# Management control systems

## Prof. Stefano Baraldi; Prof. Antonella Cifalinò

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The objectives of the course are twofold. First, the course addresses the behavioral dimension of the use of management control systems. Students are expected to learn how management control systems can actually drive behaviors and decision making in complex organizations. Second, the course points out how to effectively design and implement management control systems in different organizational settings.

At the end of the course, students will be able to:

* identify and interpret the theoretical and conceptual foundation regarding the behavioral dimension of management control systems (knowledge);
* identify and interpret the theoretical and conceptual foundation which build up the design and implementation of management control systems according to a contingency perspective (knowledge);
* understand how management control systems can actually incorporate economic, environmental and social sustainability issues (knowledge);
* develop theoretical and conceptual knowledge on the design and use of management control systems in complex multi-cultural organizational settings (knowledge);
* analyze, interpret, and evaluate financial information and transform them into relevant and actionable knowledge to support performance evaluation (intellectual skill);
* apply proven theoretical and conceptual knowledge to the design and use of management control systems in complex multi-cultural organizational settings (practical skill);
* critically recognize, assess, and review how management control systems can actually drive managerial behaviors and sustainable decision making in complex organizations (transferable skill).

***COURSE CONTENT***

Module 1

The behavioral dimension of management control systems (organizational control mechanisms, management by objectives and responsibility centers, compensation systems, transfer prices), with an emphasis on ethical issues regarding the evaluation of managerial performance.

Module 2

Designing management control systems according to the contingency perspective (contingency factor analysis and system design). Management control systems design and implementation in different organizational settings (service organizations, non-profit organizations, healthcare organizations, project organizations), with an emphasis on balancing economic, environmental, and social sustainability issues.

***READING LIST***

*Required readings*

S. Baraldi, Course of Managament Control Systems (part 1): teaching materials, EDUCatt, 2013.

A. Cifalinò, Course of Managament Control Systems (part 2): teaching materials, EDUCatt, 2014.

Further required readings will be published in Blackboard.

***TEACHING METHOD***

Teaching methods will stimulate students’ participation and active interactions between students, lecturers and guest speakers. Case histories, business cases and examples on the field will be frequently discussed. Precondition to achieve active participation is that students prepare in advance all materials required for the weekly lectures.

***ASSESSMENT METHOD AND CRITERIA***

Students can choose between a multiple assessment route and a single assessment route.

*Multiple assessment route*

Students are evaluated through interim written tests (2 tests per module, i.e. 4 tests in total). Each test includes 2 open questions and 1 short business case (weights: 32% for each open question and 36% for the short business case). The tests are scheduled as follows: two tests during the classes, one test at the end of module 1, and the last one at the end of module 2. The final mark is computed as the simple mean of the four grades reported in the intermin written tests, rounded to the first interger. For a PASS in the multiple assessment route, the following conditions must be met: (i) the four interim written tests are mandatory; (ii) at least 3 over the 4 grades received in the interim tests must greater than or equal to 18 (i.e., the final mark may include only one interim grade less than 18); (iii) the final mark must be greater or equal to 18. Students who do not pass the multiple assessment route are evaluated according to the single assessment route. Even though attendance is not mandatory for a PASS in the multiple assessment route, it is strongly recommended.

*Single assessment route*

The exam consists of a written test, composed by 2 open questions and 1 short business case on the whole program of the course, including case studies (weights: 32% for each open question and 36% for each short business case). Even though attendance is not mandatory for a PASS in the single assessment route, it is strongly recommended.

*Assessment criteria*

The student's preparation is evaluated according to grading scales which are published in Blackboard.

***NOTES AND PREREQUISITES***

*N. ECTS* - 8

*Enrollment requirements* - Basic knowledge of management accounting is required. Students who do not have such knowledge are responsible for acquiring it to the extent necessary during the course.

*Language of instruction* - English

*Attendance –*Even though attendance is not mandatory for a PASS, it is strongly recommended.

*Associated courses* – Performance measurement

*International dimension* – International teaching materials are used throughout the course.

*Business connection* - The course makes extensive use of contemporary business cases and examples. Examples also supported by guest speakers from business companies.

*Professional context* - In professional life, management control systems are naturally associated with a couple of perspectives. First, controllers are responsible for the proper design and implementation of management control systems, thus producing and spreading relevant information to effectively support business decision making, business planning and control processes, and managerial evaluation. Second, corporate and business unit managers are supposed to extensively use management control information to perform cost/benefit analyses, select sustainable solutions to complex problems, and effectively participate to budgeting and reporting processes.

*Further information* – Additional information regarding the course schedule and delivery, learning assessment, expectation and policies, general announcements, and additional course materials will be posted on Blackboard.