

Economic and Management Control

Code: 102369
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OT	4	0
2501573 Economics	OT	3	2
2501573 Economics	OT	4	0

Contact

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Use of languages

Principal working language: spanish (spa)
Some groups entirely in English: Yes
Some groups entirely in Catalan: No
Some groups entirely in Spanish: No

Teachers

Mariano Atares Catalan

Prerequisites

It is recommended to have studied Financial Accounting, Financial Statement Analysis, Cost Accounting and Management Accounting before taking this course. Students with insufficient knowledge of these subjects should count on having to do additional readings.

Objectives and Contextualisation

Management control is an important function in all organizations that delegate tasks to their employees. It involves managers taking steps to help ensure that the organization's employees (in particular, other, lower-level managers) do what is best for the organization. This implies making sure that the employees understand and pursue what is expected from them, especially through the design and use of information and reward systems.

This course addresses issues, such as, how does the delegation of managerial tasks affect the overall efficiency of an organization?; how can goals be quantified and their achievement be measured?; what should be taken into account when choosing performance indicators?; how can the right balance be found between the costs and benefits of control systems?; which alternatives exist to motivate managers with incentives?

Skills

Business Administration and Management

- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.

- Demonstrate initiative and work individually when the situation requires it.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Show motivation for carrying out quality work and sensitivity to the consequences for the environment and society.
- Use of the available information technology and adaptation to new technological environments.
- Value ethical commitment in professional practice.

Economics

- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Demonstrate initiative and work individually when the situation requires it.
- Generate and transmit the information necessary for taking decisions at company headquarters level.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Show motivation for carrying out quality work and sensitivity to the consequences for the environment and society.
- Use of the available information technology and adaptation to new technological environments.
- Value ethical commitment in professional practice.

Learning outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Assess ethical commitment in professional activity.
3. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
4. Demonstrate initiative and work independently when required.
5. Demonstrate motivation regarding the quality of the work performed and sensitivity regarding the consequences on the environment and society.
6. Identify the decisions that can be made on the basis of accounting information.
7. Organise work, in terms of good time management and organisation and planning.
8. Recognise the qualitative variables that can influence decision-making based on the financial statements.
9. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
10. Use available information technology and be able to adapt to new technological settings.

Content

1. INTRODUCTION

- 1.1 Objectives, activities and management of organizations
- 1.2. Delegation as a management tool
- 1.3. Organization structure and management units
- 1.4. Action, personnel, cultural and results controls
- 1.5. Authority and responsibility
- 1.6. Economic control and management control
- 1.7. Reporting and management information systems

2. AGENCY RELATIONSHIPS WITHIN THE ORGANIZATION

- 2.1. Key elements of agency relationships
- 2.2. The standard agency-theory model
- 2.3. Costs and benefits of the agency relationship
- 2.4. Moderating elements and net agency costs

3. PERFORMANCE INDICATORS AND THE FORMULATION OF GOAL FUNCTIONS

- 3.1. Determination of variables to be controlled
- 3.3. Advantages and disadvantages of using multiple performance indicators
- 3.4. Proposal of a model for deriving goal functions
- 3.5 The role of closed and non-significant variable in goal functions
- 3.6. Classification of responsibility centers
- 3.7. Transfer pricing
- 3.8. Implications for the management information system

4. INCENTIVE SYSTEMS

- 4.1. Classes and purposes of incentives
- 4.2. Quantifying rewards
- 4.3. Incentive formulas using forecasts

5. SCOPE AND LIMITATIONS OF MANAGEMENT CONTROL SYSTEMS

- 5.1. "Managerial myopia" induced by control systems
- 5.2. Medium- and long-term performance indicators
- 5.3. Other "levers" of control
- 5.4. The Balanced Score Card

Methodology

This course is based on a conceptual analysis of the firm, but is nevertheless oriented towards the practical application of the concepts that are developed.

