



**BUSINESS SCHOOL**

**Course Outline 2017**  
**ACCTG 702: GOVERNANCE ISSUES IN ACCOUNTING**  
**(15 POINTS)**

**Semester 2 (1175)**

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**Course Prescription**

An introduction to the economic literatures relating to property rights, transaction cost economics, and agency theory. Application of these notions to the way in which organisations are structured. Identification of why some transactions are internalised and some are undertaken through markets. The application of these ideas to finance, and to financial and managerial accounting.

**Programme and Course Advice**

Restriction: FINANCE 702

**Goals of the Course**

This course examines the role of information, knowledge, incentives and measurement in contracting, organisational design and the governance of economic transactions. In doing so, it applies the academic frameworks of property rights, transaction cost economics, agency, and dynamic capabilities theory. Hence, students will read, understand and discuss articles that develop and apply these frameworks in ways that contribute to our understanding of accounting, management control, corporate governance, and finance issues. Students will also examine research articles that address contemporary governance issues.

A deeper understanding of accounting and finance arises out of an understanding of its role within and between organisations and within society more generally. Neither accounting nor finance exists in a vacuum. Both can be thought of as governance mechanisms. The nature of each will depend upon what the firm does – what assets it owns or has access to, and how it completes transactions internally and externally by transacting with other entities.

Thinking about the issues also depends on the institutional environment as laws, and the extent to which they are enforced, differ across countries.

This course poses fascinating, practical questions, and seeks to provide frameworks capable of providing answers – answers needed for:

- (a) Economic analysis of business structure and decisions, and
- (b) Success in other graduate accounting and finance courses.

## **Learning Outcomes**

On completion of this course a successful student will be able to:

1. Identify the major factors that explain why some economic transactions are organised within firms, why some are organised through contracts, and the implications for the boundaries of the firm.
2. Examine and assess the efficiency of various organisational forms.
3. Explain how different forms of innovation (organisation structures, processes and procedures; and business models) help firms to create and capture value.
4. Compare and evaluate centralised and decentralised models of decision rights and control within firms and other organisations.
5. Understand and explain why economic institutions and their ownership and governance structures differ across countries.
6. Evaluate CEO pay structures and their incentive effects.
7. Explain how to evaluate the relationship between governance and performance.
8. Address practical questions such as: contracting out, contract design, organisational architecture, the level and composition of CEO pay, the size and structure of boards and their committees, the value of non-voting shares, mixed model ownership (i.e., listed companies with some government ownership) and Maori organisations.

## **Content Outline**

- The Problem of Coordinating Effort to Create and Capture Value
- Organising Transactions and Firm Boundaries
- Organisational Architecture and Management Control
- Economic Institutions and Performance
- Remuneration: Incentives, Focus and Politics
- Board structure and other governance metrics
- Paper Presentations.

## Inclusive Learning

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the course coordinator.

## Learning and Teaching

This course consists of twelve 180-minute sessions convened weekly. Initial sessions introduce economic concepts that provide a governance framework and put accounting, auditing, and finance into their institutional contexts. The remaining sessions introduce, evaluate and discuss contemporary governance issues, while at the same time continuing to develop a rigorous framework for evaluating governance issues. Over the twelve weeks our governance discussion will transition from 'big picture' governance issues at the industry and/or country level toward 'applied' analysis of governance issues at the firm level.

You are not required to purchase a specific textbook for this course. Instead, a set of assigned readings will be provided to you.

## Teaching Staff

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## Learning Resources

You are not required to purchase a specific textbook for this course. Instead, a set of assigned readings will be provided to you. In addition to the assigned readings the following references may be useful learning resources.

1. Milgrom, P., and Roberts, J. (1992). *Economics, organization and management*, Englewood Cliffs, N.J.
2. Williamson, O.E. (1976). *Markets and hierarchies*, New York, Free Press.
3. Williamson, O.E. (1985). *The economic institutions of capitalism*, New York, Free Press.
4. Roberts, John, (2004) *The modern firm*, Oxford, Oxford University Press.
5. Teece, David., (2009), *Dynamic capabilities and strategic management*, Oxford, Oxford University Press.

## Canvas

Access Canvas to view announcements, view and check your coursework marks, and any instructional materials.

## Assessment

Your final grade will comprise 60% for coursework and 40% for the examination. The University will schedule the examination at the end of the semester.

Participation (includes discussion of all assigned papers, appropriate questioning in all lectures)	10%
Assignment(s)	30%
Presentations	20%
Final Exam	40%
<b>TOTAL</b>	<b>100%</b>

The broad relationship between these assessments and the course learning outcomes is as follows:

L.O.	Participation	Assignments	Presentations	Final exam
1 -8	X	X	X	X

## In the Event of an Unexpected Disruption

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via canvas and the university web site.

## CHEATING AND PLAGIARISM

The University of Auckland regards cheating as a serious academic offence.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms.

Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: [www.cite.auckland.ac.nz/](http://www.cite.auckland.ac.nz/)

The document Guidelines: Conduct of Coursework provides further advice on how to avoid plagiarism. It can be found at:  
[www.business.auckland.ac.nz/conductcoursework](http://www.business.auckland.ac.nz/conductcoursework)