

GUJARAT TECHNOLOGICAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION (Global Program)

Year – II (Semester – IV) (W.E.F. January 2014)

ELECTIVE SUBJECTS

Subject Name: Management Control Systems (MCS)

Subject Code: 2840007

1. Course Objectives: 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 course duration is of 36 sessions of 75 minutes each, i.e. 45 hours.

3. Course Contents:

Module No:	Module Content	No. of Sessions	Marks (70 External exam)
I	Introduction to Management Control Systems and the Environment of Management Control. The Nature of Management Control, Basic Concepts- Behavior Aspects of Organizations, Goal Congruence and Factors Influencing the Congruence.	7	17
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.	7	17

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.	7	18
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 Compensations Plans for Corporate Officers and SBU Managers	7	18
V	Practical Module: Application of MCS in the following: a. Service organization b. Non-profit organization c. Projects d. Defining control variables and check point for event management.	8	(20 Marks of CEC Internal Evaluation)

4. Teaching Method:

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

1. The suggested method is chalk and talk, along with discussion.
2. Discussion of cases.

The practical assignment shall to be carried by field work, and/or discussions on peculiarity of MCS in industry, manufacturing & service organizations, and practical applications should be undertaken.

5. Evaluation:

A	Projects/ Assignments/ Quizzes/ Individual or group Presentation/ Class participation/ Case studies etc	Weightage 50 marks (Internal Assessment)
B	Mid-Semester Examination	Weightage 30 marks (Internal Assessment)

C	End –Semester Examination	Weightage 70 marks (External Assessment)
----------	---------------------------	---

6. Text Books:

Sr. No.	Author	Name of the Book	Publisher	Edition
T1	Robert Anthony and Vijay Govindarajan,	Management Control Systems	Tata McGraw Hill	Latest Edition
T2	Pradip Kumar Sinha	Management Control Systems	Excel	Latest Edition
T3	N. Ghosh	Management Control Systems	PHI	Latest Edition

7. Reference Books:

Sr.	Author	Name of the Book	Publisher	Edition
R1	Joseph A. Maciariello and Calvi J. Kirby	Management Control Systems	PHI	Latest Edition
R2	Ravindhra Vadapalii	Management Control Systems	Excel	Latest Edition

8. List of Journals/Periodicals/Magazines/Newspapers, etc.

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

9. Session Plan:

Session No.	Topic
1-2	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
3-4	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. Behavioral aspects of Systems. Factors affecting Human Behaviour. Issues of Goal Congruence. 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.
10-11	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.
12-13	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)
14-15	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)
16-17	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
	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

18-19	<p>Budgeting & Control</p> <p>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</p> <p>Case : New York Times (AG 9.1)</p>
20-21	<p>Analyzing the Financial Performance: evaluation of performance. Variances. Performance of the organisation. Balance score card. Key success factors</p> <p>Reading: Chap, AG 10(or any other book), and also a reading of Variance analysis from Cost Accounting Book</p>
22-23	<p>Performance Reports</p> <p>Reading : AG :Chap :11</p> <p>Case: Analog Devices, Inc. (A)</p>
24-25	<p>Management Compensation: compensation for management staff. Characteristics for a good compensation plans. Types of incentive plans. Reading : AG Chap. 12 or any other book.</p>
26-28	<p>Differentiated Strategies, controls for systems for different strategies. Innovative and competitive strategies.</p> <p>Reading: AG Chap.13 or any other book</p> <p>Case: Texas Instruments and Hewlett-Packard (AG 13.3)</p>
29-36	<p>Practical Module:</p> <p>Application of MCS in following</p> <ul style="list-style-type: none"> a. Service organization b. Non-profit organization c. Projects d. Defining control variables and check point for event management