Unit Outline*

ACCT2206

Performance Measurement and Evaluation

Semester 2, 2011
Crawley Campus

Unit Coordinator: Assistant Professor Stijn Masschelein

Business School

www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction

ACCT2206 Performance Measurement and Evaluation is the third unit in a sequence of management accounting units and it builds on the foundations laid by ACCT1112 Management Accounting and ACCT2203 Management Accounting. As indicated by the unit name, we will undertake an advanced study of the use of measures to evaluate and motivate. We will focus on the large contribution of the research community on this topic.

Unit content

All organisations are purposeful entities. For example, firms within the private sector have traditionally been established to maximise the economic wealth of important stakeholders such as equity holders. However, in recent years, many for-profit firms have broadened their purposes beyond a strictly economic one such as profit maximisation. This long-term goal of wealth maximisation sometimes requires satisfying multiple goals in the short run. In the public sector, government agencies and departments also pursue complex goals in carrying out a range of activities that are intended to satisfy the needs of clients, the broader community and parliament. In order to motivate employees, business units, agency or other departments to attain the long-term and short-run goals, organizations set-up structures with a task division and control mechanisms.

Based on research in economics and sociology, we will discuss the role of performance measures as one of the tools in the establishment of an organizational structure. Economic theory explains how performance measures are used to evaluate and reward the performance of business units who have been assigned a specific task. Furthermore, task description and performance measurement are two interdependent organizational choices. Economic theory also explains the characteristics of good measures. However, not all measurement systems are economically optimal. Sociological influences can limit the role of economic factors. Organizations do not only use the measures for control purposes but the measures can also be compared to the expected outcomes to improve the internal processes of the organization.

Often, the public sector is treated as being something radically different from the private sector. However, many private sector practices have now penetrated the field of public sector management and accounting. In Western Australia, for example, the moving of public services into the private sector (e.g., infrastructure assets such as Alinta Gas, the gas pipeline and public transport and health services), the corporatisation and placing of public institutions onto a more commercially oriented footing (e.g., various port authorities and the break-up of Western Power into Verve Energy, a power generating entity, and Synergy as the retailer of sale of power) and the use of competition policy to lift agency performance. Similar examples of the “privatisation” of public services are present within Australia, for governments at both state and federal levels, and overseas, particularly in New Zealand and the United Kingdom. Contemporary research in management accounting in the public and the private sector can provide a greater understanding of the function of performance measures.

The goal of the unit

ACCT2206 Performance Measurement and Evaluation presents theories and findings from contemporary research in performance measurement with a special focus on the public sector. This unit will explain what the role of performance measurement is in the overall organizational structure. Furthermore, you will learn to evaluate research findings in contemporary academic articles. Finally, through discussion of recent changes in management practices in the government sector, you will learn to identify the different forces that have an impact on performance evaluation in the public sector.
This unit consists of four main parts. Part 1, the economic theory of the firm, explains why firms exist at all, how they are structured and how performance measurement supports the internal organization of the firm. Part 2, research methodology explains how researchers can test for the presented theories and how these methodologies can be used to assess the success of public sector interventions. Part 3, institutional theory, explains how different ingrained customs or power structures of an organization can limit the economic forces. Part 4, the internal labour market, explains how hierarchies and promotions can provide screening mechanisms to reward employees. Part 5, strategic measurement, focuses how systems of multiple measures can be used to improve strategic evaluation and decision making in an organization.

Learning outcomes

The broad learning outcome for you to achieve from ACCT2206 Performance Measurement and Evaluation is that you have a sound understanding of the economic and sociological forces in the context of the public sector performance measurement and you can evaluate the findings of researchers in the domain of performance evaluation. Thus, on successfully completing ACCT2206 you should be able to:

1. Compare the different theoretical models that explain performance evaluation practices.
2. Summarize and present the methodology of an academic article.
3. Apply the insights of accounting research to the changes in performance measurement in the public sector.
4. Critically discuss the limitations of theoretical models and research articles
5. Espouse ethical considerations with respect to the assumptions and conclusions of research findings.
6. Critically assess practices in the public sector based on theory and research findings.

Educational principles and graduate attributes

In this unit, you will be encouraged and facilitated to develop the ability and desire to:

1. Develop more effective communication skills through a number of seminar presentations on an academic article or government practice.
2. Develop the skills to reason through the economic and sociological reason of performance measurement practices.
3. Develop an appreciation for the academic literature and the skills to assess the research findings.

