UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

SYLLABUS DEL CORSO

Economia Aziendale 2: Scelte Aziendali e Sistemi di Controllo - 2

2526-2-E3303M009-T2

Learning objectives

The course aims to teach the main tools to plan and to control. In addition, it tries to develop the students' critical thinking oriented to formulate the targets successfully and to design techniques that allow to get the targets while they try to reduce the risks caused by the decision makers' behaviors. The course aims to develop knowledge which can help employees at different organizational levels and in different firm's functions. Actually, the employees can be involved in the planning and control processes for many reasons. They could be the recipients of the goals. They could be the ones which have to define the targets for all the company or for the lower levels of the organization and, later on, to verify the targets achievement. If they are hired by the Accounting Unit or the Finance Unit, one of their tasks is to support the managers in designing and using the planning and control systems. Whatever the organizational role, the understanding of the planning and control processes is, in fact, important to be successfully involved in some of the most important mechanisms which push forward the company's activity.

(Dublin descriptors)

The class will allow the students:

1. To understand the plan and control mechanisms that help to run the companies
2. To know how to use the methods that make it possible to run the organizations by planning and controlling the business dynamics.

The class will make it possible:

1. To know how to formulate judgments about the future development of the business dynamic thanks to the planning models from the theory and the exercises about the accounting recording
2. To learn how to communicate the current financial problems and the future growing paths thanks to the planning models coming from the theory and the exercises about the economic and financial control because the business reports come from those models and that control
3. To get the concepts and the language of the business economics field to navigate with independence over

the more advanced classes of that filed, such as the audit class or the business evaluation class.

Contents

Planning and control are the subjects of this course. First, the class analyzes the business operations from an economic and financial perspective to determine: 1) the profit of the firm, 2) the asset/financial conditions of the firm. This analysis is important because it helps to realize what 'economic and financial targets' mean. Then, goals formulation is discussed by showing the tools helping to successfully design the strategic actions for the firm growth. Later, we study the conversation of strategic targets into financial targets which capture the performances of all the company. This conversation aims to verify whether or not the strategic actions can get financial performances sufficient to allow the company's survival. The financial targets are exploded into smaller targets which are assigned to the managers of each responsibility center. Those targets assignment contributes to the achievement of the general targets which capture the performances of the entire company. Afterwards the course discusses the variance analysis which aims to control if a company has gotten its targets and the reasons why the variances from the plans happened. The analysis helps to understand which mistakes were made and figure out how to avoid them in the future. The variances analysis focuses on the main measure of the company performance, the profit, and explain the revenue variances and the cost variances. Traditionally, the planning and the control are based on financial measures. Those measures have some limits which are highlighted in the classes. Afterwards more advanced tools are presented. They are applied along with the traditional tools to improve their effectiveness. The advanced tools push the company toward performances which can satisfy all the stakeholders and better balance the short-run performances and the long-run performances. Then, they create more solid conditions for the company growth. Another issue is the strategic risk. Actually, the company's strategy and the financial performances might be compromised by the decision makers' behaviors. The course discusses how to avoid the strategic risk or reduce its effects. Finally, the class works on: (i) the different ways to apply the control tools, and (ii) the levers of control. The Interactive Control Systems are presented. They use the information to develop new strategies rather than just to align the managers' behaviors with the company's strategy (Diagnostic Control Systems). Afterwards the course discusses the Beliefs Systems and the Boundary Systems which, with the Diagnostic Control Systems and the Interactive Control Systems, are levers available to defend the survival of the company and feed its growth. The course analyses the role of those levers in different business contexts.

Detailed program

Following the text books used in this course, those issues will be analyzed:

- Economic and financial analysis (Cavalieri, Ferraris Franceschi, pages 193-203, 126, 143, 160, 164, 166, 169)
- Accounting records (notes posted on the e-learning platform)
- Profit calculation (notes posted on the e-learning platform)
- The balance sheet and the income statement (codice civile, articles 2424 and 2425, avalible online freely)
- Financial statement (notes posted on the e-learning platform)
- The balance sheet and income statement analysis (slides posted on the e-learning platform)

- defining the strategic actions (Simons, Egea, 2004, pages 19-44 or Simons, Pearson, 2014, pages 26-48 eBook available here https://www.biblio.unimib.it/it)

- converting the strategic targets into general financial goals (Simons, Egea, 2004, pages 95 – 135 or Simons, Pearson, 2014, pages 91 – 124 eBook available here https://www.biblio.unimib.it/it)

- responsibility centers mapping to direct managers towards the targets of the company (Cerbioni, pages 21-39)

