

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER –IV-EXAMINATION – WINTER-2022**

**Subject Code: 4549286****Date: 13/12/2022****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.

**Q.1** Explain the following terminologies. **(14 Marks)**

1. Divisionalisation
2. Core competency
3. Performance Measurement System (PMS)
4. Discretionary Expense Centre
5. Engineered Expense Centre
6. Strategy Formulation
7. Task Control

**Q.2 (a)** Discuss in detail different informal factors which affect goal congruence in organization's control system. **(07)**

**Q.2 (b)** Write a short note on Profit centre. **(07)**

**OR**

**Q.2 (b)** "The Scope of management control system is not limited to the top level management but it affects the whole organization." Are you agree with this statement? Why? **(07)**

**Q.3 (a)** Define responsibility centre. Also explain various types of the responsibility centre. Discuss various types of the expense centre along with the relevant examples. **(07)**

**Q.3 (b)** Differentiate between EVA and ROI **(07)**

**OR**

**Q.3 (a)** Write a short note on Responsibility Accounting. **(07)**

**Q.3 (b)** What do you mean by Transfer Pricing? Also explain the general methods for Transfer Pricing. **(07)**

**Q.4 (a)** Explain the strategic planning process in detail. **(07)**

**Q.4 (b)** Explain the concept of Balance Score Card (BSC) also elaborate the importance of BSC in an organization. **(07)**

**OR**

**Q.4 (a)** Discuss the analytical techniques applicable to the Analysing Proposed new programme and Analysing on-going programme. (07)

**Q.4 (b)** What is Strategic planning? Discuss the Pros and Cons of the strategic planning. (07)

**Q.5 CASE STUDY** (14)

The National Commercial Bank (NCB), operating in Albania have been applied the four different levels of the controls in the bank for the better management control system.

### **1.1 Results Controls**

NCB appreciates the efforts, time and commitment of employees to achieve success. The bank truly believes that rewarding for excellent work is quite important. Performance appraisal is essential for effective management and staff appraisal helps the development of individuals and the bank, too. NCB uses well-defined Performance Appraisal Systems. The performance appraisal is mainly measured on an individual basis, but since branch results are essentials, teamwork is evaluated as well. Employees' and managers' financial compensation are directly linked to the bank's performance assessment.

The performance appraisal is normally evaluated once a year, but if one's performance is under the standards it is revised after six months. NCB's staff benefits from the Bonus System: individual target and branch performance bonus for every trimester. The bank offers other benefits for its employees such as: supplementary holiday salary; life insurance; other paid vacations, etc.

Employee empowerment is low because banks have formal organization and rules. So, the employees have to strictly follow the procedures and rules and their managers have to control them.

### **1.2. Action Controls**

NCB makes use of different formal elements that direct and control its employees' actions. These documents help employees align their actions with the organization's goals: Albanian labour code, bank's ethical code, and the labour legal contract between the employee and the employer. NCB uses different forms of action controls such as: behaviour constraints, pre action reviews, action accountability, and redundancy.

Behaviour constraints make it impossible, or at least more difficult, for employees to do things that should not be done. NCB uses physical constraints such as personal account and password, personal access cards, security cameras, limitations to some information and systems access, etc.

Pre-action reviews are used as well, especially when the actions involve financial expenses. For example the branch proposes some voices of the draft budget, which are revised and approved from the top management.

Action accountability means every employee and manager is accountable for the actions they take. The bank has strict written rules, procedures and policies that restrict its employees' actions.

Redundancy of employees involves assigning more employees to a task than necessary. It increases the probability that a task will be satisfactorily accomplished.

### **1.3. Personnel Controls**

Selection and placement of employees, training, and job design and provision of necessary resources are three major methods of personnel controls. The slogan of the bank is: "We deal with human resources as a factor in conducting our business and therefore we systematically invest in selection, training, evaluation, sustainability and development of our Human Resource".

### **1.4. Cultural Controls**

Organizational culture is an important control mechanism as it affects the employees' behaviours. There are several ways cultural controls, can be implemented in organizations, e.g. through codes of conducts, group rewards, physical arrangements, employee rotation, etc. NCB has its code of conduct and ethic code. Internal mobility is encouraged in the bank.

**Questions:**

**Q.1**What are the components of management control systems (MCSs) currently in use in the National Commercial Bank in Albania? (07)

**Q.2**Discuss in detail how the all four types of control are done in the National Commercial Bank in Albania. (07)

**OR**

**Q.1**Suggest some different kind of control system for the National Commercial Bank in Albania. (07)

**Q.2**Do You agrees the control system follows by an organization affects their performance measurement system (PMS)? How? (07)

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