

Advanced Management Accounting - Week 4

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1. (Otley and Ferreira, 2009) is a qualitative paper. It is a paper that looks into Otley's previous framework. The previous framework had 5 steps - objectives, planning, performance targets, rewards systems, information flows and this paper superseded it due to deficiencies, with 12 questions. The paper builds on Otley's previous work and ensures through review of that paper that the workings here are valid. It notes how the previous work of Otley had shortcomings, and that they had to be built upon by an extension. It adds to the discussion of management control and therefore stands on its own as a valid research paper.

2. In the paper every sentence is important and is well made, the points follow logically and are structured to build a seminal argument for Otley. The paper does not assume that senior managers strategies for the business aren't always in the best interest of the business. This point is a highlight given that agency theory, points to bad decisions by managers, but the idea of this bleeding into strategy is very practical. It shows that management are guided to serve their own interest in multi-faceted ways and serves to show a business reality.

3. Inside the paper were many points that were not easily followable. The idea that the framework does not stress the ways in which accounting and control information is used by organisations, as against the existence of formal control mechanisms, is difficult. So to is the classic view of organisations suggests that they are formed to carry out activities that could be carried out by markets to increase efficiency through the reduction of transaction costs.

4. Vision and mission - Innovative company, society in health benefits.
Key Success Factors - Sales within Europe to retailers
Organisational Structure - Divisional.
Strategies and Plans - Increase sales year on year.
Key Performance Measures - Innovate/Develop/Produce
Target Setting - Growth and Society
Performance Evaluation - Year on year sales
Reward system - Could be bonuses or customer loyalty

5. Domineering is obviously not the only reason control systems exist. Internal controls are partially put in place in order to help businesses stop fraud and have employees not break the law. This does not fall under a strict domination framework and is a legal control. This use is there in order to have the business have a strong anti-fraud culture and have a psychologically sound business, that is free from fraud. Uber-philosophising against this might not be wise, and is the only direction I see an argument having for this that stays coherent.