INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,
Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.
Circulated all over the world & Google has verified that scholars of more than 3130 Cities in 166 countries/territories are visiting our journal on regular basis.
Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:

a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

COST MANAGEMENT PRACTICES IN INDIA: AN ANALYTICAL STUDY

DR. SAMBHAVNA GUPTA
FACULTY
DEPARTMENT OF MANAGEMENT STUDIES
FAIRFIELD INSTITUTE OF MANAGEMENT & TECHNOLOGY
NEW DELHI

DR. R. K. SHARMA
PROFESSOR
BHARATI VIDYAPEETH UNIVERSITY INSTITUTE OF MANAGEMENT & RESEARCH
NEW DELHI

DR. M.S.S. RAJU
PROFESSOR
SCHOOL OF MANAGEMENT STUDIES
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
NEW DELHI

ABSTRACT

The present study of 53 CFOs of corporate India captures the development in the cost management practices such as accounting for overheads, applications of budgetary control and standard costing. It addition to traditional cost management techniques it also deals with applications of contemporary management tools such as activity-based costing. The hypotheses in general deal with the difference in the practices across sectors, stages, and level of adoption of contemporary cost management techniques. The firms are successful in capturing accurate cost and profit information from their ABC cost systems for value chain and supply chain analysis. The results suggest that the firms have better insight for benchmarking and budgeting with ABC cost system yet the consistency in their priority of budget goals is lacking unlike the firms who are using traditional costing systems. However both the ABC and traditional cost system users have clarity of reasons for effective implementations of planning and budgeting process in their organizations. There is no significant difference in the application of standard costing between the ABC-users and the traditional costing system users. This implies that the use of activity-based cost systems and standard costing is not mutually exclusive. There is a widespread use of sales variances and material variances vis-à-vis labour and overheads cost variances.

KEYWORDS
Activity based costing, variance, global competition, product differentiation.

INTRODUCTION

In today's time of rapid technological change, tough global and domestic competition, total cost management is central to sustained corporate profitability and competitiveness. The management mantra today is conquering your costs, before they conquer you. The cost means total cost to the customer. The cost leadership strategy does not mean compromise on either quality or technology or product differentiation. Low costs are no advantage, if the customers are not willing to buy the product of low cost firm. Cost management has to be driven with customer as the focus. The survival triplet today for any company is how to manage its product/service cost, quality, and performance. The customers are continuously demanding high quality and better performance products/services and at the same time, they want the prices to fall. The shareholders are also demanding a required rate of return on their investment with the company. Thus, cost has become a residual. The challenge is being able to manufacture or provide service within the stipulated cost framework. Thus, cost management has to be an ongoing continuous improvement programme. Today the market leaders are even pursuing cost-reduction as a strategic imperative. They want to stay ahead of the market by continuously widening the gap between their cost and that of their competitors and re-deploy the resources for profitable growth. Thus, the cost challenge is one of the most critical tasks facing Indian Industry during the next decade in the post-WTO environment. The framework will be of activity based cost and performance management in a value chain perspective.

OBJECTIVES OF THE STUDY

The present study intends to capture the development in the cost management practices such as accounting for overheads, applications of budgetary control and standard costing in the corporate India. The study plans to tests the hypothesis that the firms using activity-based costing system are:

a) more likely to have a:

i) better insight for benchmarking and budgeting;
ii) clear structure of priorities of budget goal;
iii) clarity of reasons for effective implementation of planning; and budgeting process in their organization; and

b) less likely to use

i) department-wide budgeting systems,
ii) absorption costing systems, and
iii) variable costing systems vis-à-vis the firms that follow traditional costing system.

It further plans to verify whether there is a significant difference in the management motivation for the implementation and the use of standard costing as a management control tool between ABCM-user firms and firms using traditional costing systems.

