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PAPER – 7 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

SECTION – A : INFORMATION TECHNOLOGY

Question No. 1 is compulsory

Answer any five questions from the rest.

Question 1

Describe briefly, the following terms with reference to Information Technology.

- (i) Switch
- (ii) Modem
- (iii) HTML
- (iv) Site Blocking
- (v) Buffering
- (vi) Data Transformation
- (vii) Source Program
- (viii) Open Source Software
- (ix) Mirror log
- (x) Chat Server

(1 x 10 =10 Marks)

Answer

- (i) **Switch:** It is hardware device used to direct messages across a network. Switches create temporary point to point links between two nodes on a network and send all data along that link.
- (ii) **Modem:** It stands for Modulator/Demodulator and is an encoding as well as decoding device used in data transmission that converts a digital computer signal into an analog telephone signal (i.e. it modulates the signal) and converts an analog telephone signal into a digital computer signal (i.e. it demodulates the signal) in a data communication system.
- (iii) **HTML:** HTML (Hypertext Markup Language) is used to create Web pages. HTML lets the creator of a Web page specify how text will be displayed and how to link to other Web pages, files, and Internet services.
- (iv) **Site Blocking:** Site Blocking is software based approach that prohibits access to certain Web sites that contain explicit objectionable material or are deemed inappropriate by management of any organization to prevent employees from accessing these sites from company Internet servers.

- (v) **Buffering:** Buffering enables the processor to execute another instruction while input or output is taking place rather than being idle while transfer was completed.
- (vi) **Data Transformation:** The Data Transformation is performed by Data Transformation layer; a component of Data Warehouse; that receives data from the data sources, cleans and standardizes it, and loads it into the data repository.
- (vii) **Source Program:** The program submitted to compiler for compilation is called a source program (or source module).
- (viii) **Open Source Software:** Open Source software is created by generous programmers and released into the public domain for public use. The company or individual that develops the software retains ownership of the program but the software can be used freely.
- (ix) **Mirror Log:** A mirror log is an optional file and has a file extension of .mlg. It is a copy of a transaction log and provides additional protection against the loss of data in the event the transaction log becomes unusable.
- (x) **Chat Server:** Some organizations choose to run a server that allows multiple users to have real-time discussions, called chats on the Internet. Most chat servers allow the creation of private chat rooms where participants can meet for private discussions.

Question 2

- (a) *What is Software? Describe various types of software in brief.* (4 Marks)
- (b) *Describe the various components of an Expert System.* (4 Marks)

Answer

- (a) **Software:** Software refers to the set of computer programs, procedures that describe the programs and how they are to be used. In other words, software is the collection of computer programs and related data that provide the instructions to the computer what to do.

There are basically three types of software: System Software, Application Software and General-purpose Software. These are discussed as follows:

- (i) **System Software:** System software is defined as a set of one or more programs designed to operate the computer hardware and to provide and maintain a platform for running application software. It comprises of the programs such as Programming languages, Operating systems, Device Drivers, Utility programs and Language translators that control and support the computer system and its data processing applications.
- (ii) **Application Software:** Application software is a subclass of computer software that employs the capabilities of a computer directly to perform single or multiple tasks that the user wishes to perform. Examples of such software include Payroll, General accounting, sales statistics and inventory control etc.

- (iii) **General-purpose software:** This software provides the framework for a great number of business, scientific, and personal applications. Spreadsheet, Databases, Computer-Aided Design (CAD) and Word processing software etc. fall into this category. Most general-purpose software is sold as a package and is accompanied by user-oriented documentation such as reference manuals, keyboard templates, and so on.
- (b) Components of an Expert System are as follows:
 - (i) **Knowledge Base:** This includes the data, knowledge, relationships, rules of thumb (heuristics), and decision rules used by experts to solve a particular type of problem.
 - (ii) **Inference Engine:** This program contains the logic and reasoning mechanisms that simulate the expert logic process and deliver advice. It uses data obtained from both the knowledge base and the user to make associations and inferences, form its conclusions, and recommend a course of action.
 - (iii) **User Interface:** This program allows the user to design, create, update, use, and communicate with the expert system.
 - (iv) **Explanation facility:** This facility provides the user with an explanation of the logic the Expert System used to arrive at its conclusion.
 - (v) **Knowledge Acquisition facility:** Building a knowledge base, referred to as Knowledge Engineering, involves both a human expert and a knowledge engineer. The knowledge engineer is responsible for extracting an individual's expertise and use the knowledge acquisition facility to enter it into the knowledge base.

