAGEMENT ACCOUNTING

FIRST SEMESTER 2005

Unit convenor: Dr David Emsley

Prerequisites: ACCG200 and ACCG201

Credit points: 3

Unit description

In *Fundamentals of Management Accounting (ACCG200)* students were introduced to several management accounting concepts and techniques (such as costing and variance analysis). In *Organizational Planning and Control (ACCG201)* students needed to consider the context in which these techniques are used (for example, whether variance analysis helps or hinders managers' motivation or the process of decentralization). This unit develops these concepts and techniques further but the main objective is to make students think more carefully about applying these techniques to one aspect of the context; namely, the organization's strategy. In particular, this unit demonstrates how management accounting information that is relevant to one strategy can be irrelevant (and even misleading) to another (strategy) and students need to develop skills which enable management accounting information to be viewed through a strategic 'lens'. This process enables students to cut through much of the ambiguity that characterizes business decisions and will help students make more informed decisions. Consequently, this unit seeks to equip students with the skills to analyze complex situations and to develop positions that are logical, consistent and defensible from a strategic perspective.

More specifically, the unit explores at greater length three topics that were introduced in ACCG200 and ACCG210 and; namely: (i) strategic management; (ii) advanced costing issues; and (iii) performance evaluation and incentive schemes. These topics were chosen because surveys indicate that employers regard them as important areas where graduates are traditionally weak. The topics are also integral to both the Strategic Business Management module in the ICAA's CA program and the Strategic Management Accounting module in the ASCPA's CPA program. Both these professional bodies have recognized the importance to place management accounting within its organizational and environmental context rather than merely as a discipline in itself.

TEACHING STAFF

Unit convenor:

- Dr. David Emsley, Room C5C 411; telephone 9850 8514; email demsley@efs.mq.edu.au.

Other teaching staff:

- Mr. Venkat Narayanan, Room C5C 416; telephone 9850 9175; email vnarayan@efs.mq.edu.au.
- Dr Kevin Baird, Room C5C 408; telephone 9850 8532; email kbaird@efs.mq.edu.au.
- Ms. Barbara Nevecky. Room C5C 418; telephone 9850 9192; email bnevicky@efs.mq.edu.au.
- Mr Geoff Leslie (part-time tutor).

In addition Ms Charlene Chen is the unit administrator to whom requests for tutorial changes, problems with web CT access and similar issues should be addressed in the first instance. Charlene's contact details are cchen@efs.mq.edu.au and her room number is C5C-498b and telephone number is 9850-9282 (the room and telephone number might change so check the announcements page if you are having difficulty contacting her).

Students may consult directly with full-time staff during consultation periods that will be advised at the first lecture and also posted onto the announcements page on the web. Consultation periods are intended to clarify any issues that remain after having attended classes and are **not** a substitute for attending classes.

CLASSES

Students will attend a one hour lecture and a two hour tutorial per week.

All lectures are on a Monday evening 6-7pm and the tutorials are either 4-6pm or 7-9pm on Monday or Tuesday 3-5pm and 5-7pm. Details of timetables can be found on the University web site at: <http://www.timetables.mq.edu.au/>. A list of students' allocation to tutorials and room numbers will be posted on the web page before the first tutorial.

It is not expected that students will change tutorials once the semester has started because it makes the assessment process more difficult but any requests should be send to the unit convenor.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Required text

A package of readings from the following textbooks has been put together and is available from the Co-op Bookshop (ACCG330 'Strategic Management Accounting').

- Anthony, R.N. and Govindarajan, V.J. (2001). *Management control systems*. (McGraw-Hill).
- Bloche, E.J., Chen, K.H., and T.W. Lin. (1999) *Cost management: a strategic emphasis* (Irwin).
- Thompson, A.A. and A.J. Strickland. (2001). *Strategic management, concepts and cases*. 12th ed. (McGraw-Hill).
- Thompson, A.A. and A.J. Strickland. (2001). *Crafting and executing strategy*. 12th ed. (McGraw-Hill).
- Langfield-Smith, K., Thorne, H. & Hilton, R. (2003). *Management accounting: an Australian perspective*. 3rd ed. (McGraw-Hill).

