

**Business (MBA) A721
Management Accounting Information
for Strategic Development
Winter 2022 Course Outline**

**Accounting and Financial Management Services Area
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

The objective of this course is to develop the students' analytical abilities to deal with problems relating to financial situations within the firm. This course deals with the role of accounting in an organization's planning and control system with a focus on responsibility accounting, performance evaluation and incentive compensation system. The way in which management accounting information affects the strategic and operational decisions within the organization will also be discussed.

INSTRUCTOR AND CONTACT INFORMATION

Section C01: Tuesdays, 2:30pm to 5:30 pm
Adam Prokop, CPA, CMA, MBA, MFIN, MSc,
Instructor
prokopa@mcmaster.ca
Office Hours: by appointment
Class Location: A2L, Online

Course website: Available on Avenue (avenue.mcmaster.ca)

COURSE ELEMENTS

Credit Value: 3	Leadership: Yes	IT skills: Yes	Global view: Yes
Avenue: Yes	Ethics: Yes	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: Yes	Final Exam: Yes	Guest speaker(s): No

COURSE DESCRIPTION

This course looks at organizational theory and the ways in which responsibility accounting, transfer pricing, divisional performance evaluation and incentive compensation systems are integrated into the strategic planning and management control systems. It includes a detailed study on activity-based costing and management. It also introduces such topics as strategic profitability analysis, management of quality and time, and the theory of constraints.

The course considers these topics using readings, problems, and cases to provide students with an in-depth appreciation of the field. Throughout the course, the objective is to develop student's ability to use his/her knowledge of accounting and analytical methods to solve problems in the areas of planning and control and the way in which they contribute to developing and implementing strategy in organizations.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Understand the application of balanced scorecard as a strategic management and performance management system.
- Apply the principle of responsibility accounting to planning and control, with a focus on how organizational strategy affects the design of management control system.
- Apply management accounting concepts to the design of specific components of the management control system, including organizational structure, performance management system, and compensation contract.
- Use analytical tools, such as strategic profitability analysis, productivity measurement, activity-based costing/management, customer profitability analysis, total quality management, theory of constraints and capacity management etc., to assess the performance of an organization with respect to its strategy.

OPTIONAL COURSE MATERIALS AND READINGS

- Horngren, C.T., S.M. Datar, M. Rajan, and L. Beauben. *Cost Accounting: A Managerial Emphasis*, Eighth Canadian Edition, Pearson Education Canada, 2018;

OPTIONAL COURSE MATERIALS AND READINGS

- Reading List is available on avenue.mcmaster.ca and Selected Readings for Business A721 and can be accessed from the library's website.

EVALUATION

Learning in this course results primarily from case analysis as well as individual testing. Students will be evaluated on an individual basis for their participation and will have the option of completing case reports individually or in groups. In these cases, group members will share the same grade. If the majority of the group feels that a member does not deserve 100% of the mark assigned, it is the group's responsibility to inform the instructor and the member involved, in writing, specifying the reasons and the percentage of the mark that should be assigned. Your final grade will be calculated as follows:

Components and Weights

Midterm Exam	30%
Case Reports (4 x 10%)	40%
Final Exam	30%
100%	

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

Case Studies

Students will work on several cases during the course that will focus on performance management, cost analysis, variance analysis, budgeting, and several other accounting topics.

Late submissions will not be accepted for marking, i.e., a grade of ZERO will be assigned accordingly. Case presentation must be of professional quality and each case report will have instructions on the format/page limit.

Midterm Exam

The Midterm Exam tests students on the first half of the course and will consist of multiple choice, calculation, short answer, and/or short answer questions.

Final Exam

There will be one comprehensive final examination. The rules customarily followed by the DeGroote School of Business will govern absence from the examinations.

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

MISSSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroote website at <http://mbastudent.degrote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroote website at <http://mbastudent.degrote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

POTENTIAL MODIFICATION TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

RESEARCH USING HUMAN SUBJECTS

Research involving human participants is premised on a fundamental moral commitment to advancing human welfare, knowledge, and understanding. As a research intensive institution, McMaster University shares this commitment in its promotion of responsible research. The fundamental imperative of research involving human participation is respect for human dignity and well-being. To this end, the University endorses the ethical principles cited in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans:

<http://www.pre.ethics.gc.ca>

McMaster University has mandated its Research Ethics Boards to ensure that all research investigations involving human participants are in compliance with the Tri-Council Policy Statement. The University is committed, through its Research Ethics Boards, to assisting the research community in identifying and addressing ethical issues inherent in research, recognizing that all members of the University share a commitment to maintaining the highest possible standards in research involving humans.

If you are conducting original research, it is vital that you behave in an ethical manner. For example, everyone you speak to must be made aware of your reasons for eliciting their responses and consent to providing information. Furthermore, you must ensure everyone understands that participation is

entirely voluntary. Please refer to the following website for more information about McMaster University's research ethics guidelines:

<http://reo.mcmaster.ca/>

Organizations that you are working with are likely to prefer that some information be treated as confidential. Ensure that you clarify the status of all information that you receive from your client. You **MUST** respect this request and cannot present this information in class or communicate it in any form, nor can you discuss it outside your group. Furthermore, you must continue to respect this confidentiality even after the course is over.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA A721 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

“McMaster University values integrity, inclusiveness and teamwork, and strives to support the personal and collective growth of the McMaster Student Community. As a McMaster student you are a member of a community that values taking responsibility for oneself and towards your fellow community members, creating an environment conducive to the intellectual and personal growth of all who study, work, and live within the McMaster Community - both in-person and online. These expectations are embodied in our Code of Student Rights & Responsibilities ('the Code,' <https://secretariat.mcmaster.ca/app/uploads/Code-of-Student-Rights-and-Responsibilities.pdf>).

The Code remains in effect in a virtual learning environment. It applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities.

Given that most virtual University functions at this time rely heavily on online platforms (e.g. use of WebEx or Zoom for delivery), disruptions will continue to be addressed and could result in outcomes that restrict a student's access to these platforms. It is essential that students be mindful of their Rights and Responsibilities in their interactions online.

Some helpful information can be found here: <https://sscm.mcmaster.ca/> “

COURSE SCHEDULE

BUSINESS A721
Managerial Accounting Information for Strategic Development
Winter 2022
Course Outline

WEEK	DATE	TOPIC
1	January 11	Introduction Course Overview Case method review Strategic Management System Strategy and Balanced Scorecard
2	January 18	Operating Income Variance Analysis – Review Extended Variance Analysis
3	January 25	Performance Measurement and Incentive Systems Case #1 Due
4	Feb 1	Profit and Investment Centres: Return on Investment & Economic Value Added
5	Feb 8	Management Control and Decentralization Budgeting, Responsibility Accounting and Responsibility Centres Case #2 Due
6	Reading Week	
7	Feb 23	Midterm Exam
8	Mar 1	Costing Systems: Job Order & Process Costing, Activity-Based Costing and Management Pricing Decisions
9	Mar 8	Customer Profitability Analysis Strategic Profitability Analysis Case #3 Due
10	Mar 15	Transfer Pricing – Expense Centres
12	Mar 22	Transfer Pricing – Profit Centres
13	Mar 29	Strategic Cost Management: Time and Quality Theory of Constraints and Throughput Accounting Case #4 Due
14	Apr 5	Final Exam Review