

MBA - II Semester - IV
Management Control Systems (MCS)

1. Course Objective:

Every organization is meant for achieving pre-set goals and objectives. Well thought-out strategies are being implemented for this purpose. Execution of these strategies assumes as much importance as formulation itself. Management control systems are designed in order to implement these strategies successfully. The process of implementation of the strategies and the dilemma faced by managers are the main focus of this course. It envisages strategic planning, budgeting, resource allocation, performance measurement, evaluation, and reward/ responsibility centre allocation. Thus, the main objective of this course is to equip the students with the skills for effective implementation of strategies and resolving the attendant problems.

2. Course Duration:

The total hours for teaching this course will be 50 hours which will be divided into 40 sessions of 75 minutes each.

3. Course Contents:

Assignment of sessions to the modules of course is as follows:

Module No.	Modules / Sub-Modules	Sessions	Marks Weightage
I	Introduction to Management Control Systems and the Environment of Management Control. The Nature of Management Control, Basic Concepts- The Environment of Management Control- Strategies of different levels, Corporate and Strategic Business units. Behavior Aspects of Organizations, Goal Congruence and Factors Influencing the Congruence.	8	20%
II	The Structure of Management Control Systems. Responsibility Centres. Definition, Types – Revenue & Expense Centres, Engineered and Discretionary Expense Centres – Profit Centres, Various Measures of Profits.	8	20%
III	Transfer of Goods & Services between Divisions and its Pricing. Administration of Transfer Prices – Investment Centres, Measures and Controls of Assets. Divisional performance and Responsibility accounting, Various Control issues.	8	20%
IV	The Process Part of Management Control:- Planning, Budgeting, Performance Analysis and Rewarding. Strategic Planning. Planning of Existing and Proposed Programs; Budget Preparation. Its Process and Techniques. Analysis of Performance through Variance. Developments in Performance Measurement System (PMS). Balance Score Card. Compensation for Management Staff – Different Compensation Plans for Corporate Officers and SBU Managers	8	20%
V	Management Control Systems for Different Organizations:- Service organizations; Professional, Financial Service, Health Care Organizations: Challenges for Management Control Systems in Non Profit Organizations. Management Controls Systems for Projects.	8	20%

4. Teaching Methods:

The following pedagogical tools shall be used for teaching the subject:

- Relevant cases highlighting various issues shall be discussed. Students are required to prepare thoroughly the case facts. Questions are given at the end of each case to facilitate the discussions.
- Some of the cases can be presented as a group assignment
- Instructor shall discuss the theoretical issues through lecture methods.
- Internal evaluation shall be done through examining cases

5. Evaluation:

The evaluation of participants will be on a continuous basis comprising the following elements:

A	Projects/ Assignments/ Quizzes/ Class Participation etc.	Weightage 50% (Internal Assessment)
B	Mid-Semester Examination	Weightage 30% (Internal Assessment)
C	End-Semester Examination	Weightage 70% (Internal Assessment)

6. Text Books:

Sr. No.	Authors	Name of the Books	Publisher	Edition & Year of Publication
T1	Robert Anthony and Vijay Govindarajan,	Management Control Systems	TMH	Latest Edition
As cases are selected from this book, hereafter it will be referred to as AG				
T2	Pradip Kumar Sinha,	Management Control Systems	Excel	Latest Edition
T3	N. Ghosh	Management Control Systems	PHI	Latest Edition

7. Reference Books:

Sr. No.	Authors	Name of the Books	Publisher	Edition & Year of Publication
	Kaplan Robert and Atkinson Anthony	Advance Management Accounting	Pearson Education	
R1	Ravi Kishore	Cost Management	Taxman	Latest Edition
R2	Kenneth A. Merchant,	Modern Management Control Systems	Pearson	Latest Edition
R3	Joseph A. Maciariello and Calvi J. Kirby,	Management Control Systems	PHI	Latest Edition
R4	Saravanel,	Management Control Systems	Himalaya	Latest Edition
R5	Ravindhra Vadapalii	Management Control System	Excel	Latest Edition
R6	R. S. Aurora & S. R. Kale	Management Control System	Jaico	Latest Edition

8. List of Journals/ Periodicals/ Magazines/ Newspapers:

Professional selling, Journal of Personal Selling & Sales Mgmt., Journal of Marketing Channels, Journal of Supply Chain Mgmt., International Journal of Retail and Distribution Mgmt., etc.

