

**MCM5020 MANAGEMENT CONTROL SYSTEM**

Course Code	MCM5020	Semester	IV
Course Title	<i>MANAGEMENT CONTROL SYSTEM</i>		
Credits	3	Type	ELECTIVE

This course shall have 3 lecture hours, 2 practicals, 1 tutorial.

**This is a Skill based, employability based course.**

**Course Objective**

To develop student’s ability to understand how management control system can help to implement strategies and thus be able to take relevant decisions regarding organizational development.

**Learning objectives**

- To acquire knowledge and skills to excel in the area of management control systems.
- To Equip the students with analytical and evaluation abilities to evaluate the management controls and budgetary systems.
- To make the students to apply different management styles in the organization for an efficient and effective control.

**Course Structure**

**UNIT I**

Characteristics of Management Control System - Evolution of control systems in an organization - Relating system to organizational objectives - Strategic Planning, Management Control and Operational Control - Goal Congruence - Cybernetic Paradigm of Grissinger - Functions of the Controller

**UNIT II**

Responsibility Centers - Types of Responsibility Centers - Expense Centers, Profit Centers and Investment Centers - Budgetary Control as a tool for Management Control Systems-Engineered, Discretionary and Committed Costs-Approaches to budgeting w.r.t. Engineered and Discretionary costs - Benchmarking and Total Cost Management

**UNIT III**

Management control process: Strategic planning – Nature of strategic planning – Analyzing proposed new Programs-Analyzing ongoing programs – strategic planning process – Understanding strategies – Concept of strategies – Corporate level strategies – Business unit strategies. Budget preparation – Nature of a budget- Other budgets – Budget preparation process – Behavioral aspects- Quantitative techniques- Calculating variances – Variations in practice- Limitations on variance analysis

## **UNIT IV**

Strategic Planning and Management Control: Responsibility centers – Revenue centers – Expenses centers- Administrative and support centers – Research and Development centers – Marketing centers- Profit centers- General considerations- - Business units as profit centers – Other profit centers- Measuring profitability – Transfer pricing – Objectives of transfer prices – Transfer pricing Methods-Pricing corporate services – Administration of transfer prices.

### **Practicals**

- Management Control System in different organizations.
- Measurement of profitability of business units.
- Transfer pricing methods and setting of transfer price for companies.
- Preparation of budget for organizations.

### **Skills**

- Students get experience of preparing budgets.
- Understand the methods of transfer pricing.
- Develop understanding of control systems in organizations.

### **Learning/Course Outcomes**

- Describe models and methods relating to reporting, communication, decision making and accountability in the management control area.
- Understand the basic components of management control systems design.

### **Books for Reference:**

1. Anthony, Robert N., and Vijay; Management Control System, McGrawHill.
2. Aurora R.S. & Kale S.R. "Management Control Systems" – Jaico Publishing House
3. Gautam Pherwani; "Management Control Systems" –Himalaya Publishing House
4. Maciariello, J A and Kirby C J. Management Control System. Prentice Hall of India, New Delhi.
5. N.Ghosh, Management Control System, Prentice-Hall,India
6. P. Saravanavel, Management Control System, Himalaya Publishing House.
7. Sharma Subhash, Management Control System, Tata Mc Graw Hill Publishing Co., New Delhi