Syllabus
Course Program

Strategic budgeting and performance analysis of business entities

Specialty
071 Accounting and Taxation

Institute
Educational and Scientific Institute of Economics, Management and International Business

Educational program
Accounting, Auditing and Taxation

Department
Accounting and Finance (205)

Level of education
Master's level

Course type
Optional (professional training)

Semester
2

Language of instruction
English

Lecturers and course developers

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Candidate of Economic Sciences, specialty 08.00.09 - Accounting, analysis, and audit (by types of economic activity), senior lecturer of the Department of Accounting and Finance of NTU "KhPI". Teaching experience - 19 years. Author and co-author of more than 100 scientific and educational works. Leading lecturer in the disciplines: "Accounting in Enterprise Management", "Enterprise Reporting", "Strategic Management Accounting", "Accounting and Analytical Support for Foreign Economic Activity", "Financial planning and budgeting", "Strategic budgeting and performance analysis of business entities" and others in English and Ukrainian languages. CEFR level C1 certificate, 15 years of experience in teaching economic disciplines in English.

More details about the lecturer are available on the department's website

General information

Summary

"Strategic budgeting and performance analysis of business entities" academic subject focuses on developing strategic budgeting skills and performance analysis techniques to enhance decision-making and resource allocation in businesses. It covers the processes of creating long-term financial plans, aligning budgets with organizational strategies, and using performance metrics to assess business efficiency and effectiveness. Students will learn to integrate financial goals with strategic objectives, analyze budget variances, and assess business performance through various financial and non-financial indicators.

Course objectives and goals

The subject aims to teach students strategic budgeting principles and how to align financial plans with business strategies. Key objectives include developing skills for analyzing business performance using budget variances, KPIs, and risk management. Students will also learn to apply analytical tools for financial optimization. The goals are to prepare students for creating and managing budgets, enhance decision-making abilities, improve resource allocation, and monitor performance effectively. Ultimately,

the course equips students to take on leadership roles in strategic planning and performance management, driving business growth and operational efficiency.

Format of classes

Lectures, practical classes, consultations. Individual task (report). The final control measure is a test.

Competencies

GC01. The ability to identify, put, and solve problems.
GC02. The ability to communicate in a foreign language.
GC04. The ability to conduct research at an appropriate level.
GC11. The ability to evaluate and ensure the quality of the work performed.

SC01. The ability to form and use accounting information to make effective management decisions at all levels of enterprise management in order to increase the efficiency, effectiveness, and social responsibility of business.
SC05. The ability to apply methods and techniques of analytical support of modern management systems taking into account the company's development strategy in conditions of uncertainty, risk and/or information asymmetry.
SC07. The ability to formulate tasks, improve methodology and implement modern methods of financial and management accounting, analysis, auditing and taxation in accordance with the strategic goals of the enterprise.
SC09. The ability to carry out consulting activities for owners, management of the enterprise and other users of information in the field of accounting, analysis, control, auditing, taxation.

Learning outcomes

LO03. Students should be able to communicate freely in a foreign language orally and in writing when discussing the results of research and innovations.
LO05. Students should know how to use innovative technologies, justify the choice, and explain the application of new methods of preparation and provision of accounting information for the needs of the management of the business entity.
LO06. Students should be able to determine the information needs of users of accounting information in the management of the enterprise and provide assistance to the management staff of the business entity regarding accounting information.
LO07. Students should have skills to develop internal company standards and forms of management and other reporting of business entities.
LO10. Students should be able to collect, evaluate, and analyze financial and non-financial data to generate relevant information for management decision-making purposes.
LO12. Students should know how to justify innovative approaches to the information provision of the system of control over the use of resource potential of business entities and public sector bodies, taking into account the business development strategy.
LO14. Students should be able to justify the choice and procedure of application of management information technologies for accounting, analysis, audit, and taxation in the management decision-making system to optimize them.
LO17. Students should have the skills to prepare and justify conclusions for consulting the owners, management of the business entity, and other users of information in the field of accounting, analysis, control, audit, and taxation.

Student workload

The total volume of the course is 120 hours (4 ECTS credits): lectures - 32 hours, practice classes - 16 hours, self-study - 72 hours.

Course prerequisites

To successfully pass the educational discipline, it is necessary to have the knowledge and practical skills in the following disciplines: "Organization of accounting", "Tax Management", and "Management Information Systems in Finance and Accounting".

Features of the course, teaching and learning methods, and technologies

Lectures are conducted interactively in the form of informational and problem lectures, using Microsoft Teams software. In practical classes, case methods and presentations are used, and attention is focused on developing strategic budgeting skills and performance analysis techniques to enhance decision-making and resource allocation in businesses.
In informational lecture, students receive information interpreted by the lecturer. In a problem lecture, a new task is introduced as an unknown that needs to be "discovered". The task of the lecturer, having created a problem situation, is to motivate students to find a solution to the problem, bringing them step by step to the goal of the search. For this, the new theoretical material is presented in the form of a problem. There are contradictions in its conditions that must be identified and resolved. In the course of the solution, the students receive, in cooperation with the lecturer, new necessary knowledge. Thus, the process of students' learning according to this form of presentation is approaching a search and research activity.
Multimedia presentation gives the lecturer an opportunity to show creativity, individuality, avoid a formal approach to conducting classes. It provides the lecturer with the opportunity for informational support, illustrating, use of various exercises, saving time and material resources, expansion of the educational space of the lecture. A case study is an in-depth, detailed examination of a particular case (or cases) within a real-world context.