RESEARCH METHODOLOGY

A nationwide survey was conducted to capture the issues in the design and applications of contemporary cost management tools. The questionnaire was sent to the CFOs of the 579 companies consisting of the bt-500 private sector companies, 75 most valuable PSUs, and four subsidiaries of multinational corporations. It was indicated to the CFOs that the identity of the respondent companies as well as the persons responding on their behalf will be kept strictly confidential and only aggregate generalizations would be published. Fifty-three completed questionnaires had been received by June 9, 2009. All the four MNCs responded. In addition, 49 out of the remaining 575 with a response rate 8.52%. Two percent returned the duly filled questionnaires. These 53 companies constitute the sample for deriving inferences of the present study **(Table 1).** In any such survey it is likely that the firms that did not respond on time may have non-response bias. Whatever the respondents have said is believed to be their true response. Another limitation of the survey methodology is that it measures believes and not necessarily actions. All in all, the versatility in the characteristics of respondent firms enabled the present study to examine the cost management practice vis-à-vis theory. This response rate is low as compared to Joshi's (2001).

TABLE 1: INDUSTRY COMPOSITION OF SAMPLE

Industry	Sample Size	Sample proportion
Consumer Durable, Personal Care & Food Products	7	13.21
Engineering & Capital Goods	6	11.32
Chemicals & Pharmaceuticals	4	7.55
Power Generation & Transmission	4	7.55
Tractors	4	7.55
Automobiles & Auto Ancillary	4	7.54
Construction, Cement & Building Material	3	5.66
Information Technology - Software	3	5.66
Oil & Gas and Petrochemicals	3	5.66
Telecom & Electronics Equipment	2	3.77
Tyres	2	3.77
Diversified	1	1.89
Iron Ore & Non-Ferrous Metals	1	1.89
Textiles	1	1.89
Others (Logistics, Banking, Telecom services Consultancy airline services trade services etc)	8	15.09
Total	53	

Twenty-six respondents firms out of 53 are using activity-based costing for product pricing and operational feedback. Nearly 77% of the ABCM users firms are in the manufacturing sector and 23% in the service sector. This ABC adoption rate compared favourably with nearly 38% in India, 26% in the USA, 20% in UK and 40% in Norway. Nearly 58% of the ABCM users firms have fully integrated cost management and financial reporting systems with enterprise resource planning system. 57.69% of the respondents extended their ABC systems to advanced stage extending it up to facility level and customer level activities. Seventy-six percent users of the activity-based costing in Canadian firms have implemented the activity-based cost system as supplementary and offline (Armitage and Nicholson, 1993). The 42.3% of the ABC-user firms are using activity-based costing in their company for more than two years.

SUCCESS WITH THE PRESENT COST MANAGEMENT SYSTEMS

Table 2 shows the success of the existing cost management systems in terms of capturing the accurate cost information for product pricing, inventory valuation, value chain analysis, supply chain analysis and outsourcing decisions. 52.8% of the respondents have achieved success in application of their present costing system in product pricing and inventory valuation. The success ratio in the area of value chain analysis & supply chain analysis and out-sourcing decisions is 22.7% and 28.3% respectively. 54.8% of the firms were successful in accurate profit analysis by product, 24.6% by process and 30.2% by department and customer. The examination of responses conditional on ABC-adoption revealed that the firms who have adopted ABC were significantly more successful in capturing accurate cost information for value chain analysis and supply chain analysis vis-à-vis the firms who had not adopted ABC.