The text is intended to provide you with background information about the topic area introduced in the lecture and this will be useful in order to answer the case studies. However, the text is not designed to enable you simply apply the problem in the topic area to the case. Students need to learn how to apply solutions to problems in the cases and in order to do this you need to use your wits. This “disconnect” is unsettling for many students but is a necessary consequence of moving to third year subjects where students are weaned from situations where there is a great correspondence between the textbook problem and solution to real life situations where every solution needs to be tailored to that situation and exercising judgement is paramount. Consequently, while there is a more or less correct solution, students who make slightly different assumptions can come up with very reasonable answers and it is the power of your argument that is important.

Supplementary text

Students may also find the following also useful. Kaplan, R.S. & A. A. Atkinson. (1998) *Advanced Management Accounting*. 3rd ed. (Prentice-Hall).

There are a selection of other readings which will be available from the Web CT site.

UNIT WEB PAGE

A web CT site (<http://online.mq.edu.au>) has been created for this unit which will contain important information about the unit including: announcements, tutorial assignments, lecture slides and additional readings. All material will be in Adobe format (*.pdf files) which can download for free from the net (if you haven't already got it).

LEARNING OUTCOMES

The learning outcomes of this unit are to provide students with skills that enable them to: (i) critically analyse and evaluate different organizational strategies; (ii) be able to solve problems creatively by appropriately design advanced costing systems, performance evaluation and incentive schemes; (iii) understand how strategy influences the design of the management accounting system; and (iv) develop generic communication skills.

TEACHING AND LEARNING STRATEGY

The unit is taught through lectures and tutorials. The unit is structured around a **one** hour lecture and a **two** hour tutorial per week. Lectures provide students with the main concepts and techniques and these will be more meaningful if students have already read the prescribed readings.

Tutorials lag lectures by one week and will start in week 2 (week beginning March 8); that is, the lecture topic for week 1 provides the material for tutorials in week 2 and so on. Tutorials are important because they provide the opportunity to apply the concepts introduced in the lectures to case studies. Tutorials are essential because they are the major platform in which learning is expected to occur. The main vehicle for teaching this unit will be tutorials rather than lectures. Tutorials will be two hours long and provide the scope for a higher level of interactivity that will provide a deeper learning experience as well as hone students' generic skills (specifically, written and oral communication skills but also group skills).

The cases in the tutorials require students to use the tools introduced in the lectures, in combination with techniques learning in ACCG200 and 210, to be applied to a real-world setting. This is not easy because any application of a technique needs to take account of the setting. Regular class attendance and assignment preparation are essential if satisfactory progress is to be made. Students typically find answering the cases difficult at first and only start to understand how to answer them after about week 5 or 6. The assessment process takes this into account by ensuring students work steadily each week but marks for content are weighted towards work that is completed at the end of the semester

A week-by-week list of the topics to be covered is presented at the end of this unit outline.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

The assessment is weighted more towards tutorial related work than perhaps previous 100 and 200 level units because of the need to apply concepts and to argue them through in an interactive forum whereby the communication and generic skills are developed in conjunction with technical skills and application skills. In other words students need to not only know what they are talking about but need to be able to convince others (including the tutor) that they know what they are talking about.

Students' grades will be based on the following two forms of assessment:

(1) End of semester examination (55%). Students must pass a two hour final exam to satisfactorily pass the unit. The final exam will be an open book exam and will be based on a case and additional questions from the tutorial cases. Supplementary exams will be held where necessary but the level of difficulty will be adjusted to take account of the additional revision time students will have had.

(2) Tutorial related work (45%). Tutorial work is vital in this unit and the assessment marks are designed to ensure that students work conscientiously and consistently through the semester. Tutorial work consists of assignments, participation and presentations as follows.