Activities

Title	Hours	ECTS	Learning outcomes
Type: Directed			
Class sessions	50	2	9
Type: Autonomous			
Reading and preparation of exercises and cases	100	4	4, 7, 9

Evaluation

Assessment of this course is based on a continuous evaluation philosophy. During the semester **individual or group tasks** will be assigned weekly and regularly **readings** will be indicated. After topic 2 and at the end of the semester there will be **validation exams**.

The **individual and group tasks** will be carried out both during class sessions and outside of the class room. When a task is assigned to be carried out during a class session, it will only be collected in the same session; in that case it is not possible to hand in any work before or afterwards, or through a different person. For this reason, **students must plan to attend class sessions on a regular basis**.

Overall assessment of the work performed during the term will be on a scale from 0 to 10.

The first **validation exam** will consist of three problems and the second will have four problems. Each of the seven problems will be evaluated as either "satisfactorily" or "unsatisfactorily" resolved. The score on the validation will be based on the number of problems resolved satisfactorily, as follows:

Problems resolved satisfactorily	Validation score
7	+1
6	0
5	-1
4	-2
3	-3
2	-4
1	-5
0	-6

The **final grade** for the course will be calculated as the sum of the score obtained for the individual and group work and the score on the validation exams, with the highest grade being 10.0 and the lowest 0.0.

Students who achieve a final grade between 3.5 and 5 will be offered a reevaluation exam. The result of this reevaluation will be qualitative: *Pass* or *Fail*. If the result is *Pass*, the overall numerical grade for the course will be a 5; if the result is *Fail*, the overall numerical grade for the course will be the score that had been obtained initially before the reevaluation.

Students who take at least one of the validation exams will be considered as attending the course, and therefore will be given a numerical grade as described above; otherwise they will be considered as "not evaluated".

Calendar of evaluation activities

The dates of the evaluation activities (midterm exams, exercises in the classroom, assignments, ...) will be announced well in advance during the semester.

The date of the final exam is scheduled in the assessment calendar of the Faculty.

"The dates of evaluation activities cannot be modified, unless there is an exceptional and duly justified reason why an evaluation activity cannot be carried out. In this case, the degree coordinator will contact both the teaching staff and the affected student, and a new date will be scheduled within the same academic period to make up for the missed evaluation activity." **Section 1 of Article 115. Calendar of evaluation activities (Academic Regulations UAB).**

Students of the Faculty of Economics and Business, who in accordance with the previous paragraph need to change an evaluation activity date must process the request by filling out an

Application for exams' reschedule
https://eformularis.uab.cat/group/deganat_feie/application-for-exams-reschedule

Grade revision process

After all grading activities have ended, students will be informed of the date and way in which the course grades will be published. Students will be also be informed of the procedure, place, date and time of grade revision following University regulations.

Retake Process

"To be eligible to participate in the retake process, it is required for students to have been previously been evaluated for at least two thirds of the total evaluation activities of the subject." **Section 3 of Article 112 ter.**

The recovery (UAB Academic Regulations). Additionally, it is required that the student to have achieved an **average grade of the subject between 3.5 and 4.9.**

The date of the retake exam will be posted in the calendar of evaluation activities of the Faculty. Students who take this exam and pass, will get a grade of 5 for the subject. If the student does not pass the retake, the grade will remain unchanged, and hence, student will fail the course.

Irregularities in evaluation activities

In spite of other disciplinary measures deemed appropriate, and in accordance with current academic regulations, *"in the case that the student makes any irregularity that could lead to a significant variation in the grade of an evaluation activity, it will be graded with a 0, regardless of the disciplinary process that can be instructed. In case of various irregularities occur in the evaluation of the same subject, the final grade of this subject will be 0"*. **Section 10 of Article 116. Results of the evaluation. (UAB Academic Regulations).**

Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
individual cases and exercises, groupwork, validation exams	100	0	0	1, 3, 4, 6, 5, 7, 8, 9, 10, 2

Bibliography

Merchant KA, Van Der Stede WA. *Management Control Systems: Performance Measurement, Evaluation and Incentives*. Prentice Hall

Anthony RN, Govindarajan V. *Management Control Systems*. McGraw Hill.