

## Module 8

### 6.8.1. Strategic Performance Management

<b>Module title</b>		Strategic Performance Management								
<b>Module NFQ level (only if an NFQ level can be demonstrated)</b>		9								
<b>Module number/reference</b>		MA02								
<b>Parent programme(s)</b>		Master of Arts in Accounting and Finance								
<b>Stage of parent programme</b>										
<b>Semester (semester1/semester2 if applicable)</b>		Semester 1								
<b>Module credit units</b>		ECTS								
<b>Module credit number of units</b>		5								
<b>Duration of the module</b>		One Academic Semester, 12 Weeks Teaching.								
<b>Average (over the duration of the module) of the contact hours per week</b>		6								
<b>Analysis of required learning effort</b>										
<b>Effort while in contact with staff</b>										
<b>Classroom and demonstrations</b>		<b>Mentoring and small-group tutoring</b>		<b>Other (specify)</b>		<b>Directed e-learning (hours)</b>	<b>Independent learning (hours)</b>	<b>Other hours (specify)</b>	<b>Work-based learning hours of learning effort</b>	<b>Total effort (hours)</b>
<b>Hours</b>	<b>Minimum ratio teacher/learner</b>	<b>Hours</b>	<b>Minimum ratio teacher/learner</b>	<b>Hours</b>	<b>Minimum ratio teacher/learner</b>					
48	1:40	24	1:20				53			125
<b>Allocation of marks (within the module)</b>										
				<b>Continuous assessment</b>	<b>Supervised project</b>	<b>Proctored practical examination</b>	<b>Proctored written examination</b>	<b>Total</b>		
<b>Percentage contribution</b>				30 %			70	100%		

## Minimum intended module learning outcomes

On the successful completion of this module, students should be able to:

- MIMLO 8.1** Explain the objectives of management accounting and its role within the context of organisational strategy.
- MIMLO 8.2** Identify the variety of strategic sources of management accounting information within an organisation and describe the professional preparation of management reports.
- MIMLO 8.3** Contrast alternative budgeting models, and critically evaluate financial distress prediction models while proposing appropriate preventative measures.
- MIMLO 8.4** Carry out a systematic application and critical evaluation of strategic performance measurement in an organisation at corporate and divisional levels.
- MIMLO 8.5** Identify, discuss and evaluate current developments and emerging issues in performance management and strategic management accounting.

## Module content, organisation and structure

### Indicative Syllabus:

#### 1 Strategic Planning and Control

- *Introduction to strategic management accounting*: the role of management accounting in strategic planning & control, planning and control at strategic, tactical and operational levels, use of SWOT, benchmarking, risk and uncertainty, impact of government policy on strategic management accounting issues and performance
- *Appraisal of alternative approaches to budgeting and control*: ABB, ZBB, PPBS, incremental budgeting, rolling budgets, fixed and flexible budgets, beyond budgeting model, budgeting in not-for profit organizations, behavioural aspects of budgeting and its impact on corporate performance
- *Changes in business structure and management accounting*: traditional management accounting techniques, business integration, BPR, ABC, ABM, management accounting and staff empowerment and their influence on organizational performance
- *Impact of IT on modern management accounting*: compare and contrast the information requirements of service business with manufacturing business, IT systems and the provision of instant access to information for control, decision making and performance measurement, access (using IS/IT/IM) to external information sources to provide a benchmark / industry

comparator as a method of highlighting areas for significant performance improvement (e.g. BPR)

## **2 Economic, Fiscal and Environmental Factors**

- *Impact of world economic and market trends*: external environmental factors (PESTEL) and their influence on corporate performance and competitive position/pricing strategies
- *Impact of national fiscal and monetary policy on performance*: political, market and funding conditions, governmental regulation including privatisation of former nationalized industries and the impact of national energy policy on strategic financial performance of corporate entities
- *Other social environmental and ethical issues*: competing goals and objectives of various stakeholder groups, ethical issues and the resulting impact on strategy formulation and corporate performance

## **3 Performance Measurement Systems and Design**

- *Management accounting and information systems*: management accounting information requirements at strategic, tactical and operational levels, information and structure, objectives of information, integration of the management accounting information system with the overall information system, integration of information, open and closed systems, the impact of contingency theory institutional theory on the design of the management accounting information system and human behavioral influence on the design of information systems, responsibility accounting and information requirements
- *Internal sources of information*: identify internal sources of management accounting information, direct and indirect costs of such systems and ensuring data consistency and integrity
- *External sources of information*: identify common external sources, costs and limitations of good quality information, and the importance of external comparators to identify areas for significant performance improvement
- *Recording and processing methods*: business entity variation, IT developments influencing recording and processing systems, understanding the difficulties of capturing and analysing qualitative data
- *Management reports*: principal controls on the quality and access to/distribution of sensitive management information, procedures to ensure security of data and information