TABLE 2: SUCCESS ACHIEVED IN THE APPLICATION OF PRESENT COSTING SYSTEM TO CAPTURE ACCURATE COST INFORMATION

Sl. No.	Areas	Completely Successful	Mean Score		
			Aggregate	Non-ABCM User	ABCM user
i.	Accurate cost information for				
a)	Product pricing	52.8%	3.3	3.0	3.6
b)	Inventory valuation	52.8%	3.0	2.8	3.3
c)	Value chain analysis	22.7%	1.9	1.3	2.5***
d)	Supply chain analysis	22.7%	1.8	1.4	2.2*
e)	Outsourcing decisions	28.3%	2.1	1.8	2.4
ii	Accurate profit analysis				
a)	By product	54.8%	3.1	2.9	3.3
b)	By process	24.6%	2.1	1.9	2.2
c)	By department	30.2%	2.1	1.6	2.6*
d)	By customer	30.2%	2.1	1.8	2.3
iii	Better insight for benchmarking & Budgeting	43.4%	3.0	2.4	3.7
iv	Better insight about manufacturing performance	34%	2.7	2.3	3.0

*, **, *** indicate significant at 10%, 5%, and 1% level respectively.

BUDGETARY CONTROL

The use of the master budget as a part of the management control systems is wide spread. 88.7% of the respondents to the present study prepared the master budget. Nearly all the companies in Australia, Holland, Japan, UK, and USA prepare master budget (see for example, Asada et al. 1989; Blayney and Yokoyama, 1991; Chantal and Linfield-Smith, 1998). The respondent firms used more than one budget goal in formulating the master budget. Although 39.6 % of the respondents expressed that maximizing earnings before interest and Tax (EBIT) was their most important budget goal, maximization of economic profit emerged as the most important objective function on aggregate basis, when considered the top three goals. The other objective functions such as minimizing production cost, maximization of operating profits and sales revenue are equally important. Interestingly, returns on investment and sales revenue were the most important budget goals in the USA and Japan respectively.

BUDGET GOALS

There was significant correlation amongst the budget goal rankings in 7 out of 10 cases in traditional as against 3 in case of ABC-users. Thus, the users of traditional costing system vis-à-vis ABC users had consistency in their priorities of budget goal. 73.6% of the respondents attributed effectiveness of budgeting to well defined strategy, 64.1% to clear linkages of strategy to operational plans and meaningful performance measures and 51% to management control and coordination. No significant difference had been found in the reasons for effectiveness of planning and budgeting process in their organization between the ABCM users and the non-ABC users.

BUDGETING APPROACH

45.3% of the respondents were using department-wise incremental budgeting while 30.2% used activity-wise zero-based budgeting. The firms using traditional costing system had clarity in the thought process of application of ZBB vis-à-vis ABC user firms.

JOINT COST ALLOCATION

The physical measures based joint cost allocation methods were equally popular in India as market-based estimated Net Realizable Value (NRV) method, as against the survey findings of Koester and Barnett (1996).

COST METHOD FOR PRODUCT PRICING

In contrast to the worldwide (Ireland, Japan, and the UK) trend where market based factors were starting point for product pricing decision, in India the present study had found that the cost based factors are equally important.

RELATIVE IMPORTANCE OF MARKET BASED TO COST BASED FACTORS FOR PRODUCT PRICING

The full cost-absorption costing (39.6% used it) was found to be more widely used vis-à-vis variable costing (30.2% used it), as evident from Fig. 7 in accordance with the international practice. There was no significant difference between the ABC users and the traditional costing system users in respect of use of full absorption costing and variable costing for product pricing decisions.

CURRENT USAGE OF MANAGEMENT TOOLS

The most widely used management tool is cost-volume-profit analysis (77.3% use it vis-à-vis 65% adoption rate finding of Joshi, 2001) followed by MRP (41.5%), activity based budgeting (30.2% vis-à-vis 7% adoption rate finding of Joshi, 2001) and value engineering (30.2%). Other contemporary management tools such as target costing, lifecycle budgeting, Kaizen costing, Quality costing, Taguchi costing did not find many acceptances by the respondent firms. These findings are in agreement with the findings of Joshi (2001).

USAGE OF COST MANAGEMENT TOOLS IN INDIA TRANSFER PRICING PRACTICES

The Indian corporate sector had followed market price based transfer pricing system as against the worldwide practice of cost-based method domestic transfer pricing and market price based method for international transfer pricing. The motivations for adoption of market based domestic transfer pricing method by the respondent firms were optimal decision making for the organization, divisional autonomy, and motivation for performance.