Question 3

- (a) *Describe salient features of Hierarchical Database.* (4 Marks)
- (b) *Define Data Warehouse. Explain in brief concerns in using Data Warehouse.* (4 Marks)

Answer

- (a) Salient features of Hierarchical Database are as follows:
 - (i) Records are logically organized into hierarchy of relationship and arranged in an inverted tree pattern.
 - (ii) Database structure is less flexible as relationships between records are relatively fixed by the structure.
 - (iii) It requires that hierarchy of records must be determined and implemented before a search.
 - (iv) Ad hoc queries that require different relationships other than that are already implemented are difficult and time consuming to accomplish.
 - (v) Frequent management queries may not be supported as effectively.

- (vi) However day-to-day operational data can be processed rapidly.
 - (vii) Any group of records with natural hierarchical relation to one another fits nicely.
 - (viii) It provides the parent – child relationship amongst the nodes.
 - (ix) It implements one-to-one and one-to-many relationship.
- (b) **Data Warehouse:** A Data warehouse is a repository of an organization's electronically stored data specifically designed to support management information and analysis purposes. These data warehouses bring in data from a range of different data sources, such as mainframe computers, minicomputers, as well as personal computers and office automation software such as spreadsheets and integrate this information in a single place.

Concerns in using Data Warehouse are as follows:

- Extracting, cleaning and loading data could be time consuming.
- Data warehouses can get outdated relatively quickly.
- Problems with compatibility with systems already in place e.g. transaction processing system.
- Providing training to end-users.
- Security could develop into a serious issue, especially if the data warehouse is web accessible.
- A data warehouse is usually not static and maintenance costs are high.

Question 4

- (a) *Define Ring Topology. Discuss its advantages and disadvantages.* (4 Marks)
- (b) *Differentiate between Serial Transmission and Parallel Transmission.* (4 Marks)

Answer

- (a) **Ring Topology:** In this topology, the network cable passes from one node to another until all nodes are connected in the form of a loop or ring. There is a direct point-to-point unidirectional link between two neighboring nodes.

Advantages of Ring Topology are as follows:

- Ring networks offer high performance for a small number of workstations or for larger networks where each station has a similar workload.
- Ring networks can span longer distances than other types of networks.
- Ring networks are easily extendable.

Disadvantages of Ring Topology are as follows:

- Relatively expensive and difficult to install.

- Failure of one computer on the network can affect the whole network.
- It is difficult to trouble shoot a ring network.
- Adding or removing computers can disrupt the network.

(b) Differences between Serial Transmission and Parallel Transmission

S.No	SERIAL TRANSMISSION	PARALLEL TRANSMISSION
1	In this, the data bits are transmitted serially one after another.	In this, the data bits are transmitted simultaneously.
2	Data is transmitted over a single wire.	Data is transmitted over 8 different wires.
3	It is a cheaper mode of transferring data.	Relatively expensive.
4	Applicable for long distance data transmissions.	Not practical for long distance communications as it uses parallel path, so cross talk may occur.
5	Relatively slower	Relatively faster.

Question 5

- (a) Explain in brief technical functionality of Customer Relationship Management. (4 Marks)
- (b) Describe tactical level of activities in Supply Chain Management. (4 Marks)

Answer

(a) Technical functionality of Customer Relationship Management is as follows:

- **Scalability:** The ability to be used on a large scale, and to be reliably expanded to whatever scale is necessary.
- **Multiple communication channels:** The ability to interface with users via many different devices (phone, WAP, internet, etc)
- **Workflow:** The ability to trigger a process in the back office system, e. g. Email Response, etc.
- **Assignment:** The ability to assign requests (Service Requests, Sales Opportunities) to a person or group.
- **Database:** The centralized storage (in a data warehouse) of all information relevant to customer interaction.
- **Customer privacy considerations:** The data encryption and the destruction of records are needed to ensure that they are not stolen or abused.

(b) Tactical level of activities in Supply Chain Management are as follows:

- (i) Sourcing contracts and other purchasing decisions.

