IMA Educational Case Journal


Abstract: This case is based on a real situation and covers aspects of unethical decision-making practices in the airline industry. EastJet, an airline company based in eastern Europe is a small regional air carrier, struggling to achieve profitability in a limited niche market. EastJet’s executive team is expected to make significant cost cuts and show positive changes in the airline’s financial situation. Newly appointed Onboard Services Manager Emma Banks joins the company and discovers unethical practices related to catering cost calculations and tax evasion. Students are asked to analyze the ethical dilemma Emma faced and to assess possible outcomes based on the information provided in the case and class discussions.


Abstract: Textbook questions and cases often ask students to use differential analysis to evaluate one independent cost reduction action. But businesses often have multiple cost reduction alternatives to evaluate simultaneously. Furthermore, companies may consider these options independently or through combinations of alternatives. The case is based on an actual project to evaluate alternative cost reduction actions at a large insurance company. For educational purposes, the scope of the project has been significantly reduced to one function, the accounting department, to provide students with a realistic situation in a manageable format. Students are presented with three alternative cost reduction approaches and must identify the relevant costs and calculate the estimated potential impacts of each alternative. The cost reduction actions evaluated are outsourcing (“offshoring”), greater automation, and an office relocation. Additionally, the students must identify the risks and other nonfinancial considerations associated with the potential cost reduction actions and make a recommendation.


Abstract: This case provides a realistic application of inflation-adjusted capital budgeting in a university setting. The case is designed for use in an upper-division cost accounting course or a graduate level cost/managerial accounting class. Students are required to analyze the costs of building and operating a student apartment complex, to determine a reasonable rental rate for three types of apartments, and to make a recommendation about the feasibility of the project. Critical thinking is emphasized in the development and interpretation of the present value (PV) model, identification and discussion of qualitative issues, and recognition and inclusion of uncertainty.

Abstract: This case, based on a true story, examines the misappropriation of funds by an administrator in the Beaumont Independent School District (BISD) in Beaumont, Texas. Patricia Adams Lambert diverted more than $500,000 of funds while she was a BISD employee. Students are asked to apply the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 Internal Control–Integrated Framework to evaluate internal controls; students will also evaluate an ethical dilemma. The case is particularly unique because it is designed to be used in introductory financial and managerial accounting classes as an example of internal controls. The case can also be used in upper-level accounting classes as appropriate.


Abstract: This case covers net present value (NPV) modeling of a capital equipment investment decision. Students consider dilemmas and tensions between energy efficiency and financial objectives and address organizational issues (such as preselection of investment alternatives) and strategic investment bundles. That means that the impact of energy-related investments might be different in the context of related and mutually reinforcing investments. Finally, this teaching case explains to students how uncertainty in investment decisions can be modeled with Monte Carlo simulation.


Abstract: This case describes a business dilemma arising from (1) the failure to consider foreign exchange rates and (2) unfavorable movement of exchange rates against the currency in which budgets are prepared. It is designed to be used as a complement to, and extension of, traditional cost variance content in management accounting curricula. The case can be taught in intermediate cost accounting courses at the undergraduate level, or in graduate-level courses that focus on performance management and incentives or that focus on international accounting. Students benefit by learning about how typical price variances can be “unpacked” to provide deeper variance insights, by exploring how a traditional variance framework can be extended to the analysis of other cost categories, and by considering the critical role of exchange rates in business planning and forecasting in multinational organizations.


Abstract: Northern state university’s college of business is preparing for its reaccreditation review. Northern State University is a medium-sized regional state university. The new dean for the College of Business must determine its goals and objectives in preparing for reaccreditation. In line with the reaccreditation’s mission-directed objectives, the College of Business chairpersons have prepared departmental mission statements. The mission statements indicate competing views among the chairpersons regarding the identity of the college’s customers and how to measure success. The dean has asked a committee of the chairpersons to use a balanced scorecard approach and prepare a strategy map. In addition, the committee is to identify possible performance metrics and to consider initiatives for long-term success.

Abstract: This case focuses on the role of weak internal controls, conflicts of interest, and a weak board of directors in escalating unethical decisions, resulting in the misappropriation of funds for a small homeowner’s association. The case is based on a real-life situation and vividly illustrates the roles of governance and internal control in aligning organizational and stakeholder objectives and how “good” people can make bad decisions. The setting of a small, volunteer-driven nonprofit allows students to apply the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control—Integrated Framework to a realistically fluid situation with missing, weak, or bypassed controls and a weak governance system with no outside reporting requirements.


Abstract: Carly Jacobs, senior partner at Williams & Jacobs, is concerned about how the management structure and management accounting system is affecting the success of her law firm’s business. The firm has six practice groups (service lines) managed using an incentive structure for the firm based on a competitive sharing system between the practice groups. The support staff is a shared service at the office, and all partners participate equally in net profits. A bonus pool as a share of operating profit is distributed to practice groups based on relative profit of each practice. In the early days of the firm, this management system seemed to work well. But partners are increasingly frustrated about costs, and younger colleagues at the firm are talking about leaving for other opportunities.


Abstract: Midland dairy products: an ethics case is concerned with an employee who faces a conflict of interest in the workplace that also complicates how and whether to proceed in investigating a suspected fraud in the company. The case requires students to use conflict of interest policies and professional codes of ethics from IMA® (Institute of Management Accountants) and the AICPA (American Institute of Certified Public Accountants) to facilitate ethical decision making. In addition to sources of guidance for ethical decision making, the case provides students with a low-risk environment in which to consider the real costs of making ethical decisions in the workplace. Since ethical decisions are often made under stressful situations, students are also exposed to techniques such as negative visualization, mental practice, and husbanding self-discipline that can improve decision making under stress. There are five case questions that can also be used individually if there are time constraints. The questions are designed for a Socratic, classroom discussion but can also be used as written assignments.


Abstract: This case provides students with an opportunity to extend and apply managerial accounting knowledge in a real-world setting as part of a cross-functional team charged with determining the financial feasibility of an innovative new product introduction. Its flexibly has
been and can be tailored for use in a spectrum of managerial accounting courses. Students evaluate Chicken Sensations, an innovative product that has the potential to initiate a new category of convenience frozen foods and significantly alter profits at Parson Foods Vegetable Company (PFVC), a leading processor of canned and frozen vegetables. This case is intended to challenge students to: 1) use managerial and financial accounting knowledge and concepts; 2) understand the challenges and risks in a new product’s introduction; 3) apply Excel skills in developing solutions and sensitivity analyses; and 4) analyze, synthesize and evaluate quantitative and qualitative factors on economic, ethical and other dimensions in making judgments, conclusions and recommendations. Teaching notes accompany the case. A completed Excel solution and an Excel template file to assist students in completing portions of the case are available upon request from the authors.