

MANAGEMENT ACCOUNTING FOR SUSTAINABLE BUSINESS DEVELOPMENT

Course code	<i>GRAB006</i>
Level of studies	<i>Graduate</i>
Number of credits	<i>6 ECTS; 36 class hours, 124 hours of self-study, 2 hours of consultation</i>
Course coordinator (title and name)	<i>Prof. dr. Renata Legenzova, e-mail: renleg@faculty.ism.it</i>
Prerequisites	<i>Undergraduate diploma</i>
Language of instruction	<i>English</i>

THE AIM OF THE COURSE

In today's sustainable development goals-oriented yet competitive and constantly changing environment, financially resilient companies are better equipped for long-term sustainable business growth and maximization of company value. The ability of a company to earn profit and grow without constant external support, earn enough cash and liquidity for uninterrupted business operations, to invest and repay its present and future obligations are the key aspects factors contributing this resilience and value maximization. Moreover, relevant and timely financial information and its efficient use for decision-making are crucial aspects of a company's financial sustainability and sound business development. The course is designed to provide students with the knowledge of the key sustainable-finance and accounting-related concepts and to equip them with skills needed to measure, assess, and control costs and profitability of products, processes, and activities, plan and assess sustainability-related and other investments, evaluate business performance and make strategic and other relevant management decisions towards sustainable business growth and company's value maximization.

LEARNING OUTCOMES

Course learning outcomes (CLO)	Study methods	Assessment methods
CLO1. To be able to explain the concepts and the key elements of financial sustainability, sustainable business growth and their interrelationship with sustainable business development.	Lectures, teamwork, discussion, individual study	Final exam, evaluation of discussion.
CLO12. To be able to specify the content and characteristics of financial information and its needs for decision making, explain its accumulation and reporting trends in the EU and corporate transparency, as well as the relevance of information for value creation and sustainable business development.	Lectures, teamwork, discussion, case analysis, individual study, home assignments, presentation, home assignments and their presentation	Final exam, evaluation of written report of case analysis and oral discussion. Evaluation of written home assignment report and its oral presentation.
CLO3. To be able to identify classify and analyse costs, make indirect cost allotation decisions, differentiate and apply various costing and pricing methods to assess company's performance in competitive environment.	Lectures, teamwork, discussion, case analysis, individual study.	Final exam, evaluation of written report of case analysis and oral discussion.
CLO4. To be able to analyse cost behaviour, perform cost-volume-profit analysis, utilize costs and revenues for making relevant management decisions towards sustainable business growth and company's value maximization	Lectures, teamwork, discussion, case analysis, individual study.	Final exam, evaluation of written report of case analysis and oral discussion.
CLO5. To be able to identify the key areas of ESG related investments, to differentiate capital budgeting criteria and techniques for ESG investments, estimate their net investment and cash flows and perform capital budgeting acceptance analysis.	Lectures, teamwork, discussion, case analysis, individual study.	Final exam, evaluation of written report of case analysis and oral discussion.
CLO5. To be able to explain the link between strategies, plans and budgets; design tools for budgeting and other financial planning to facilitate financial sustainability and resilience; identify business risks and design their management tools.	Lectures, teamwork, discussion, solution of exercises, individual study.	Final exam, evaluation of discussion and exercises solution.
CLO7. To be able to explain how companies measure and manage their performance; differentiate business performance measurement models and tools; identify	Lectures, teamwork, discussion, solution of exercises, individual study,	Final exam, evaluation of discussion and exercises solution; evaluation of home

issues and solutions related to ESG performance measurement and management, define critical success factors, design a scorecard and suggest relevant KPIs;	home assignments, presentation	addignment presentation and written report
CLO8. To learn with teams, be able to cooperate with team members; to assume leadership while evaluating and solving complex ideas and cases.	teamwork, discussion, studies, individual study, home assignments and their presentation	Evaluation of written home assignment report and its oral presentation; evaluation of discussion.

ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

COURSE OUTLINE

Topic	In-class hours	Readings
Introduction to the course. Key concepts, elements and challenges of financial sustainability and sustainable business development. Their interrelationship with sustainable business development	4	<ul style="list-style-type: none"> • Kakati, Shivam & Roy, Arup. (2021). Financial sustainability: An annotated bibliography. <i>Economics and Business Review</i>. 21. 35-60. Doi: 10.18559/ebr.2021.3.4. • Imtiaz, H., Shahid, B., Shahbaz, H. (2020) Financial Sustainability and Corporate Social Responsibility Under Mediating Effect of Operational Self-Sustainability. <i>Frontiers in Psychology</i>, Vol. 11, DOI=10.3389/fpsyg.2020.550029
Changing characteristics of corporate financial information and integrated corporate reporting. The key elements and characteristics of financial information. Corporate transparency – drivers, contents, stakeholders. Trends of requirements and practices of accounting and reporting information in the EU. Overview of the key recognition, measurement and reporting requirements.	4	<ul style="list-style-type: none"> • Bennett, M., Schaltegger, S. and Zvezdov, D. (2018) Exploring Corporate Practices In Management Accounting For Sustainability. icaew.com/academic • R. Roslender, S.J. Hart In search of strategic management accounting: theoretical and field study perspectives // <i>Management Accounting Research</i> 14 (2003) 255–279
Costing and pricing products and services. Costing requirements, process and methods. Cost classification, assignment and allocation. Manufacturing and full costs. Pricing methods and calculation of mark-up. Segment profitability analysis.	6	<ul style="list-style-type: none"> • Drury, C. & M. Tayles (2020). <i>Management and Cost Accounting</i> • Datar, S.M., Rajan. M. (2022). <i>Horngren's Cost Accounting: A Managerial Emphasis</i>.
Cost analysis and profitability management. Cost behaviour and decision making. Cost-volume-profit analysis. Relevant costs and revenues analysis for short term profitability and long term sustainable business growth.	6	<ul style="list-style-type: none"> • Bonini, Sh. & Swartz, S. (2014). Profits with purpose: How organizing for sustainability can benefit the bottom line. McKinsey. • Drury, C. & M. Tayles (2020). <i>Management and Cost Accounting</i> • Datar, S.M., Rajan. M. (2022). <i>Horngren's Cost Accounting: A Managerial Emphasis</i>.
Divisional performance towards sustainable corporate development. Decentralization, divisional performance measurement and segment reporting. Transfer pricing	4	<ul style="list-style-type: none"> • Drury, C. & M. Tayles (2020). <i>Management and Cost Accounting</i> • Datar, S.M., Rajan. M. (2022). <i>Horngren's Cost Accounting: A Managerial Emphasis</i>.
Approval of ESG investments. Key areas of ESG related investments. Capital budgeting criteria and techniques. Specifics of capital budgeting for ESG projects. Estimating net investment and cash flows. ESG investments acceptance analysis.	4	<ul style="list-style-type: none"> • Drury, C. & M. Tayles (2020). <i>Management and Cost Accounting</i> • Datar, S.M., Rajan. M. (2022). <i>Horngren's Cost Accounting: A Managerial Emphasis</i>.