## **4 Strategic Performance Measurement**

- *Performance hierarchy*: evaluation and critical assessment of mission statements, development of strategic objectives and the business plan, cascading tactical and operational objectives, social and ethical obligations, identification of planning gaps and assessment of strategies to fill the "planning gap"
- *Scope of strategic performance measures in the private sector*: financial performance measures such as: ROCE, ROI, EPS, EBITDA, RI, NPV and IRR, liquidity and gearing ratios, and the relevance of these measures to new forms of corporate entity (e.g.: technology / communications and ebusiness type corporate entities)
- *Strategic performance issues in complex business structures*: the application of various models in assessing current and potential future performance such as: Ansoff's Growth Vector Matrix, Boston Consultancy Group Analysis and Porter's (5 Forces, Value Chain and Diamond Models)
- *Divisional performance and transfer pricing*: financial performance measurement including ROI, RI and EVA, the differentiation between divisional managerial and divisional economic

performance, the impact of different transfer pricing methods and the complexities introduced by different international taxation systems and alternative non-financial performance measures

- *Scope of strategic performance measures in not-for-profit organizations*: measuring performance, VFM, difficulties in measuring performance, public sector and undesirable service outcomes, government initiatives to improve accountability and performance
- *Behavioural aspects of performance measurement*: accountability, management styles, reward schemes, dysfunctional behavior

## **5 Performance Evaluation and Corporate Failure**

- *Alternative views of performance measurement*: apply and assess Kaplan & Norton “Balanced Scorecard”, the Lynch & Cross “Performance Pyramid”, and the works of Fitzgerald & Moon concerning performance measurement in service businesses
- *Non-financial performance indicators*: assess the relevance of and recommend applicable Non-Financial Performance Indicators (NFI’s), compare and contrast financial and non-financial performance indicators, measuring quality, difficulties with qualitative data, brand awareness
- *Predicting and preventing corporate failure*: application of quantitative and qualitative approaches (Z Score and A Score Models), including critical evaluation of failure models and assessment of strategies to attempt to prevent corporate failure

## **6 Current Developments and Emerging Issues in Performance Management**

- *Current developments in management accounting techniques*: assess the awareness of the changing role of the management accountant, and the influence of Japanese business practices and management accounting techniques, including Kaizen costing, Just-in-time (JIT), Target costing, Total Quality Management (TQM) and Environmental Management Accounting (EMA)
- *Current issues and trends in performance management*: evaluation and application of Value Based Management (VBM) in performance management and the evaluation of Six Sigma and the Performance Prism
- *Contingency theory*: the influence of contingency variables (size, structure, culture etc.) and institutional theory on the implementation and operation of performance measurement systems

### **6.8.7 Module teaching and learning (including formative assessment) strategy**

This module will be delivered using a combination of lectures and directed tutorials, the latter of which will present students with opportunities to engage in the application of key business mathematics techniques under the supervision of the module lecturer. Students will be required to sit one interim class tests, from which formative feedback will be provided in advance of a final, formal end-of-semester examination.

## Reading lists and other information resources

Title	Author	Publisher	Year
<b>Essential:</b>			
Management and Cost Accounting, 8 <sup>th</sup> Edition	Drury	International Thompson Press	2006
P5: Advanced Performance Management		BPP Learning Media	2017
Beyond Budgeting	Hope & Fraser	HBS Press	2006
Issues in Management Accounting	Hopper, Northcott and Scapens	FT Prentice Hall	2007
<b>Recommended:</b>			
Accounting for Management Control	Emmanuel, Otley & Merchant	Thomson Business Press	2000
Management and Cost Accounting, 3 <sup>rd</sup> Edition	Horngren, Bhimani, Foster and Datar	Prentice Hall Europe	2005
Relevance Regained	Johnson	Free Press	2000
Management Control: Theories, Issues and Performance 2 <sup>nd</sup> Edition	Anthony J Berry et al	Palgrave MacMillan	2005

### REFERENCE:

#### Journals:

Journal of Accounting and Business Research  
 Journal of Management Accounting Research  
 Journal of International Finance & Accounting  
 Management Accounting Research  
 Harvard Business Review

#### Website:

[www.cimaglobal.com](http://www.cimaglobal.com)

[www.accaglobal.com](http://www.accaglobal.com)

[www.accountancyage.com](http://www.accountancyage.com)

[www.accountancymagazine.com](http://www.accountancymagazine.com)

#### Professional Magazines

Financial Management (CIMA)

Student Accountant (ACCA)

Accounting and Business ACCA

Accountancy Plus (CPA)

Accountancy Ireland (ICAI)