

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER-IV • EXAMINATION – SUMMER • 2015

Subject Code: 840003

Date: 11-05-2015

Subject Name: Management Control System (MCS)

Time: 10.30 am - 13.30 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 (a) What is meant by term management control? Is there any difference between strategy formulation, management control, operational control and financial control? **07**

(b) Define Goal Congruence? What role does the management control system play in ensuring goal congruence? **07**

Q.2 (a) Discuss in brief the criteria adopted for the measurement of the performance of responsibility centers? **07**

(b) “Discretionary Expense centers have some general control characteristics”. Discuss. **07**

OR

(b) Describe the yardsticks available for measuring the performance of a profit center? **07**

Q.3 (a) What is Interactive Control? State its features? How it can be considered as a tool for strategy formulation? **07**

(b) Discuss the methods available for measurement of performance of investment centers? **07**

OR

Q.3 (a) Discuss the guiding principles in setting transfer prices? **07**

(b) From the following information compute Economic Value Added (EVA) and also state your interpretation. **07**

1. Net Profit = Rs. 5,00,000 ,
2. Cost of Capital = 10%, and
3. Total Capital Employed = Rs. 40,00,000.

Q.4 (a) What is Strategic Planning? Explain its benefits and limitations? **07**

(b) What is budgeting? Discuss how it is different from strategic planning and forecasting? **07**

OR

Q.4 (a) What is performance measurement system? Describe the process of implementing the performance measurement system in an organization? **07**

(b) Explain in brief Market Penetration Variance and Industry Volume Variance? Also state its limitations? **07**

Q.5 (a) Incentives are a motivational tool? In this context describe the various features of incentive compensation plans? **07**

(b) What do you mean by project organization? Outline the management control systems for the project organization? **07**

OR

Q.5 (a) Outline the management control systems for the service organizations such as banks and saving institutions? **07**

(b) Discuss the implications of different business unit strategies on management control? **07**
