Call for Bachelor's Thesis

Title: The Consequences of Standard Costing and Variance Analysis: A Critical Analysis of the Empirical Evidence

Research Question

What are the consequences of using Standard Costing and Variance Analysis in firms?

Motivation

Standard Costing is one of the longest-established instruments of management control. Variance Analysis, as a target-actual comparison based on standard costs, is the central feedback instrument of operational control. Both instruments are widely used in practice but increasingly assessed critically in the academic literature: In modern manufacturing environments, characterized by high flexibility and short product life cycles, the assumptions of classical standard costing systems are seen as increasingly blurred. Do Standard Costing and Variance Analysis improve the efficiency of managerial decisions, or does the expected effect fail to materialize? The empirical evidence is methodologically heterogeneous and scattered across several decades. A structured synthesis of the direct effects is missing.

Objective

The thesis systematically reviews the empirical evidence on the direct consequences of Standard Costing and Variance Analysis. It delivers a curated list of studies within defined quality tiers and transfers the included studies into a coded research database, based on the coding scheme developed at the chair. Building on this database, you organize the findings and identify core effects and research gaps.

Link to the Research Program

The thesis is part of the research program on evidence-based management control initiated at the chair. The program documents the effectiveness of common management control instruments empirically and provides research and practice with a sound point of reference. Standard Costing and Variance Analysis are among the classical instruments of operational control. The thesis delivers the joint module of the database.

Requirements

The thesis requires an interest in empirical management control research. You work in a structured and diligent manner. Solid English skills are necessary, as most of the sources are in English.

Supervision and Contact

Dr. Philipp Richter (philipp_clemens.richter@tu-dresden.de) supervises this project at the chair. You can apply by email with a short motivation letter and a current transcript of records.

Literature

Bowhill, B., & Lee, B. (2002). The incompatibility of standard costing systems and modern manufacturing: Insight or unproven dogma? *Journal of Applied Accounting Research*, 6(3), 1–24.

Brown, R. M., Evans, J. H., & Moser, D. V. (2009). Agency theory and participative budgeting experiments. *Journal of Management Accounting Research*, 21, 317–345.

Demski, J. S. (1967). An accounting system structured on a linear programming model. *The Accounting Review*, 42(4), 701–712.

Drury, C., & Tayles, M. (2005). Explicating the design of overhead absorption procedures in UK organizations. *British Accounting Review*, 37(1), 47–84.

Emsley, D. (2000). Variance analysis and performance: Two empirical studies. *Accounting, Organizations and Society*, 25(1), 1–12.

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Mendoza, C., & Bescos, P.-L. (2001). An explanatory model of managers' information needs: Implications for management accounting. *European Accounting Review*, 10(2), 257–289.

Sulaiman, M., Alwi, N., & Ahmad, N. N. N. (2005). Is standard costing obsolete? Empirical evidence from Malaysia. *Managerial Auditing Journal*, 20(2), 109–123.