- **Assignments** account for 20% of the final grade. Assignments will be collected in every week and a mark out of 2 will be awarded with the five best marks counting towards the final grade (i.e. a maximum of 10%). This mark is primarily based on students demonstrating that they have made a substantial effort to complete the assignment rather than based on whether the answers are correct. In addition, three of the assignments will be selected at random and marked primarily on the basis of content. A mark out of 5 will be given for each with the best two marks making up 10% of the final grade. If your assignment is due to be marked in detail for that week but you have not completed it, you will score zero for that assignment. Consequently, students need to submit a least 8 assignments to get maximum marks but obviously the more you complete and submit, the greater your chance of scoring the maximum. The expectation that each assignment will comprise of at least three pages of A4 and, for obvious reasons, late tutorial assignments will not be accepted.

- **Participation** accounts for 21% of the final grade and a mark will be given every week that an assignment has been handed in (i.e. if an assignment is not handed in, neither the assignment nor participation mark will be given). Each participation mark is marked out of 3 with the 7 best marks making up the 21%. Note there are *no* marks for merely attending tutorials and if you attend but do not say anything, expect a mark of zero. The participation mark will be a result of attempting to participate as well as the quality and frequency of that participation.

- **Presentations** account for the final 4% that will be based on a short, personal presentation during the semester. These presentations will be at the start of each tutorial. The purpose is to enhance research and communication skills that the professional bodies and industry at large are demanding from graduates. Students will have to give a 3-5 minute presentation about an interesting and current topic of their choice as summarised from the financial and business literature (eg from *BRW*, *AFR*, *The Economist*, *Bulletin* etc). Your tutor will explain the way presentations are to be managed. Hopefully students are starting to read business publications regularly and are able to start to relate to issues introduced in ACCG200, 201 and 330 as the articles are being read.

As general rule, the answers to tutorial questions will **not** be available outside of the tutorials.

Also note that given the relatively high proportion of marks awarded for tutorial related work, there are procedures in place to ensure consistency across tutors' marks. Based on the principle that each tutor will have their share of high and low performing students, any leniency or harshness in marking will be adjusted (where necessary) so that the average for each tutor reflects the average for the unit as a whole and these differences will be corrected during the final grading.

The University Examination period in first semester 2005 is from 15-29 June. You are expected to present yourself for examination at the time and place designated in the

University Examination Timetable. The timetable will be available in draft form about eight weeks before the examinations start and in final form approximately four weeks before the examinations start - see <http://www.timetables.mq.edu.au/exam>.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at <http://www.reg.mq.edu.au/Forms/APSCon.pdf> If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may **not** be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see:

<http://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or

<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

Lecture program

Date	Topic	Readings
Week 1 (Feb 28)	Strategic process and strategic analysis	- Chapter 1 of set text
Week 2 (March 7)	Strategic process and strategic analysis (continued)	- Chapter 1 of set text
Week 3 (March 14)	Strategy and control	- Chapter 2 of set text
Week 4 (March 21)	Activity-based costing - part 1	- Chapter 3 of set text - Cooper, R & Kaplan, R.S. (1992) Measuring the cost of resource usage, <i>Accounting Horizons</i> , pp.1-13
Week 5 (March 28)	EASTER MONDAY – NO CLASSES	
Week 6 (April 4)	Activity-based costing - part 2	- Chapter 3 of set text - Langfield-Smith et. al. pp. 782-787
Week 7 (April 11)	Target, kaizen and life-cycle costing	- Chapter 4 of set text
APRIL 15- MAY 1 MID-SEMESTER BREAK		
Week 8 (May 2)	Financial measures of performance for departmental managers	- Chapter 5 of set text - Look in the index of any management accounting text for the words 'sales mix variance'.
Week 9 (May 9)	Financial measures of performance for senior managers	- Chapter 6 of set text - Kaplan & Atkinson pp.518-520.
Week 10 (May 16)	Non financial measures of performance (Balanced Scorecard)	- Chapter 7 of set text
Week 11 (May 23)	Incentive and compensation schemes	Chapter 8 of set text
Week 12 (May 30)	Strategic aspects of capital expenditure evaluations	- "Keeping all options open" <i>The Economist</i> 14 th August 1999 - Govindarajan, V & J. Shank (1992) Strategic cost analysis of technological investments, <i>Sloan Management Review</i> .
Week 13 (June 6)	Revision, unit summary and review of last year's exam paper	

