# **GUJARAT TECHNOLOGICAL UNIVERSITY** MBA - SEMESTER-IV • EXAMINATION – SUMMER 2013

Subject Code: 840003

### Date: 27-05-2013

### Subject Name: Management Control System Time: 14:30pm – 17:30pm

# **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) Define a responsibility center and describe its significance in management control. 07
  - (b) Explain terms 'Task Control' & 'Management Control'. Draw the distinction 07 between the two.
- Q.2 (a) What is a Profit Center? What are the advantages & disadvantages of establishing 07 organization units as Profit Centers?
  - (b) Distinguish Corporate Level Strategy and Business Level Strategy. 07

#### OR

- (b) What is transfer pricing? Why and how it is used? Explain with an example.
- Q.3 (a) What is Value Chain Analysis? How it is useful in management control? Explain 07 with an example.
  - (b) Define Key Success Factors (KSFs). How does one determine KSFs? Explain with 07 an example.

### OR

- Q.3 (a) "Balanced Scorecard measures are linked from top to bottom and tied to specific 07 targets throughout the entire organization". Justify.
  - (b) How Corporate level strategy is to be formulated in single industry firms and in 07 unrelated diversified firms? Explain with an example.
- Q.4 (a) Define the concepts: 'EVA' and 'ROI'. Explain how they differ from each other. 07
  - (b) Briefly explain how an operating budget is prepared in case of a manufacturing **07** organization. What would be the impact of inventory policy on the budget?

#### OR

- Q.4 (a) "Budgetary control system cannot be operated unless the human factor in 07 management is given adequate consideration". Justify.
  - (b) What is a standard? How are budgetary standards determined and used? 07
- Q.5 (a) What are the main objectives of Project Evaluation? How is Project Evaluation 07 carried out?
  - (b) What makes management control of projects different from the management 07 control of ongoing activities? Explain.

#### OR

- Q.5 (a) How is Management Control different in case of a Service organization compared 07 to a Manufacturing organization?
  - (b) How is transfer pricing used in Multinationals? What are additional considerations? 07

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