

# Limperg Ph. D. Program

## July 4 - July 8, 2011

### BROAD AIM

The aim of this course is:

- (1) to provide students with an understanding of current research issues in managerial accounting, and
- (2) to enable students to develop a research proposal and select the method appropriate to study the research question of interest.

The subject draws primarily on theoretical frameworks developed in the economics and behavioural research literature. This literature provides the foundation for analyzing the factors that influence the effectiveness of management accounting systems. We focus heavily on potential research methods for conducting empirical management accounting research by studying method applications in extant research. This will enable students to critically evaluate, analyze, and criticize both the conceptual and method content of the extant literature. Through these evaluations, we aim to enhance students' ability to develop new research questions that increase our understanding of management accounting systems in practice and to utilize appropriate research methods to explore such questions.

### COURSE FORMAT

This course is 'seminar based' as opposed to a lecture style. Students are expected to carefully read the papers assigned for each seminar. One class member will be assigned the readings set for each seminar. (Use no more than four slides in your presentations.) It will be that student's responsibility to present the assigned papers and critique them. All other students are expected to read the set papers prior to each seminar, and to be ready to engage in discussion with the student presenting and critiquing each paper. The classroom environment will therefore be highly participative.

### ASSESSMENT

Seminar presentations and participation	50%
Research proposal	20%
Referee report on an assigned paper	30%

### FACULTY

Seminar Leader:

Professor Christopher Ittner  
The Wharton School  
University of Pennsylvania  
[ittner@wharton.upenn.edu](mailto:ittner@wharton.upenn.edu)

Course Organizer:

Professor Jan Bouwens  
Tilburg University  
[j.bouwens@uvt.nl](mailto:j.bouwens@uvt.nl)

**PREPARATION COURSE MAY/JUNE****Required reading:****Literature Overviews and Frameworks**

Indjejikian, R. (1999), "Performance Evaluation and Compensation Research: An Agency Perspective", *Accounting Horizons* (June): 147-157.

Ittner, C.D. and Larcker, D.F. (2001), "Assessing Empirical Research In Managerial Accounting: A Value-Based Management Perspective", *Journal of Accounting and Economics*: 349-410.

Chenhall, R. (2003), "Management Control System Design Within its Organizational Context: Findings From Contingency-Based Research and Directions for the Future", *Accounting, Organizations and Society* 28: 127-168.

Ferreira, A. and Otley, D. (2009). "The Design and Use of Performance management Systems: An Extended Framework for Analysis", *Management Accounting Research* 20: 263-282.

**Methodological Issues**

Chenhall, R. and Moers, F. (2007), "The Issue of Endogeneity within Theory-Based, Quantitative Management Accounting Research," *European Accounting Review*, 16: 173-196.

Smith, D. and Langfield-Smith, K. (2004), "Structural Equation Modeling in Management Accounting Research: Critical Analysis and Opportunities," *Journal of Accounting Literature* 23: 49-86.

Gerdin, J. and J. Greve. (2008), "The Appropriateness of Statistical Methods for Testing Contingency Theories in Management Accounting Research," *Accounting, Organizations and Society*.

**Instructors may choose to send you additional papers for their seminars. This should also be considered required material.**

**COURSE SCHEDULE (MAY 25-29)****Day 1: Theoretical Frameworks****Seminar 1: Determinants of Control System Choices (Economic)**

Abernethy, M.A., Bouwens, J. and Van Lent, L. (2004), "Determinants of Control System Design in Divisionalized Firms", *The Accounting Review*, pp. 545-570.

Bushman, R.M., Indjejikian, R.J. and Smith, A. (1995), "Aggregate Performance Measures in Business Unit Manager Compensation: The Role of Intrafirm Interdependencies", *Journal of Accounting Research*, Vol. 33 Supplement, pp. 101-128.

Core, J. and W. Guay. (1999), "The Use of Equity Grants to Manage Optimal Equity Incentive Levels," *Journal of Accounting and Economics*: 253-287.

Hwang, Y., Erkens, D. and Evans, J. (2009), "Knowledge Sharing and Incentive Design in Production Environments: Theory and evidence", *The Accounting Review* 84: 1145-1170.

**Seminar 2: Determinants of Control Systems Choices  
(Behavioral/Organizational)**

Govindarajan, V. and Gupta, A.K. (1985), "Linking Control Systems to Business Unit Strategy: Impact on Performance", *Accounting, Organizations and Society*, 10(1), pp. 51-66.

Hopwood, A.G. (1974), "Leadership Climate and the Use of Accounting Data in Performance Evaluation", *The Accounting Review*, pp. 485-495.

Rockness, H. and M. Shields. (1984). "Organizational Control Systems in Research and Development," *Accounting, Organizations and Society*, pp. 165-177.

Westphal, J. and Zajac, E. (1994). "Substance and Symbolism in CEOs' Long-term Incentive Plans", *Administrative Science Quarterly* 39: 367-390.