Program of the course

Topics of the lectures

Topic 1. Planning as a Management Tool.
Definition and importance of planning in management. Strategic vs. operational planning. Role of planning in decision-making and resource allocation.
Topic 2. The Essence of the Budgetary Method of Enterprise Management.
Definition and functions of budgetary control. Role of budgeting in organizational management. The relationship between budgeting and strategic goals.
Topic 3. Types of Enterprise Budgets. Budget Pyramids.
Overview of types of budgets (operational, capital, financial). Concept of the budget pyramid and its hierarchy. The importance of aligning budget types with business goals.
Topic 4. Structuring the Enterprise for Budgeting Purposes.
Organizational structure for effective budgeting. The role of responsibility centers in budgeting. Cost, revenue, and investment centers.
Topic 5. Compilation and Coordination of Operating Budgets.
Steps in creating an operating budget. Coordinating between departments for budget preparation. Handling conflicts and trade-offs during budget compilation.
Topic 6. Formation of Financial Budgets of the Enterprise.
Components of financial budgets (cash flow, capital expenditure, balance sheet). Methods of forecasting financial requirements. Integration of financial budgets with operating budgets.
Topic 7. Control of Budget Implementation and Evaluation of Budget Implementation.
Methods for monitoring and controlling budget execution. Variance analysis and corrective actions. KPIs for evaluating budget performance.
Topic 8. Creation of the Budgeting System at the Enterprise.
Key components of an effective budgeting system. Steps for developing a comprehensive budgeting framework. Budgeting as a part of strategic management systems.
Topic 9. Organization of the Budget Process at the Enterprise.
Roles and responsibilities in the budgeting process. Steps for organizing and streamlining budget preparation. Challenges in implementing the budget process in organizations.
Topic 10. Automation of the Budgeting Process at the Enterprise.
The role of technology in budgeting: tools and software. Benefits and challenges of automating the budgeting process. Best practices for implementing budgeting software.

Topics of the workshops

Topic 1. Planning as a Management Tool.
Group discussions on the impact of planning in different industries. Case studies on effective planning in business.
Topic 2. The Essence of the Budgetary Method of Enterprise Management.
Discussion on budgetary control systems in practice. Exercises on budget creation and its influence on management.
Topic 3. Types of Enterprise Budgets. Budget Pyramids.
Analysis of different budget types for specific industries. Practical exercises on constructing a budget pyramid.
Topic 4. Structuring the Enterprise for Budgeting Purposes.
Case studies on structuring organizations for budgeting. Role-play on defining responsibility centers in business units.
Topic 5. Compilation and Coordination of Operating Budgets.
Group discussions on the challenges of cross-department coordination. Exercises on drafting and consolidating operating budgets.
Topic 6. Formation of Financial Budgets of the Enterprise.
Analysis of financial budgeting in real-world business cases. Practical exercises on forming cash flow and financial budgets.
Topic 7. Control of Budget Implementation and Evaluation of Budget Implementation.
Case study discussions on budget variances and their implications. Exercises on using KPIs to assess budget implementation success.
Topic 8. Creation of the Budgeting System at the Enterprise.
Group discussions on designing budgeting systems for different sectors. Exercises on drafting guidelines for creating a budgeting system.
Topic 9. Organization of the Budget Process at the Enterprise.
Case studies on successful budget process organization. Role-play on organizing a budget meeting and finalizing budgets.
Topic 10. Automation of the Budgeting Process at the Enterprise.
Practical demonstrations of budgeting tools and software. Group exercises on automating a manual budgeting process.

Topics of the laboratory classes

There are no laboratory classes within the scope of the discipline.

Self-study

There is an individual task in the form of preparation of the interactive presentation in the scope of the course.

Course materials and recommended reading

Basic literature
1. Bragg, S. M. (2014). Budgeting: A comprehensive guide (3rd ed.). Accounting Tools.
2. Axson, D. A. J. (2010). Best practices in planning and performance management: Radically rethinking management for a volatile world (3rd ed.). Wiley.
3. Anthony, R. N., & Govindarajan, V. (2007). Management control systems (12th ed.). McGraw-Hill.
4. Blocher, E. J., Stout, D. E., Juras, P. E., & Cokins, G. (2015). Cost management: A strategic emphasis (7th ed.). McGraw-Hill Education.
5. Collier, P. M. (2009). Accounting for managers: Interpreting accounting information for decision-making (4th ed.). Wiley.
6. Drury, C. (2018). Management and cost accounting (10th ed.). Cengage Learning.
7. Hansen, D. R., Mowen, M. M., & Heitger, D. L. (2017). Cost management: Accounting and control (7th ed.). Cengage Learning.
8. Hope, J., & Fraser, R. (2003). Beyond budgeting: How managers can break free from the annual performance trap. Harvard Business Review Press.