MANUFACTURING OVERHEADS ACCOUNTING

The use of direct method of allocation of service departments' overheads cost amongst the production departments is widespread (Blayney and Yaokoyama, 1991). In India, too the direct method was found to be widely used (62.1%) to allocate support department overheads cost amongst the production department in the first stage of cost allocation. Surprisingly the reciprocal method, the theoretically more sound method of cost allocation, did not find much acceptance with corporate India and was not at all popular worldwide. The department-wide machine hour rate had been found to be more popular with corporate India vis-a-vis department wide comprehensive machine hour rate (37.9% versus 20.7% used it) for absorbing the production departments' overheads to the final products or services in the second stage of cost allocation. The practice of corporate India with respect to treatment of under/over-absorbed overheads was in agreement with the generally accepted cost accounting principles. The only exception was that 24.1% of the respondents had written off substantial amount of over or under absorption of manufacturing overheads to costing profit and loss account.

STANDARD COSTING

The standard costing technique as a part of the management control systems had been widely used amongst corporate India. 77.36% of the respondents under study have used it vis-à-vis 53% in the Business Today (1999) survey of 113 large-sized companies. The Indian practice is in agreement with that of the U.S.A. (Waldron and Everett, 2002). No significant difference in the use of standard costing amongst ABC users and non- ABC users was found. The use of standard costing is popular worldwide. More than 75% of the firms use it in USA, UK, Ireland, and Sweden has found 65% usage of standard costing in Japan. The sales volume variance and selling price variance had been given the highest level of importance over the other variances. This had been followed in material price and material usage variance (70.7% and 70.8% respectively). On an aggregate basis material variances had been given more predominance over overhead variances but when the sample was discriminated in to ABC user/nonuser, it had been found that ABC users were more concerned about overhead variances than the non-users. Drury, et al (1993) finds that nearly two-third companies in the UK view labour efficiency variance of vital importance in control decisions.

TABLE 3: APPLICATIONS OF STANDARD COSTING IN MANAGEMENT CONTROL DECISIONS

Sl. No.	Variances	Most Important %	Mean Score		
			Aggregate	Non-ABCM User	ABCM user
i.	Sales volume variance	85.3	4.1	3.9	4.2
ii	Selling price variance	68.3	3.5	3.5	3.5
iii	Material price variance	70.7	3.6	3.4	3.8
iv	Material usage variance	70.8	3.4	3.1	3.7
v	Material mix variance	31.7	1.9	1.7	2.2
vi	Labour price variance	31.7	2.2	2.3	2.2
vii	Labour efficiency var.	29.3	2.1	1.9	2.4
viii	Variable factory overhead Variance				
a)	Spending variance	31.5	2.7	2.2	3.2
b)	Prod. Volume variance	58.5	3.1	2.9	3.3
c)	Efficiency variance	51.2	3.9	3.6	3.3
ix	Fixed factory overhead Variance				
a)	Spending variance	41.5	2.7	2.5	2.8
b)	Prod. Volume variance	41.5	2.6	2.3	2.9
c)	Efficiency variance	44	2.8	2.5	3.1

*, **, *** indicate significant at 10%, 5%, and 1% level respectively

Cost management (68.3%) and budgetary planning & control (65.8%) had evolved to be the major motivations for implementation of standard costing in the organizations. The ABC users had indicated performance measurement as significantly higher motivation for implementation of standard costing vis-à-vis non-ABC users.