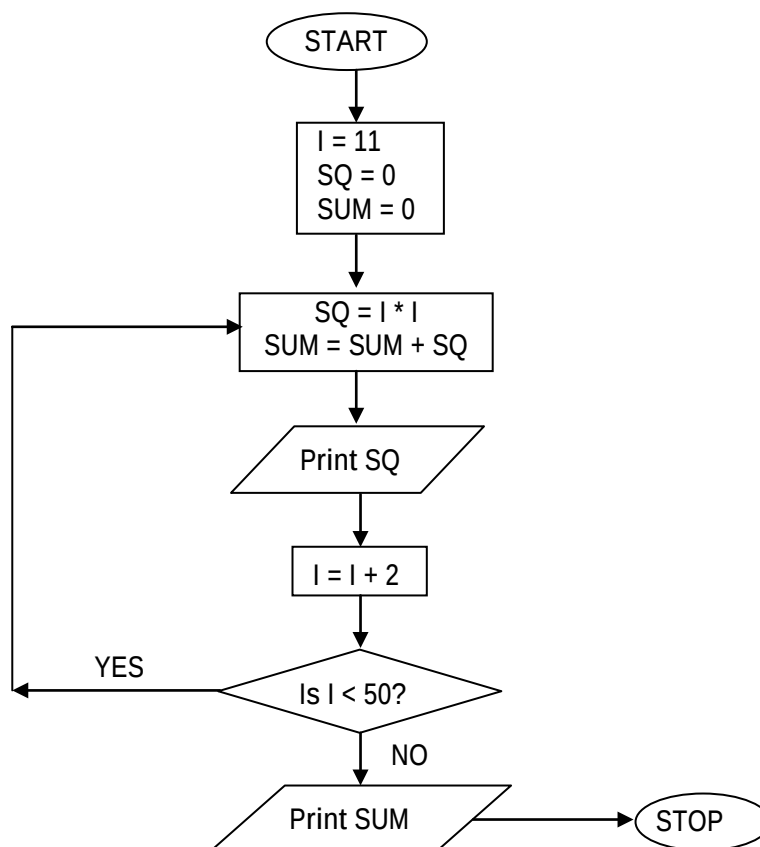
- (ii) Production decisions, including contracting, locations, scheduling, and planning process definition.
- (iii) Inventory decisions, including quantity, location, and quality of inventory.
- (iv) Transportation strategy, including frequency, routes, and contracting.
- (v) Benchmarking of all operations against competitors and implementation of best practices throughout the enterprise.

Question 6

Draw a flow chart to print the square of odd numbers between 10 to 50 and also print the sum of their square. (8 Marks)

Answer

The required flowchart is as follows:



I: Stores the value of odd number between 10 to 50 at each step.

SQ: Stores the calculated value of square of each odd number at each step

SUM: Stores the sum of the squares of all the odd numbers till that step

Question 7

Describe briefly any four terms:

(i) Secured Electronic Transaction (SET)

(ii) Wireless LAN

(iii) System flow chart

(iv) SQL

(v) Fifth Generation Language

(2 x 4 = 8 Marks)

Answer

- (i) **Secured Electronic Transaction (SET):** Secured Electronic Transaction protocol (SET) is a combination of a protocol designed for use by other applications and a standard for handling credit card transactions over the Internet. Designed for cardholders, merchants, banks, and other card processors, SET uses digital certificates to ensure the identities of all parties involved in a purchase. It also encrypts credit card and purchase information before transmission on the Internet.
- (ii) **Wireless LAN:** Wireless Local Area Network (WLAN) is a flexible data communications system that does not require any physical media or cables for data transmission. Using Radio Frequency (RF) technology, Wireless LANs transmit and receive data over the air. Users can access shared information without any plug in or without any physical connection. Wireless LAN configurations range from simple peer-to-peer topologies to complex networks offering distributed data connectivity, flexibility and mobility.
- (iii) **System Flowchart:** It is designed to present an overview of the data flow through all parts of a data processing system reflecting the relationship between inputs, processing and outputs. It includes the sources from which input data is prepared and the medium or device used; the processing steps or sequence of operations involved; and the intermediary and final output prepared and the medium and devices used for their storage.
- (iv) **SQL:** SQL (Structured Query Language) is a computer programming language used to manipulate information in Relational Database Management Systems (RDBMS). It has a set of commands to create, update and access data from a database allowing users to raise ad-hoc queries/questions interactively without the help of programmers. It is widely used by many database software systems, including MySQL, SQL Server™, PostgreSQL, and the Oracle® Database etc.
- (v) **Fifth Generation Language:** A fifth-generation language (abbreviated 5GL) is a programming language based around solving problems using constraints given to the

program, rather than using an algorithm written by a programmer. This way, the programmer only needs to worry about what problems need to be solved and what conditions need to be met, without worrying about how to implement a routine or algorithm to solve them. These are used mainly in Artificial intelligence research, fuzzy logic and neural networks.