NB: The Instructor/s (Faculty Member/s) will be required to guide the students regarding suggested readings from Text(s) and references in items 6 and 7 mentioned above.

9. Session plan

Management Control Systems

Module No.	Topics/Sub topics
1.	Introduction to Management Control Systems, Basic Concepts, Boundaries of Management Control.
	Reading: For reading the theory Chapters of any text book is suggested. However, as a base reference book, T-1 is suggested. Cases are selected from that book
2-4	The Nature of Control Systems. Different Levels of Planning and Control. Strategy Implementation aspects. Interfaces of Various Disciplines.
	Reading : The Nature of MCS (AG: Chap –1) or any other book
	Case: Nucor Corporation (A) (AG: 1.1)
5-6	Behaviour in Organisations. Behavioural aspects of Systems. Factors affecting Human Behaviour. Issues of Goal Congruences. Structure of Organisations. Functional v/s SBU. Role of Controller
	Reading : Behaviour in Organizations (AG: Chap –3) or any other book
	Case: Rendell Company (AG 3.3)
7-9	Responsibility Centers: Revenue and Expense Centres, Discretionary Expense Centers. The structural part of MCS. Classification of responsibility centres. Expense, discretionary v/s engineered, revenue centre; budget preparation of various centres.
	Reading : Chapter : 4 (AG) or any other book
	Case: Westport Electric Corpn. (AG: 4.5)
10-13	Profit Responsibility Centre: Conditions for making a profit centre. Constraints for profit centres. Various measures of profits and its implications
	Reading : Profit Centres (AG : Chap. 5) or any other book
	Case: North Country Auto, Inc. (AG: Chap 5.2)
14-17	Transfer Prices: Objectives, basic principles. Ideal situations of having good transfer prices to be set. Various methods of fixing transfer prices. Administration of transfer prices.
	Reading : Transfer Pricing (AG : Chap. 6) or any other book
	Case: Birch Paper Company (AG :6.2)
18-20	Investment Responsibility Centre: investment centre as responsibility centre. Measurement of various assets. Various depreciation method and its implications.EVA v/s ROI
	Reading : Measuring and Controlling Assets Employed(AG : Chap.7) or any other book
21-22	The Management Control Process
	Reading: Strategies, the process part of MCS. Strategic planning. Internal and external analysis of strategic planning(AG : Chap.8) or any other book
23-25	Budgeting & Control
	Reading: Budget Preparation, budgeting for short term and long term. Various types of budget, capital and operation budgets. The process part of budget preparation(AG : Chap. 9) or any other book

	Case : New York Times (AG 9.1)
26-27	Analysing the Financial Performance: evaluation of performance. Variances. Performance of the organisation. Balance score card. Key success factors
	Reading: Chap, AG 10(or any other book), and also a reading of Variance analysis from Cost Accounting Book
28-29	Performance Reports Reading : AG :Chap :11 Case: Analog Devices, Inc. (A)
30-31	Management Compensation: compensation for management staff. Characteristics for a good compensation plans. Types of incentive plans. Reading : AG Chap. 12 or any other book
	Variations in Management Control
32-33	Differentiated Strategies, controls for systems for different strategies. Innovative and competitive strategies. Reading: AG Chap.13 or any other book Case: Texas Instruments and Hewlett-Packard (AG 13.3)
34-35	Control of Service Organisation
	Reading: Services Organisations, characteristics of service organisation. Professional, financial service, healthcare and non profit organisation. (AG : Chap. 14) or any other book
	Case : O'Reilley Associates (AG : CASE 14.1)
36	Control of projects, control system for organisation.
	Reading : Chap. 16.1
37-38	Control of Non – Profit Organisation
	Reading : Services Organisations
39	Control of Non – Profit organisation
40	Control of Multinational Companies
	Reading : Multinational Org. (AG: Chap.15 or any other book) Case:15.1, AB Thorsten