

Management Control Systems (MCS) in Hospitals

Dr. Sheela R Sharma

Rama Medical College, Mandhana, Kanpur, India

drsheelasharma@gmail.com

Prof. RRK Sharma, and Ajay Jha

Dept of IME, IIT Kanpur, Kanpur, India

rrks@iitk.ac.in, ajjha@iitk.ac.in

Abstract

Here we show that in the same hospital two different Management Control Systems (MCS) are operating: in high-risk areas it is interactive, and in low-risk areas diagnostic MCS is used.

Keywords

Medical Services, Low-Cost players, Differentiator and Management Control Systems (MCS)

1. Theoretical Framework

MCS (management control system) is an important part of systems that ensure that strategy as executed conforms to strategy formulated. In low uncertainty environment one just goes by exception reporting or diagnostic control system. Here we have mass production (product of a kind is produced in large numbers); and we monitor few key variables such as production per day, no of rejects, and variance analysis that throws up alarm (if variances are significantly high). In other words, goal clarity is very high.

In differentiators, the goal clarity is not high, and management engages with knowledge workers and frequently determines what is achievable and what is not achievable, and also targets are revised frequently. This is known as the interactive control system, and here what is used is a balanced scorecard (and this ensures that your objectives are a good match to external and internal consistency).

Here we give its application to the medical field: high risk (uncertainty is high) cases or disciplines need to be monitored interactively, and low-risk areas need to be monitored as per exception reporting. Here is a classic case that in entire one hospital or organization two totally different MCS are operating (be it a cost leader or differentiation hospital).

H1: MCS for the high-risk dept. (in terms of mortality and associated litigations) such as Pediatrics, Surgery, Cardiology and Obstetrics & Gynecology is interactive with smaller times between two successive interactions or review.

H2: MCS for low-risk dept. (in terms of mortality and associated litigations) such as Psychiatry and Orthopedics diagnostic control system is needed.

H3: In hospitals with either cost leader or differentiated medical service both H1 and H2 will be valid.

2. Conclusion

We have given the hypotheses on types of Management Control Systems (MCS) in the context of hospitals. We are undertaking an empirical investigation to verify the above propositions.

References

Farzad Firouzi Jahantigh and Behnam Malmir, "Development of a supply chain model for healthcare industry"; DOI: 10.1109/IEOM.2015.7093935; *IEOM/IEEE conference UAE*; Mar 3-5; 2015

https://en.wikipedia.org/wiki/Health_care

Malmir, Behnam, Safoora Dehghani, Farzad Firouzi Jahantigh, and Mohammad Najjartabar. "A new model for supply chain quality management of hospital medical equipment through game theory." In *Proceedings of the 6th International Conference on Information Systems, Logistics and Supply Chain, ILS 2016*. 2016.

Biographies

Sheela R. Sharma is MBBS and MD (Obste & Gynea). She has practiced as a private consultant for the last 30 years. She is Associate Professor at Rama Medical College at Kanpur India.

R. R. K. Sharma has had 30 years of career to date. Started as graduate engineer trainee with TELCO (Pune) (now Tata Motors India) during 1980-82, and later went on to do Ph.D. in management at I.I.M., Ahmadabad, INDIA. After Ph. D. in management, he worked with TVS Suzuki (for 9 months) as executive assistant to GM (marketing). Now he has 26 years of teaching and research experience at the Department of Industrial and Management Engineering, I.I.T., Kanpur, 208 016 India. He has taught over 22 different courses in management at IIT Kanpur India (to B. Tech., M. Tech. and M.B.A. students) and is well versed with all the facets of management and has unique ability to integrate different areas of the subject. To date he has written over 507 (total) publications (220 Full-Length Papers and 287 Extended Abstracts Outlining Theoretical Framework) in international/national journals and six research monographs). He has developed over 8 software products. Till date, he has guided 58 M TECH and 15 Ph.D. theses at IIT Kanpur. He has guided 129 Special Studies Projects for MBA IInd year students of IME, IIT Kanpur. He has been Sanjay Mittal Chair Professor at IIT Kanpur (15.09.2015 to 14.09.2018).

Ajay Jha is currently a fulltime research scholar at Indian Institute of Technology Kanpur. Mr. Jha holds a B. Tech. degree in Mechanical Engineering from Harcourt Butler Technological Institute, Kanpur and a M. Tech. in Industrial and Management Engineering from Indian Institute of Technology, Kanpur. He has rich experience of production and marketing domains of over 10 years and also of teaching mechanical engineering and operations Management courses of 10 years. His research areas include Supply Chain Management and Strategy.