SECTION – B

Question No. 8 is compulsory

Answer any five questions from the rest

Question 8

- (a) *Explain the factors that affect the strength of competitive pressures from substitute products.* (3 Marks)
- (b) *"Strategy is partly proactive and partly reactive." Do you agree? Give reasons for your answer.* (3 Marks)
- (c) *What is Divestment strategy? When is it adopted?* (3 Marks)
- (d) *Explain any three prominent areas where Human Resource Manager can play a strategic role.* (3 Marks)
- (e) *'A network structure is suited to unstable environment' Elaborate.* (3 Marks)

Answer

- (a) Substitute products are a latent source of competition in an industry. In many cases they become a major constituent of competition. With regards to substitute products, factors such as prices, easy availability, and how best they are able to satisfy the needs of customers, determine the amount of competition through them. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry. And they can bring it about all of a sudden. Wherever substantial investment in R&D is taking place, threats from substitute products can be expected. Substitutes, too, usually limit the prices and profits in an industry.
- (b) Yes, strategy is partly proactive and partly reactive. In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner. However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behaviour, evolving technologies and so on.

There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in light of possible environmental changes. There can be significant or major strategic changes when the environment demands. Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.
- (c) Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU. Divestment is usually a part of rehabilitation or restructuring plan.

A divestment strategy may be adopted due to various reasons:

- ◆ When a turnaround has been attempted but has proved to be unsuccessful.
- ◆ A business that had been acquired proves to be a mismatch and cannot be integrated within the company.
- ◆ Persistent negative cash flows from a particular business create financial problems for the whole company.
- ◆ Severity of competition and the inability of a firm to cope with it.
- ◆ Technological upgradation is required if the business is to survive but where it is not possible for the firm to invest in it.
- ◆ A better alternative may be available for investment.

(d) The prominent areas where the human resource manager can play strategic role are as follows:

1. **Providing purposeful direction:** The human resource management must be able to lead people and the organization towards the desired direction involving people. The management has to ensure harmony between organisational objectives and individual objectives. Objectives are specific aims which must be in the line with the goal of the organization and the all actions of each person must be consistent with them.
2. **Creating competitive atmosphere:** In the present business environment, maintaining competitive position or gains is an important objective of any business. Having a highly committed and competent workforce is very important for getting a competitively advantageous position.
3. **Facilitation of change:** The human resource manager will be more concerned about furthering the organization not just maintaining it. He has to devote more time to promote acceptance of change rather than maintaining the status quo.
4. **Diversification of workforce:** In a modern organization, management of diverse workforce is a great challenge. Workforce diversity can be observed in terms of male and female, young and old, educated and uneducated, unskilled and professional employee and so on. Maintaining a congenial healthy work environment is a challenge for HR Manager. Motivation, maintaining morale and commitment are some of the key task that a HR manager has to perform.
5. **Empowerment of human resources:** Empowerment involves giving more power to those who, at present, have little control what they do and little ability to influence the decisions being made around them.
6. **Building core competency:** The human resource manager has an important role to play in developing core competency by the firm. A core competence is a unique strength of an organization which may not be shared by others. Organization of business around core competence implies leveraging the limited resources of a firm.

It needs creative, courageous and dynamic leadership having faith in organization's human resources.

7. **Development of works ethics and culture:** A vibrant work culture will have to be developed in the organizations to create an atmosphere of trust among people and to encourage creative ideas by the people. Far reaching changes with the help of technical knowledge will be required for this purpose.
- (e) Network structure is a newer and somewhat more radical organizational design. The network structure could be termed a "non-structure" as it virtually eliminates in-house business functions and outsource many of them. An organisation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks. The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. Under such conditions, there is usually a strong need for innovation and quick response. Instead of having salaried employees, it may contract with people for a specific project or length of time. Long-term contracts with suppliers and distributors replace services that the company could provide for itself.