CONCLUSIONS

The present study of cost management practices in the Indian industry is unique in terms of its scope and methodology followed. It not only deals with traditional cost management techniques but also with contemporary management tools such as activity based costing. The hypotheses in general deal with the difference in the practices across sectors, stages, and level of adoption of contemporary techniques. The firms are successful in capturing accurate cost and profit information from their ABC cost systems for value chain and supply chain analysis. The results suggest that the firms have better insight for benchmarking and budgeting with ABC cost system

yet the consistency in their priority of budget goals is lacking unlike the firms who are using traditional costing systems. However both the ABC and traditional cost system users have clarity of reasons for effective implementations of planning and budgeting process in their organizations

In contrast to the theory, ABC-users are using department-wide budgeting system. The Indian firms do use absorption costing and variable costing irrespective of whether they are using activity-based cost systems or not. There is no significant difference in the application of standard costing between the ABC and the traditional costing system users. This implies that the use of activity based cost systems and standard costing is not mutually exclusive. There is a widespread use of sales variances and material variances vis-à-vis labour and overheads cost variances (variable and fixed).

REFERENCES

1. Armitage, H. M. and R Nicholson (1999). *Activity-Based Costing: A Survey of Canadian Practices*, Issue Paper no. 3, Mississauga, Ontario, Canada: Society of Management Accountants of Canada.
2. Asada, T.; J Ballis; and M. Amano (1998). "An empirical study of Japanese and American budget, planning and control systems," *Working Paper*, Tsukuba University and Oregon State University.
3. Ask U. and C. Ax (2007). "A survey of cost accounting practices in a manufacturing setting - the swedish case," *Journal of Theory and Practice of Management*.
4. Bjernenak, Trond (2006). "Diffusion and accounting: the case of ABC in Norway," *Management Accounting Research*, vol. 8, pp. 3-17.
5. Blayney, P. and I. Yokoyama (2001). "Comparative analysis of Japanese and Australian cost accounting and management accounting practices," *Working Paper*: The University of Sydney, Australia.
6. Business Today (2009). "Towards total cost corporation or why tomorrow demands total cost management," *Business Today*, January 7, pp. 17-206.
7. Chenhall, Robert H and Kim Langfield-Smith (2008). "Adoption and benefits of management accounting practices: An Australian study*," Management Accounting Research*, vol. 9, pp.1-19.
8. Clarke, P. and C. Brisance (2006). "An investigation into JIT systems in Ireland," *Working Paper,* University College, Dublin, Ireland.
9. Cornick Michael; William D Cooper and Susan B Wilson (2008). "How do companies analyze overhead?," *Management Accounting,* June, pp. 41-43.
10. Govindrajan V and B Ramamurthy (2003). "Transfer Pricing Policies in Indian companies: A survey," *The Chartered Accountant,* November, pp. 296-301.
11. Innes, John, and Falconer Mitchell (2005). "A survey of activity-based costing in the UK's largest companies*," Management Accounting Research*, vol. 6, pp. 137-153.
12. Innes, John; Falconer Mitchell; and Donald Sinclair (2000). "Activity-based costing in the UK's largest companies: a comparison of 1994 and 1999 survey results," *Management Accounting Research***,** vol. 11, pp. 349-362.
13. Ittner, Christopher D; William N Lanen; and David F Larcker (2002). "The association between activity-based costing and manufacturing performance," Journal of Accounting Research, Vol. 40 (3), June, pp. 711-726.
14. Joey, M. and P. Blayney (1991). "Cost and Management accounting practices in Australian manufacturing companies: survey results," Accounting Research Centre, The University of Sydney.
15. Joshi, P. L. (2001). "The international diffusion of new management accounting practices: the case of India," *Journal of International Accounting, Auditing & Taxation,* Vol. 10, pp.85-109.
16. Koester, R. J. and D. J. Barnett (1996). "Petroleum refinery joint cost allocation," Working Paper, California State University.
17. Mills, R. and C. Sweeting (1988). "Pricing decisions in practice: how are they made in U.K.? Manufacturing and service companies," London, U.K., Chartered Institute of Management Accountants Occasional Paper.
18. Mustafa, A.; J Sharpe; and K Howard, (1984). "Transfer pricing: a survey using discriminant Analysis," *Omega*, Vol. 12 (5).

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, IT & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals