

A Note on Bundling Budgets to Achieve Management Control

Abstract

By its very nature, management control research can be complex and difficult to understand, and hence challenging to introduce into the classroom. Nevertheless, it is important for accounting instruction to retain a connection between teaching and research. This note provides guidance on how recent findings in the theory of management control can be introduced into the classroom. The general approach is to present findings in the academic literature using a combination of numerical examples and classroom experiments. We use this two-pronged approach to illustrate that the bundling of budget proposals mitigates management control issues in a setting where control issues arise because subordinates are privately informed and self-interested. In our experience this approach stimulates student interest and increases the likelihood of successful implementation in undergraduate and graduate classes.

