

The company also uses a balanced scorecard approach, incorporating financial measures, customer satisfaction, internal process efficiency, and employee learning and growth as part of its control system.

To ensure the system's effectiveness, the company holds regular meetings to review results and discuss improvements. However, some managers have expressed concerns that the focus on financial metrics might overlook critical non-financial factors, such as employee morale and innovation, which are vital to long-term success.

Questions

- (a) How does the company's use of a balanced scorecard help integrate both financial and non-financial performance measures in its management control system?
- (b) What are the potential risks of focusing too heavily on financial controls in the management control system?
- (c) How can the company improve its management control system to better address non-financial factors like employee morale and innovation?

MBGN 3004 R

M.B.A. DEGREE EXAMINATION, MAY 2026.

Fourth Semester

General

MANAGEMENT CONTROL SYSTEMS

(2023 Regulation)

Time : Three hours

Maximum : 75 marks

PART A — (5 × 4 = 20 marks)

Answer any FIVE questions:

1. Explain the nature and purpose of control systems.
2. Outline the four key elements of a control system.
3. Distinguish between external audit and an internal audit.
4. State the role of financial controllers.
5. Describe the difference between product costing and accountability.

6. Derive the importance of considering human behavior in management control systems.
7. Evaluate the effectiveness of participative management in enhancing employee motivation.
8. Predict the strategies to strengthen financial institutions against economic crises.

PART B — (5 × 8 = 40 marks)

Answer any FIVE questions.

9. Construct a strategic planning process for a multinational company.
10. Classify the various roles performed by an auditor in an organization.
11. Estimate the impact of poor control processes on organizational performance.
12. Extrapolate how the use of responsibility centers can improve organizational accountability over time.
13. Design an HR accounting model that aligns with both financial reporting and strategic HR goals.

14. Develop a framework for measuring the effectiveness of knowledge management practices in an organization.
15. Generate a step-by-step process for preparing a balance sheet for a small business.
16. Formulate an approach for determining cost drivers in an ABC costing system.

PART C — (1 × 15 = 15 marks)

Answer the following.

17. In a global manufacturing company, the management control system (MCS) plays a crucial role in aligning operations with organizational goals. The company uses a mix of financial and non-financial controls to track performance across its production facilities worldwide. These controls include budgetary controls, performance evaluation reports, and key performance indicators (KPIs) like production efficiency, quality metrics, and on-time delivery rates.

Each regional facility is treated as a responsibility center, with managers responsible for controlling costs and achieving specific performance targets. The MCS is integrated with real-time data, allowing managers to make quick decisions based on the latest performance reports.