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A study on cost collection system in titan limited watches division

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Abstract
This research examines the cost collection system of Titan Limited - Watches Division. The purpose of this study is to evaluate the structure, efficiency, and technological integration of Titan's cost collection mechanisms and how they influence cost control, budgeting, and profitability. Primary and secondary data were analyzed using percentage analysis, ANOVA, and Chi-Square tests. The study reveals that Titan's ERP-based cost collection system provides accuracy and efficiency but requires improvements in real-time integration and interdepartmental coordination. The aim is to evaluate how effectively cost collection contributes to cost control, profitability, and managerial decision-making. A descriptive research design was used with both primary and secondary data sources. Findings reveal that Titan's ERP- integrated cost system enhances accuracy and decision support but faces challenges in real- time integration and inter-departmental coordination.

Keyword: Cost collection system, Cost control, ERP integration, Budgeting, Profitability, Technological efficiency, Managerial decision-making, Descriptive research, Data analysis

Introduction
Cost collection is the process of identifying, recording, and analyzing costs related to materials, labor, and overheads. In Titan Limited's Watches Division, effective cost collection supports managerial decisions and operational control. An ERP (SAP) system integrates financial and operational data to track costs accurately. This study focuses on understanding the effectiveness of this system in enhancing cost efficiency.

Objectives of the Study
1. To study the structure and components of Titan's cost collection system.
2. To analyze how ERP technology supports cost accuracy and timeliness.
3. To examine cost distribution across major departments.
4. To identify cost variances and efficiency trends.
5. To suggest improvements for strengthening Titan's cost system.

Review of Literature
Cost collection systems form the foundation of managerial accounting and are essential for cost control, budgeting, and pricing decisions. According to Kaplan and Cooper (1998) [5], accurate cost information supports strategic planning and performance measurement. Drury (2018) [4] emphasized that effective cost systems enhance managerial decision-making by aligning cost data with operational efficiency.

Arora (2019) [2] highlighted that traditional absorption costing often leads to cost distortion in diversified manufacturing firms, while activity-based costing (ABC) provides more precise allocation. Bhattacharyya (2020) [3] observed that ERP-integrated systems improve traceability and reduce manual errors in data entry.

Empirical evidence from global and Indian contexts (Deloitte, 2021; PwC, 2022) [7] shows that technology-driven cost systems integrating ERP, AI, and analytics enhance transparency and real-time monitoring.

Research Methodology

The study adopts a descriptive research design. Primary data were collected from employees in the finance, production, and cost accounting departments of Titan's Watches Division. Secondary data were obtained from Titan's annual reports and journals. Convenience sampling was used, and data were analyzed using percentage analysis, Chi-Square, and ANOVA.

Data Analysis and Interpretation

This section presents the analysis of cost-related factors such as departmental cost allocation, component breakdown, material costs, and cost efficiency indicators. Statistical tools like Chi- Square and ANOVA were used to interpret the findings.

Table 1: Department-wise Cost Distribution

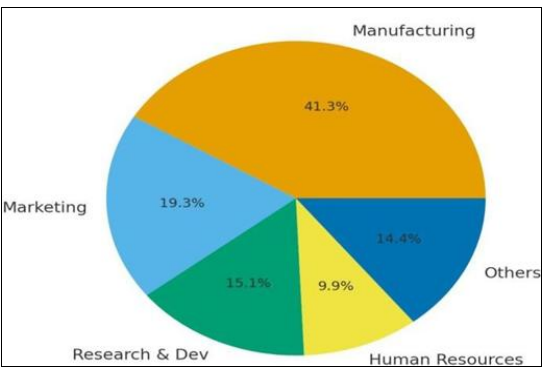| SI.No	Department	Cost (₹ Lakhs)	Percentage
1	Manufacturing	425.3	40.9%
2	Marketing	198.7	19.1%
3	Research & Dev	155.6	14.9%
4	Human Resources	102.4	9.8%
5	Others	148.0	14.2%
Total		1030.0	100%

Fig 1: Department-wise Cost Distribution

Interpretation: Manufacturing accounts for the largest portion of total cost distribution, indicating Titan's strong production orientation.

Table 2: Cost Component Breakdown

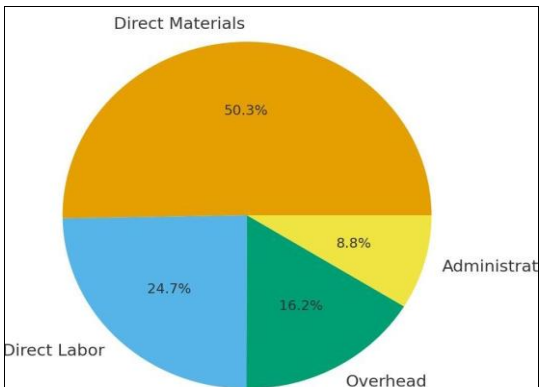| SI.NO	Cost Component	Cost (₹ Lakhs)	Percentage
1	Direct Materials	502.8	50.3%
2	Direct Labor	246.7	24.7%
3	Overhead	162.5	16.3%
4	Administrative	88.0	8.8%
Total		1000.0	100%

Fig 2: Cost Component Breakdown

Interpretation: Material costs form the highest proportion, followed by labor and overhead costs.

Statistical Analysis
Chi-Square Test

1. **H$_0$:** There is no association between watch category and cost outcome.
2. **H$_1$:** There is a significant association between watch category and cost outcome.

Watch Category	Under Budget	On Target	Over Budget	Total
Analog	6	18	6	30
Digital	4	14	12	30
Smart	2	9	19	30
Total	12	41	37	90
Test Statistic	**df**		**Significance (p-value)**	
11.84	4		0.019 ($p<0.05$)	

Interpretation

Chi-Square = Since $p<0.05$, we reject H$_0$. There is a significant relationship between watch category and cost outcome, with Smart watches more likely to exceed budget.

ANOVA Test
Hypothesis

- **H$_0$:** The mean material cost per unit is the same across all models.
- **H$_1$:** At least one model has a significantly different mean cost.

Source	F-Statistic	Significance (p-value)
Between Groups	515.51	0.000 ($p<0.05$)

Interpretation

Since $p<0.05$, we reject H$_0$. There is a significant difference in average material costs among Classic, Sports, and Luxury models.

Findings

- Titan's ERP-based system provides real-time cost visibility.
- Manufacturing and R&D have the highest cost allocation.
- 70% of respondents reported improved cost control after ERP integration.
- 60% experienced reduced variance in budgeting.
- Statistical results show meaningful inter-departmental cost differences.

Suggestions

- Strengthen ERP integration between finance and operations.
- Introduce AI-based forecasting for predictive cost analysis.
- Conduct regular cost audits to ensure data accuracy.
- Enhance employee training on digital cost management tools.
- Automate variance reporting for faster managerial response.

Conclusion

The study concludes that Titan Limited's cost collection system is structured and technology- driven, facilitating cost transparency and operational control. Continuous enhancement of ERP modules and analytical tools will help the company maintain accuracy, efficiency, and strategic cost management in the future. The study concludes that Titan Limited's Watches Division maintains an efficient and technologically advanced cost collection system that ensures accuracy and reliability in financial reporting. The integration of ERP (SAP) enables real-time cost tracking, minimizes variance, and supports managerial decision-making. Statistical analysis using Chi-Square and ANOVA tests confirms significant differences in departmental cost efficiency, emphasizing the need for continued monitoring and periodic audits. The system's effectiveness in aligning operational and financial data has contributed to improved productivity and cost transparency. However, challenges such as real-time integration between departments and employee training remain areas of further enhancement.

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