

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER– IV EXAMINATION – WINTER 2020****Subject Code:3549285****Date:02/01/2021****Subject Name:Management Control Systems (MCS)****Time:02:00 PM TO 04.00 PM****Total Marks: 47****Instructions:**

1. Attempt any **THREE** questions from Q1 to Q6.
2. **Q7 is compulsory.**
3. **Make suitable assumptions wherever necessary.**
4. **Figures to the right indicate full marks.**

Q. No.	Question Text and Description	Marks
Q.1 a	Terms a) Core competency b) Key success factor c) Balance Score Card	06
Q.1 b	Terms a) Benchmarking b) Controller c) Task control	06
Q.2	(a) “Management Control System plays crucial role in the success of business” Discuss the statement and explain nature of Management Control System. (b) Define and explain Goal Congruence. Discuss the various factors affecting Goal congruence.	06 06
Q.3	(a) What is a profit center? What are the advantages of establishing organization units as profit centers? What are the difficulties? (b) Explain Balance Score Card in detail. And discuss how it helps the organization.	06 06
Q.4	(a) What do you mean by Transfer pricing. And discuss various methods for transfer pricing (b) Explain various long-term incentive plans. Are the CEO of the companies overpaid, explain with practical example	06 06
Q.5	(a) Explain the concept of Performance Measurement System (PMS) and framework for designing PMS. (b) Control systems play an important role in service as well as manufacturing organizations. Do formal and informal systems play an important role in a hospital? What steps should the hospital management take to ensure the effective implementation of management control system?	06 06
Q.6	(a) What do you mean by EVA and ROI? Differentiate between EVA and ROI. Which is better EVA or ROI? (b) Differentiate between application of MCS in profit oriented organization and NGO (Nonprofit organization).	06 06

Q.7

CASE STUDY:

Syska LED lights private limited manufactures and sells lighting product. Syska's sales and marketing division are organized along product lines – wall sconces, recessed light, track light, and so on. The manufacturing division produces lighting products for all the sales and marketing division. During the planning process, each sales and marketing division specifies the quantity of each style of light to be manufactured. Senior management then assigns the task of manufacturing the lights to different plants in the manufacturing Division. Because manufacturing capacity is limited, some of the production is also outsourced. Senior management determines the manufacturing schedule on the basis of detailed studies that have been done to measure the time and cost of manufacturing different types of lighting products. Manufacturing managers are evaluated based on achieving target output within budgeted costs.

- (a) Are the manufacturing plants in the Manufacturing Division cost center or profit center? Explain. **5.5**
- (b) How should Syska LED lights private limited evaluate manufacturing plant managers under this proposal? **5.5**

OR

- (a) Syska LED lights private limited is considering decentralizing its marketing & manufacturing decision by letting manufacturing and marketing managers directly negotiate the price for manufacturing various products. **5.5**
- (b) Would you recommend that Syska LED lights private limited decentralize its marketing and manufacturing decision? Explain. **5.5**