## **Day 2: Alternative Research Methods**

### **Seminar 3: Field Research on Performance Measurement**

Ittner, C., Meyer, M. and Larcker, D. (2003), "Subjectivity and the Weighting of Performance Measures: Evidence from a Balanced Scorecard", *The Accounting Review*

Malina, M.A. and F.H. Selto (2001), "Communicating and Controlling Strategy: An Empirical Study of the Effectiveness of the Balanced Scorecard", *Journal of Management Accounting Research*, volume 13, pp. 47-90.

Campbell, D. (2008), "Nonfinancial Performance Measures and Promotion-Based Incentives", *Journal of Accounting Research*, 297–332.

Ahn, T., Hwang, I., and Kim, M. (2010). "The Impact of Performance Measure Discriminability on Ratee Incentives", *The Accounting Review* 85: 389-417.

### **Seminar 4: Archival and Survey Research on Performance Measurement**

Ittner, C., Lacker, D. and Rajan, M. (1997), "The Choice of Performance Measures in Annual Bonus Contracts", *The Accounting Review* 72 (April 1997), 231-55.

Moers, F. (2006), "Performance Measure Properties and Delegation," *The Accounting Review*, 897-924.

Bouwens, J. and L. van Lent, (2007), "Assessing the Performance of Business Unit Managers", *Journal of Accounting Research* , 667–697.

Matejka, M., Merchant, K. and Van der Stede, W. (2009), "Employment Horizon and the Choice of Performance Measures: Empirical Evidence from Annual Bonus Plans for Loss-Making Firms", *Management Science* 55: 890-905.

## Day 3

### **Seminar 5: Applying Alternative Theories and Research Methods: Cost Accounting**

Anderson, S. (1995), "Measuring the Impact of Product Mix Heterogeneity on Manufacturing Overhead Cost", *The Accounting Review* 70 (3), pp. 363-387.

Anderson, S.W. and S.M. Young (1999), "The Impact of Contextual and Process Factors on the Evaluation of Activity-based Costing Systems", *Accounting, Organizations and Society* 24, pp. 525-559.

Eledenburg, L., Soderstrom, N., Willis, V., and Wu, A. (2010). "Behavioral Changes Following the Collaborative Development of an Accounting Information System", *Accounting, Organizations and Society* 35: 222-237.

Cassar, G. and Gibson, B. (2008). "Budgets, Internal Reports and Manager Forecast Accuracy", *Contemporary Accounting Research* 25: 707-737.

### **Seminar 6: Applying Alternative Theories and Research Methods: Target Setting**

Merchant, K. and Manzoni, J.F. (1989) "The Achievability of Budget Targets in Profit Centers: A Field Study", *The Accounting Review*, 539-558

Bol, J., Keune, T., Matsumara, E. and Shin, J. (2010). "Supervisor Discretion in Target Setting: An Empirical Investigation", *The Accounting Review* 85: 1861-1886.

Bouwens, J. and P. Kroos. (2011). "Target Ratcheting and Effort Reduction," *Journal of Accounting and Economics* 51: 171-185.

Carter, M.E., Ittner, C. and Zechman, S. (2010), "Explicit relative Performance evaluation in Performance-Vested Equity Grants," *Review of Accounting Studies* 14: 269-306.

Webb, A., Jeffrey, S., and Schulz, A. (2010). "Factors Affecting Goal Difficulty and Performance When Employees Select Their Own Performance Goals: Evidence from the Field", *Journal of Management Accounting Research* 22: 209-232.

## **Day 4**

### **Seminar 7: Designing Performance Tests**

Griffith, R. and Neely, A. (2009). "Performance Pay and Managerial Experience in Multitask Teams: Evidence From Within a Firm". *Journal of Labor Economics* 27: 49-82.

Grafton, J., Lillis, A. and Widener, S. (2010). "The Role of Performance Measurement and Evaluation in Building Organizational Capabilities and Performance", *Accounting, Organizations and Society* 35: 689-706.

Pizzini, M. (2006), "The Relation Between Cost-system Design, Managers' Evaluations of the Relevance and Usefulness of Cost Data, and Financial Performance: An Empirical Study of US Hospitals", *Accounting, Organizations and Society*, pp. 179-210.

Hanlon, M., S. Rajgopal, and T. Shevlin, (2003), "Are Executive Stock Options Associated with Future Earnings?," *Journal of Accounting and Economics*, 3-43. (Skim the paper and focus on D. Larcker's discussion of this paper, *Journal of Accounting and Economics*, December 2003, 91-103).

### **Seminar 8: Student Presentations of Research Proposals (I)**

Students to present a proposal for a research study of their choice. Presentations should briefly review the study's motivation and theory development, hypotheses or research questions, and preliminary research design.

## **Day 5**

### **Seminar 9: Student Presentations of Research Proposals (II)**

Continuation of students' proposal presentations.