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

This unit is your main confrontation with the academic literature in management accounting. As a result, you are expected to read a number of the recent contributions to the literature. In each lecture, I will discuss the core findings of a research stream and we will discuss these findings based on 1 recent article during the seminar.

You are expected to have a first reading on your own after which a further understanding can be developed during presentation and active discussion in the seminar. I encourage strongly starting reading groups in which you can go through the articles in group and help each other in understanding the main points of the article.

This unit is set up to stimulate your academic skills of which discussion of the current knowledge is essential. There will three main routes to express you arguments in favour or in disagreement with certain hypotheses. First of all, during and after the lectures a twitter feed is available to immediately comment on what is said in the lectures. Second, after the lecture a short synopsis of the lecture will be posted on an online blog which will be open to comments. Third, the discussions and questions
raised after the presentations in the seminar form an integral part of the intended research atmosphere.

**Teaching and learning evaluation**

All units are periodically evaluated and I will take the feedback into account when updating the unit. You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

Furthermore, the twitter feed and blog comments provide an excellent immediate feedback mechanism to indicate which parts of the presented material warrant more exposition. Each lecture will also end with a Q&A session to assure you understand the key points of the lecture. Difficulties can be explained in an extra podcast or at the beginning of the next lecture.

**Attendance**

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’.

**CONTACT DETAILS**

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Assistant Professor Stijn Masschelein</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:stijn.masschelein@uwa.edu.au">stijn.masschelein@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>(08) 6488 3764</td>
</tr>
<tr>
<td><strong>Consultation hours:</strong></td>
<td>Friday 2 pm - 5 pm</td>
</tr>
<tr>
<td><strong>Lecture times:</strong></td>
<td>Wednesday 9 am - 11 am</td>
</tr>
<tr>
<td><strong>Lecture venue:</strong></td>
<td>Ernst and Young Lecture Theatre</td>
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<tr>
<td>Tutor</td>
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<td>Friday 2 pm - 5 pm</td>
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</tbody>
</table>
| **Tutorial times:** | (1-2) Monday 9 am - 11 am/12 pm – 2 pm  
(3-4) Tuesday 11 am – 1 pm/3 pm – 5 pm |
| **Tutorial venue:** | (1&3,4) 2.01 Case Study Room  
(2) 1.42 Sir Rod Eddington Case Study Room |

**TEXTBOOK(S) AND RESOURCES**

**Unit website**

http://www.webct.uwa.edu.au

**Recommended/required text(s)**

As ACCT2206 Performance Measurement and Evaluation is a capstone unit in the management accounting major, it will integrate both the theory and practice of both financial and management accounting and public sector finance. The foundation for your learning will be the course notes taken, the journal articles assigned and read and the discussions in seminars and online.

**Additional resources and reading material**

A description and PDF file of all the assigned journal articles and book chapters is available at WebCT together with a description whether they are essential or background material.
<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Lecture</th>
<th>Seminar</th>
<th>Independent activity (e.g. readings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>Introduction</td>
<td>Kachelmeier et al. (2008)</td>
<td>read seminar paper</td>
</tr>
<tr>
<td>2</td>
<td>Economic Theory I</td>
<td>Transaction Cost Economics</td>
<td>Cools et al. (2011)</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>3</td>
<td>Economic Theory II</td>
<td>Knowledge specificity and rights assignment</td>
<td>Robinson (2010)</td>
<td>read seminar chapter + prepare questions</td>
</tr>
<tr>
<td>4</td>
<td>Economic Theory III</td>
<td>Measurement theory</td>
<td>Moers (2005)</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>5</td>
<td>Research methodology I</td>
<td>Predictive validity + experiment</td>
<td>TBA</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>6</td>
<td>Research methodology II</td>
<td>Survey, Archival, Qualitative</td>
<td>TBA</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>7</td>
<td>Institutional Theory I</td>
<td>Isomorphism</td>
<td>Goodrick and Salancik (1996)</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>8</td>
<td>Institutional Theory II</td>
<td>Health care sector</td>
<td>Balakrishnan et al. (2011)</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>9</td>
<td>Internal labor market I</td>
<td>Tournaments and screening</td>
<td>Gibbs et al. (1994)</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>10</td>
<td>Internal labor market II</td>
<td>Subjective evaluation</td>
<td>Campbell (2008)</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>11</td>
<td>Strategic Measurement I</td>
<td>Diversity and Causality</td>
<td>TBA</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>12</td>
<td>Strategic Measurement II</td>
<td>Feedback and learning</td>
<td>TBA</td>
<td>read seminar paper + prepare questions</td>
</tr>
<tr>
<td>13</td>
<td>Review</td>
<td>Review</td>
<td>Kados et al. (2005) and Tayler et al. (2011)</td>
<td>read seminar papers + prepare questions</td>
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ASSESSMENT MECHANISM