- the variance analysis for the targets with an economic nature (Brusa, pages 171-199)

- the functions of the traditional control system that deploys financial measurements (Cerbioni, pages 67-86)

- the Balanced Scorecard (Simons, Egea, 2004, pages 235-257 or Simons, Pearson, 2014, pages 206-224 eBook available here https://www.biblio.unimib.it/it)

- identifying and reducing the strategic risks (Simons, Egea, 2004, pages 323-379 or Simons, Pearson, 2014, pages 249-297 eBook available here https://www.biblio.unimib.it/it)

- the different ways to apply the control systems and the levers of control (Simons, Egea, 2004, pages 261-290 and 381-401 or Simons, Pearson, 2014, pages 299-315 and 225-248 eBook available here https://www.biblio.unimib.it/it).

Prerequisites

Business Economics 1

Teaching methods

This class consists of lectures with the ‘providing’ method, the lectures take place in presence (63 hours).

Assessment methods

The exam is a written one. Midterm exams are not scheduled.
The exam tests competences about:
- the economic and financial analysis of the operations of the firm
- the representation of the profit and the asset/financial conditions of the company through the balance sheet and the income statement
- the tools to formulate the strategy and to execute it.
The written exam is made by:
- an exercise on the financial statment (8 points or - 8 points)
- an open-ended question to evaluate the capability of representing the profit and the asset/financial conditions of the company by transferring information from the accounting system to the balance sheet and the income statement (8 points or - 8 points)
- a small essay to verify the competences about the account closing process, the balance sheet reclassification, the tools that help to define the targets and execute them (words limit: 600 words)
or an exercise to verify the capabilities of analyzing the business operations from an economic and financial perspective (16 points).

Those are the criteria to evaluate the written exam:

1. preciseness (exercise, open-ended question, small essay)
2. completeness (exercise, open-ended question, small essay)
3. elaboration capacity and capacity of using the critical thinking (small essay).

The scores depend on the level of 'preciseness', 'completeness', 'elaboration capacity and capacity of using the critical thinking'.
The student passes the written exam if she/he gains more than 17 points.

Textbooks and Reading Materials

Textbooks (for the exam):
Cavalieri E., Ferraris Franceschi R., Economia aziendale. Volume 1. Attività aziendale e processi produttivi, Giappichelli, Torino, 2005, pages 193-203, 126, 143, 160, 164, 166, 169 (also in AA.VV. - Materiali per lo studio dell'economia aziendale, Giappichelli, 2022)
codice civile, articles 2424 and 2425
Caramiello C., Di Lazzaro F., Fiori G., Indici di bilancio, Giuffrè, Milano, 2003, pp. 23-226, 257-413 (edizione Giuffrè formato cartaceo)
Robert Simons, Sistemi di controllo e misure di performance, EGEA, Milano, 2004 (pages 19-44, p. 95 – 135, pages 235-257, pages 261-290, pages 323-401) or Robert Simons, Performance Measurement and Control Systems for Implementing Strategy, First Edition, Pearson, 2014, ISBN13: 9781292020938 ISBN10: 1292020938 (pages 26-48, 91 – 124, 206-224, 225-248, 249-315) eBook available here https://www.biblio.unimib.it/it

Fabrizio Cerbioni, Il budget nel sistema di controllo d gestione, Giappichelli, Torino, 2000 (pages 21-39 e p. 67-86) or Fabrizio Cerbioni , Il budget nel sistema di controllo d gestione, Estratto, Giappichelli, Torino 2018
Luigi Brusa, Sistemi manageriali di programmazione e controllo, Giuffré, Milano, 2000 (pages 171-199)
Teaching material uploaded on the e-learning platform (notes and slides)

Teaching notes and slides

**Follow the road map that is defined by the slides that show the themes you are supposed to focus on (i.e. the themes we discuss in class) **

Other useful books:
Cerbioni, Cinquini, Sostero, Contabilità e bilancio, McGraw-Hill Higher Education, 2019
Robert N Anthony, Vijay Govindarajan, Frank G.H. Hartmann, Kalle Kraus and Göran Nilsson, Management Control Systems, First European Edition, McGraw-Hill Education, 2014, ISBN: 9780077133269

Semester

First term

Teaching language

Italian

This syllabus enlarges (adding contents about accounting records, balance sheet, income statement and financial statement) the syllabus of the Business Policy and Strategy Execution class (teacher Biagio Ciao, 2021/2022-2023/2024), the latter comes from the syllabus of Elementi di Programmazione Aziendale (teacher Biagio Ciao, 2017/2018-2020/2021).

Sustainable Development Goals

DECENT WORK AND ECONOMIC GROWTH