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Book Reviews

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The policy of *Issues in Accounting Education* is to publish only those reviews solicited by the Book Reviews Editor. Unsolicited reviews will not be accepted.

MICHAEL R. KINNEY and CECILY A. RAIBORN, *Cost Accounting: Foundations and Evolutions*, Eighth Edition (Mason, OH: South-Western Cengage Learning, 2011, pp. xviii, 893).

The eighth edition of the textbook has significant changes from the earlier edition. Besides the typical end-of-the-chapter questions, exercises, and problems, there are potential ethical issue questions which could make for lively and informative classroom discussions. The end-of-the-chapter problems have been updated along with some new problems not appearing in the previous edition. The readability of the text has been improved, making it one of the easier cost accounting textbooks for students to comprehend.

The chapter-by-chapter content remains basically the same from the prior edition. The ordering of the chapters is typical of most cost accounting textbooks. However, the way most of the material is presented allows for eliminating the coverage of certain chapters without affecting the understandability of other chapters. For example, in an M.B.A. cost/managerial accounting class, you may want to skip the chapter on process costing and emphasize the later chapters on managing costs or quality concepts. The chapter on implementing quality concepts has been significantly updated with expanded discussions on non-value-added activities, the balanced scorecard, and total quality management. The last chapter, "Emerging Management Practices," contains a number of timely topics such as business process reengineering and downsizing, layoffs, and restructuring, appropriate in today's economy.

At the beginning of each chapter there are learning objectives posed as questions which outline the concepts to be covered. Prior to the coverage of the accounting material there is extensive narrative discussing the "whys" and "whats" of the learning objectives, which lays the groundwork for the accounting material. The subsequent coverage contains a large number of well-illustrated exhibits consisting of examples of the concepts and illustrations. I found the exhibits to coincide with the material presented, making them an extension of the narrative rather than stand-alone material. When necessary, the text material references concepts already presented in earlier chapters, making it easier (and more likely) for the students to go back and review. At the end of each chapter there is a summary detailing each learning objective which was introduced at the beginning of the chapter. Rather than simply repeating the introductory learning objectives, bullet points highlighting the material presented are given along with formulas and acronyms when appropriate. It is a good way to end the chapter. The chapters themselves are not overly done with distractive material from what is to be learned.

The text has a minimal number of appendices which can be used to take some topics into more detail, or omitted from the course coverage without losing any continuity. Most are relatively short and simply expound on the material presented in the body of the chapter.

The book can be used in a one-semester undergraduate cost accounting course or a graduate M.B.A. managerial accounting course. For accounting majors who require more cost accounting material versus what is generally considered to be managerial accounting material, there is sufficient chapter material to meet their needs. However, there can be redundancy with some of the material for students who have covered managerial accounting in any depth in their second principles of accounting course. This may be true of most cost accounting textbooks. The text provides enough material to allow you to skip or reduce coverage of certain topics that students may have already encountered, and gives the instructor sufficient material for a one-semester course.

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JERROLD L. ZIMMERMAN, *Accounting for Decision Making and Control*, Seventh Edition (New York, NY: McGraw-Hill Irwin, 2011, pp. xvi, 700).

This textbook offers an alternative approach for instructors seeking to teach an advanced course in management accounting with particular attention to the underlying economic and organizational theory. While competing textbooks offer varying degrees of rigor and coverage, this textbook offers a *conceptual framework* for understanding the role of accounting in decision making and management control.

A central feature of this book is the integration of organizational architecture in the discussion of accounting topics. This concept is employed to explain how accounting measurements facilitate management control. The use of accounting measures in compensation contracts is one such example. By introducing the concept of organizational architecture early on (Chapter 4), the author employs it effectively in describing how and why accounting can help organizations in conducting their monitoring and control activities. Further, the author emphasizes the trade-off between the decision making and the control aspects of accounting methods like budgeting and activity-based costing. While traditional budgeting, the author argues, may lack relevance and timeliness for decision making, it offers an administrative device for partitioning decision rights and for providing a benchmark for performance evaluation.

A second conceptual foundation of the book is that of opportunity cost. It enables the author to extend and deepen the discussion of costing and pricing topics. For instance, the author frequently highlights reduced sales as the opportunity cost of increased product prices (i.e., a downward-sloped demand curve). Likewise, by highlighting the concept of marginal cost, instead of average cost, the author enables the reader to consider an upward-sloped supply curve and to understand the opportunity cost of increasing production volume. While many books treat a firm's input and output prices as constants, Zimmerman's use of opportunity cost adds analytical rigor to the discussions of costing, pricing, outsourcing, capital budgeting, transfer pricing, and other topics.

A new and unique theme of this book is the concept of economic Darwinism, meaning that accounting systems that survive the test of time may offer benefits that outweigh their costs. The book is critical of the more recent developments in management accounting such as activity-based costing and balanced scorecard by arguing that the decision-making benefits of such paradigms are often overstated and their organizational costs are downplayed.

The book deals with the above conceptual foundations in Chapters 1, 2, and 4, setting the stage for their application in the remaining chapters. The early discussion of responsibility accounting and budgeting (Chapters 5 and 6) enables the author to fully integrate the discussion of organizational architecture in the remaining chapters and add to the unique strength of the book. Reflecting its conceptual approach, the text minimizes, or completely leaves out, the discussion of process costing, spoilage and rework, balanced scorecard, strategic cost management, total quality control, theory of constraints, inventory management, and financial ratios analysis.

A weakness of the book is its limited supplemental material, which includes an online instructors' resource book containing teaching strategies, lecture PowerPoints, problem solutions, and a few test questions for each chapter. End-of-chapter assignments are very good and often complex. They include a few short cases. A point can be made for adding some longer cases to each chapter to offer instructors more choice. The Seventh Edition includes some new problems and makes a few minor revisions.

Instructors seeking a conceptual text with an economics and organizational theory emphasis to management accounting should seriously consider this text.

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