ME2605 Cost Management and Control 6.0 credits

Cost Management and Control

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

Establishment

Course syllabus for ME2605 valid from Autumn 2010

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Industrial Management

Specific prerequisites

Student accepted for the Industrial Management within the Erasmus Mundus-programme.

Only for IMIM-studenter.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The aim of the course is to provide you with the ability to design a system for management control that fits the strategic requirements of the organization, and that influence the behaviour of the employees in the organisation in the desired way. This means that after the course you should be able to:

1. Understand and describe the objects of control; results, action, people and cultural, and also to categorize different types of control systems in to these objects.

2. Understand the meaning of control tightness, and also be able to design different combinations of control systems with regard to the tightness of the system.

3. Critically evaluate, compare, and choose between different systems for control when it comes to their usefulness, effectiveness and costs.

4. Apply the theoretical concepts of behavioural management control to companies in various industries, as well as to case study companies.

5. Understand and critically evaluate different forms of reward systems, audits, corporate governance, performance targets, accounting measures, and responsibility accounting systems when it comes to behavioural as well as ethical aspects.

6. Understand how myopia, situational factors and uncontrollable factors can influence the behaviour in a company, and how systems could be constructed to deal with these factors.

7. Critically evaluate and compare management control systems used by companies in different types of industries from a behavioural perspective.

Course contents

The course consists of lectures built up by case analysis that are followed by a discussion of theoretical concepts and practical examples in the following fields:

1. Results control, action control, personnel control, and cultural control are explored.

2. Discussions on how to design and evaluate a system: Control tightness, control system costs, and audits.

3. Models for influencing behaviour, including budgetary control, responsibility accounting, performance targets, costing, reward systems, and accounting measures, are discussed.

4. Remedies for myopia, the effect of uncontrollable factors, ethical issues and situational influences are dealt with.

Disposition

The course is built up by cases and lectures building on these.

Course literature

Merchant and Van der Stede: "Management Control Systems". Prentice Hall (latest edition)

Examination

- TEN1 - Examnation, 6.0 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

Other requirements for final grade

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Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.