Financial planning. Aligning strategy, financial planning and control. Financial planning and budgeting towards sustainable development. Business risks and their management tools. Role and scope of internal audit.	4	<ul style="list-style-type: none"> • Drury, C. & M. Tayles (2020). Management and Cost Accounting • Datar, S.M., Rajan. M. (2022). Horngren's Cost Accounting: A Managerial Emphasis.
Business performance measurement and management. Management accounting and value creation. Strategic control towards sustainable development. Business performance measurement models and tools. ESG performance measurement and greenwashing.	4	<ul style="list-style-type: none"> • Thilini R. Ariyachandra & Mark N. Frolick (2008) Critical Success Factors in Business Performance Management—Striving for Success.// Information Systems Management, 25:2, 113-120, DOI: 10.1080/10580530801941504 • Pazienza, M.; de Jong, M.; Schoenmaker, D. Why Corporate Sustainability Is Not Yet Measured. Sustainability 2023, 15, 6275. https://doi.org/10.3390/su15076275
	Total: 36 hours	

FINAL GRADE COMPOSITION

Type of assignment	Self-study hours	% of the total grade
Case analysis and class discussion	30	30%
Group work	40	20%
Exam	54	50%
Total:	124	100

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

Case analysis and class discussion

Each topic (as presented in the Course outline) involves either a discussion or analysis of cases/exercises. For most assignments, class participants will be split into groups of 3-4 people and will complete assignments (discussion, case analysis, exercise solving) in class. At the end of the meeting, each group will have to make a short presentation of the group work results. If an assignment involves analysis of cases/exercises, groups have to submit their written calculations. Some class assignments will be individual. Then each participant has to present his/her work individually (uploading it to the e-Learning platform). The class work and presentation will be graded based on the criteria listed in an assignment. Generally, all group members receive the same grade for the assignment. Students may change the class assignment groups throughout the course. A student who misses a class meeting has to do the class assignments in writing and submit them to the e-Learning platform within 1 week after the missed class. When evaluation criteria involve grading of presentation and discussion, a student, absent from the class, receives 0 for this part.

Group work

For a group work students have to sign up into groups of 3-4 people (1-2 students do not make a group). A group will have to complete a task that involves comparative analysis of publically available financial and non-financial information of 3-4 companies (1 company per student), assessing its characteristics and the level of corporate transparency. The task also involves analysis of ESG reporting aiming to identify used financial KPIs. Students are expected to present a written report as well as orally present their results and answer questions. The written report has to be submitted electronically before the assigned due date.

RETAKE POLICY

There are no retakes for any of the assessments above, however, extensions can be granted with the permission of your lecturer. In case you cannot attend the scheduled elevator pitch class, a new date might be agreed with the permission of your lecturer.

ADDITIONAL REMARKS

Class Participation: It is expected that you will actively participate in class discussion, debates and other activities.

Assistance: Do not ever hesitate to request assistance with anything you do not understand.

Class Conduct/Professional Behavior: Students are expected to behave in a manner conducive to an educational setting in the classroom. Inappropriate behavior will result in the student being asked to leave the class. In addition, students contacting the public (including, but not limited to, research for your project) are expected to act professionally – keeping appointments, dressing appropriately for personal interviews, being respectful of the public's time, etc.

Deadlines and Details: Meeting deadlines and taking care of details are of extreme importance. Therefore, for all assignments that are not turned in on time a grade of "0" will be given.

REQUIRED READINGS

1. Drury, C. & M. Tayles (2020). Management and Cost Accounting. Cengage Learning EMEA; 11th edition (10 Dec. 2020)
2. Datar, S.M., Rajan. M. (2022). Horngren's Cost Accounting: A Managerial Emphasis. Pearson Education, Inc. 16th Edition

ADDITIONAL READINGS

1. Umit S. Bititci. (2015) *Managing Business Performance: The Science and the Art*. John Wiley & Sons, Ltd.
2. Global Management Accounting Principles. Effective management accounting: Improving decisions and building successful organisations. CMA. E-resource:
<https://www.cgma.org/resources/reports/globalmanagementaccountingprinciples.html>
3. Anderson U. et al. (2018) *Internal Auditing: Assurance & Advisory Services*, Fourth Edition 4th Edition. Internal Audit Foundation.
4. Various research papers and other related readings will be provided during the course on e-learning platform.