9. Kaplan, R. S., & Norton, D. P. (2008). The execution premium: Linking strategy to operations for competitive advantage. Harvard Business Press.
10. Kaplan, R. S., & Norton, D. P. (1996). The balanced scorecard: Translating strategy into action. Harvard Business School Press.
11. Merchant, K. A., & Van der Stede, W. A. (2017). Management control systems: Performance measurement, evaluation and incentives (4th ed.). Pearson.
12. Shim, J. K., & Siegel, J. G. (2011). Budgeting basics and beyond (4th ed.). Wiley.

Additional literature

1. Abernethy, M. A., & Brownell, P. (1999). The role of budgets in organizations facing strategic change: An exploratory study. Accounting, Organizations and Society, 24(3), 189–204. https://doi.org/10.1016/S0361-3682(98)00059-2
2. Becker, S., Mahlendorf, M. D., Schäffer, U., & Thaten, M. (2016). Budgeting in times of economic crisis. Contemporary Accounting Research, 33(4), 1489–1517. https://doi.org/10.1111/1911-3846.12233
3. Libby, T., & Lindsay, R. M. (2010). Beyond budgeting or budgeting reconsidered? A survey of North-American budgeting practice. Management Accounting Research, 21(1), 56–75. https://doi.org/10.1016/j.mar.2009.10.003
4. Ekholm, B., & Wallin, J. (2000). Is the annual budget really dead? The views of Swedish managers. European Accounting Review, 9(4), 519–539. https://doi.org/10.1080/09638180020024007
5. Chenhall, R. H. (2003). Management control systems design within its organizational context: Findings from contingency-based research and directions for the future. Accounting, Organizations and Society, 28(2-3), 127–168. https://doi.org/10.1016/S0361-3682(01)00027-7
6. Cokins, G. (2010). Performance management: Integrating strategy execution, methodologies, risk, and analytics. Wiley.
7. Hansen, S. C., Otley, D. T., & Van der Stede, W. A. (2003). Practice developments in budgeting: An overview and research perspective. Journal of Management Accounting Research, 15(1), 95–116. https://doi.org/10.2308/jmar.2003.15.1.95
8. Lukka, K., & Granlund, M. (2003). Paradoxes of management and management accounting in a changing world. Management Accounting Research, 14(1), 37–59. https://doi.org/10.1016/S1044-5005(02)00065-5
9. Marginson, D., & Ogden, S. (2005). Coping with ambiguity through the budget: The positive effects of budgetary targets on managers' budgeting behaviors. Accounting, Organizations and Society, 30(5), 435–456. https://doi.org/10.1016/j.aos.2004.05.004
10. Otley, D. (2001). Extending the boundaries of management accounting research: Developing systems for performance management. British Accounting Review, 33(3), 243–261. https://doi.org/10.1006/bare.2001.0168
11. Uyar, A., & Kuzey, C. (2016). Does budgetary control enhance organizational performance? Evidence from Turkey. Journal of Accounting & Organizational Change, 12(3), 472–496. https://doi.org/10.1108/JAOC-05-2014-0039
12. Van der Stede, W. A. (2000). The relationship between two consequences of budgetary controls: Budgetary slack creation and managerial short-term orientation. Accounting, Organizations and Society, 25(6), 609–622. https://doi.org/10.1016/S0361-3682(99)00058-6

Assessment and grading

Criteria for assessment of student performance, and the final score structure

The final grade for the academic subject is defined as the sum of grades/points for all types of activities during the semester: homework during the semester (20%), activity and answers to the lecturer's questions during lectures and practical classes (20%), presentation of the individual task (20%), final survey before the end of the semester (40%).

In case of disagreement with the grade received during the semester, the student has the right to take the test. Test tickets contain 2 theoretical questions and 1 practical task. Answers to theoretical questions are given orally by the student after a short preparation, the task is completed in writing and sent to the teacher through the Office 365 or MS Teams system (up to 100%).

Grading scale

Total points	National	ECTS
90–100	Excellent	A
82–89	Good	B
75–81	Good	C
64–74	Satisfactory	D
60–63	Satisfactory	E
35–59	Unsatisfactory (requires additional learning)	FX
1–34	Unsatisfactory (requires repetition of the course)	F

Norms of academic integrity and course policy

The student must adhere to the Code of Ethics of Academic Relations and Integrity of NTU "KhPI": to demonstrate discipline, good manners, kindness, honesty, and responsibility. Conflict situations should be openly discussed in academic groups with a lecturer, and if it is impossible to resolve the conflict, they should be brought to the attention of the Institute's management.
Regulatory and legal documents related to the implementation of the principles of academic integrity at NTU "KhPI" are available on the website: http://blogs.kpi.kharkov.ua/v2/nv/akademichna-dobrochesnist/

Approval

Approved by	Date, signature	Head of the department Oleksandr MANOYLENKO
	Date, signature	Guarantor of the educational program Tetiana DAVYDIUK