

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER - IV-EXAMINATION- SUMMER-2023

Subject Code: 4549286**Date: 23/06/2023****Subject Name: Management Control Systems****Time: 10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make Suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** Definitions / terms / explanations / short questions based on concepts of theory/practical **14**
- (a) Goal Congruence
 - (b) Transfer Pricing
 - (c) Profit Centre
 - (d) Task Control
 - (e) Management Control System
 - (f) Return on Investment
 - (g) Capital Budget
- Q.2** (a) What is the difference between task/operational control and management control? **07**
- (b) What are the non-financial performance measures? **07**
- OR**
- (b) Explain briefly the elements of profit centre performance. **07**
- Q.3** (a) Differentiate between engineered expense centers and discretionary expense centers. **07**
- (b) As a new corporate controller, respond to a manager's remarks made at first Monday morning meeting, "These weekly variance reports must be costing us a lot of money. Let us just prepare them once a quarter. As long as the information on the report is correct, who cares when we get them?" **07**
- OR**
- Q.3** (a) Analyze the three general methods for determining transfer price. **07**
- (b) Define Goal Congruence. Discuss various factors affects the goal congruence in organization. **07**
- Q.4** (a) Explain with the help of diagram the Balance Score Card. Explain, why it is called a Balance Score Card and what are its limitations. **07**
- (b) XYZ Electrical is growing company and want to introduce the concept of responsibility center in its organization. Discuss how it can implement the concept in their organization in various units. **07**
- OR**
- Q.4** (a) What role management compensation plays in a management control system? **07**

- (b) Define Variance Analysis. Discuss various limitations of Variance analysis as technique to control the operations. **07**

Q.5

CASE STUDY:

XYZ Corporation is a large manufacturing company that has decided to implement a balanced scorecard system to improve performance management and control. The company's senior management team has identified several key performance indicators (KPIs) for each of the four balanced scorecard perspectives: financial, customer, internal business process, and learning and growth. The finance department is responsible for tracking and reporting on the financial KPIs, such as revenue growth and profitability, while the sales and marketing department is responsible for tracking and reporting on the customer KPIs, such as customer satisfaction and retention rates. The operations department is responsible for tracking and reporting on the internal business process KPIs, such as product quality and delivery times, while the human resources department is responsible for tracking and reporting on the learning and growth KPIs, such as employee training and development.

The balanced scorecard system has faced several challenges in implementation. One of the main challenges has been aligning individual performance metrics with the overall balanced scorecard framework, as some employees have had difficulty understanding the link between their daily tasks and the KPIs. Another challenge has been ensuring that data is collected and reported accurately and consistently across departments. To address these challenges, the company has provided training and support to employees on the balanced scorecard framework and the importance of their individual contributions to overall company performance. The company has also invested in new data collection and reporting systems to improve accuracy and consistency of KPI reporting. Overall, the balanced scorecard system has improved performance management and control at XYZ Corporation, allowing the company to better align individual and departmental goals with overall company strategy.

- (a) What challenges did XYZ Corporation face in implementing the balanced scorecard system, and how did the company address these challenges? **07**
- (b) What benefits has the company seen from the balanced scorecard system, and how has it impacted performance management and control? **07**

OR

- Q.5** (a) How can the company ensure that individual and departmental performance metrics are aligned with the overall balanced scorecard framework? **07**
- (b) What lessons can other organizations learn from XYZ Corporation's experience in implementing a balanced scorecard system, and how can they overcome similar challenges in managing performance? **07**