The purpose of assessment

The assessment of learning outcome 2 and to a lesser extent 4 will be assessed during the presentation of articles during the seminars. During the course of the seminars you will be asked at least two times to present part of an academic article or of an overview of public sector practices. The second part of the seminar will be a guided discussion on potential issues with the research presented and with its ramifications for public sector performance evaluation. Depending on the focus of the article these twelve discussions will all contribute to the learning outcomes 3 to 6. Furthermore, online contributions to the discussion are also part of the fulfilment of these outcomes. Moreover both verbal and online communication will sharpen your skills in summarizing and communicating research results. The final exam will be a test of your capacities to compare the theoretical models (learning outcome 1), to identify the theoretical forces in a public sector case (learning outcome 3) and to evaluate one of the research articles discussed in the seminar (learning outcome 4).

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminar preparation</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Article presentations</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active participation</td>
<td>40%</td>
<td></td>
<td>Active participation is not restricted to the seminar. Active participation online and during the lectures will also be rewarded.</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
<td></td>
<td>Open-book exam with two or three larger questions.</td>
</tr>
</tbody>
</table>

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

Assessment components

Seminar preparation
- For every seminar, you have to read an article or book chapter. I will ask you to prepare 3-5 small questions which you can answer in one sentence. These questions will be the starting point of the discussion in the seminar. To be able to contribute to the discussion you need to know the topic sufficiently well. These preparation questions are there to attract your attention to the most important parts.
• I will randomly ask some of you to show me their preparation. I have no intent to assess the quality of your preparations. I want you to think freely when preparing the seminar. You should not fear to make mistakes. One failure to show your preparation is not a problem. Repeatedly showing up without preparation will mean you will not have a score for this component. Moreover, it will hamper your ability to meaningfully contribute to the seminar.

Article presentation
• During the seminars you will be asked to present part of a research article. In the first seminar, I will present one full paper to give you an example. You are only required to present part of an article or book chapter. There will be two presentations for you during the semester. Each of your presentation should not last longer than 7 minutes and has no more than 2 slides. This means you have to limit yourself and not tell everything that is in the article.
• The evaluation for this component falls in two parts. First, I will assess whether your presentation shows that you have a clear understanding of the topic you have to present. The other half of the evaluation will be based on your communication skills, both verbal and visual.

Active participation
• During seminars, lectures and online your arguments, questions and comments on the material discussed will be assessed. The aim is to create an atmosphere where you can disagree with the material presented and you learn to formulate your academic and ethical objections. Since this is a learning process, I appreciate that your comments in the beginning of the semester will be tentative and more towards clarification than towards evaluation of the material. However, through guided questions you will learn to look at the government practices and research articles with the critical eye of an accounting researcher.
• You can deliver your thoughts, comments and questions in different formats during lectures, seminars and online. This choice is inspired by the different preferences you may have in expressing yourself. Some students prefer short immediate responses during the seminars where others might want to consider a more thorough comment online. All these contributions have their merit and will be taken into account for your score on this component. An important remark is that the quality of your contribution is of minor importance. This means that questions for clarification are as valuable as a critical comment on a research methodology. A question concerning the ethics of an economic prediction is as valuable as the discovery of a theoretical inconsistency. You will mainly be evaluated on the number of relevant contributions during this semester.

Final exam
• The final exam is a 130 minutes long open book exam. You can expect to be tested on three different aspects. The first type of questions will be to compare two are three theories that were presented in the lectures on their communalities and differences. A second type of questions is to identify the theoretical forces at work in a case of public sector performance measurement. The last type of questions involves the identification of weaknesses in the design or implications of an article we discussed in the lecture or the seminar.
• This examination will be held in the examination period at the end of the semester. Later in the semester, you will need to check the UWA website for details of the time and location of your final examination in ACCT2206 Performance Measurement and Evaluation.

Student Guild
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Website: http://www.guild.uwa.edu.au
Charter of Student Rights and Responsibilities

The Charter of Student Rights and Responsibilities outlines the fundamental rights and responsibilities of students who undertake their education at UWA (refer to http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights).

Appeals against academic assessment

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer to http://www.secretariat.uwa.edu.au/home/policies/appeals).