Question 9

- (a) *State with reasons which of the following statements is correct or incorrect.*
- (i) *Portfolio analysis helps the strategists in identifying and evaluating various businesses of a company.*
- (ii) *Benchmarking is a remedy for all problems faced by organizations. (2 x 2 = 4 Marks)*
- (b) *State the three elements of a strategic vision. (3 Marks)*

Answer

- (a) (i) **Correct:** A business portfolio is a collection of businesses and products that make up the organisation. Portfolio analysis is a tool by which management identifies and evaluates its various businesses. In portfolio analysis top management views its product lines and business units as a series of investments from which it expects returns. The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment. Through portfolio analysis, organisations are able to compare its various businesses and categorize them in various strata as promising, growing, without good future and so on.
- (ii) **Incorrect:** Benchmarking is an approach of setting goals and measuring productivity based on best industry practices and is a process of continuous improvement in search for competitive advantage. However, it is not panacea for all problems. Rather, it studies the circumstances and processes that help in superior performance. Better processes are not merely copied. Efforts are made to learn, improve and evolve them to suit the organizational circumstances.

- (b) A strategic vision steers an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity. The three elements of a strategic vision are:
1. Coming up with a mission statement that defines what business the company is presently in and conveys the essence of “Who we are and where we are now?”
 2. Using the mission statement as basis for deciding on a long-term course making choices about “Where we are going?”
 3. Communicating the strategic vision in clear, exciting terms that arouse organization wide commitment.

Question 10

Explain the meaning of the following concepts:

- (i) *Demographic Environment*
- (ii) *Strategic Business Unit*
- (iii) *ADL Matrix*
- (iv) *Best-cost provider strategy*
- (v) *Synchro-marketing*
- (vi) *Premise control*
- (vii) *Six sigma*

(7 x 1 = 7 Marks)

Answer

- (i) **Demographic Environment:** The term demographics denote characteristics of population in an area, district, country or in world. Some of the demographic factors have great impact on the business. Factors such as general age profile, sex ratio, income, education, growth rate affect the business with different magnitude.
- (ii) **Strategic Business Unit:** A strategic business unit (SBU) is a unit of the company that has a separate mission and objectives which can be planned independently from other company businesses. SBU can be a company division, a product line within a division or even a single product/brand, specific group of customers or geographical location. The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.
- (iii) **ADL Matrix:** The ADL matrix which has derived its name from Arthur D. Little is a portfolio analysis method that is based on product life cycle. The approach forms a two dimensional matrix based on stage of industry maturity and the firms competitive position, environmental assessment and business strength assessment.

- (iv) **Best-cost provider strategy:** Best-cost provider strategy involves providing customers more value for the money by emphasizing low cost and better quality difference. It can be done:
- (a) through offering products at lower price than what is being offered by rivals for products with comparable quality and features or
 - (b) charging similar price as by the rivals for products with much higher quality and better features.
- (v) **Synchro-marketing:** When the demand for the product is irregular causing idle capacity or over-worked capacities, synchro-marketing can be used to find ways to alter the pattern of demand so that it equates more suitably with the pattern of supply. It can be done through flexible pricing, promotion, and other incentives.
- (vi) **Premise control:** A strategy is formed on the basis of certain assumptions or premises about the complex and turbulent organizational environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. It primarily involves monitoring two types of factors:
- (a) Environmental factors such as economic (inflation, liquidity, interest rates), technology, social and regulatory.
 - (b) Industry factors such as competitors, suppliers, substitutes.
- It is neither feasible nor desirable to control all types of premises in the same manner. Different premises may require different amount of control. Thus, managers are required to select those premises that are likely to change and would severely impact the functioning of the organization and its strategy.
- (vii) **Six sigma:** Six sigma is a highly disciplined process that helps in developing and delivering near-perfect products and services. It strives to meet and improve organizational outputs in terms of quality, cost, scheduling, manpower, new products and so on. It works continuously towards revising the current standards and establishing higher ones. It means taking systemic and integrated efforts towards improving quality and reducing cost.

Question 11

- (a) *How would you analyse the meaning and importance of Efficiency and Profitability as objectives of business?* (2+2 = 4 Marks)
- (b) *Trace the role of information technology in business process reengineering.* (3 Marks)

Answer

- (a) Enterprises pursue multiple objectives rather than a single objective. In general, we may identify a set of different business objectives pursued by a large cross-section of enterprises. Efficiency and profitability are two of the important objectives of any

business. Efficiency is the relationship between input and output whereas profitability is the relationship between profits and investments.

- ◆ **Efficiency:** Business enterprise seek efficiency in rationally choosing appropriate means to achieve their goals, doing things in the best possible manner and utilising resources in a most suitable combination. In a sense, efficiency is an economic version of the technical objective of productivity – designing and achieving suitable input output ratios of funds, resources, facilities and efforts. Efficiency is a very useful operational objective.
 - ◆ **Profitability:** It is generally asserted that private enterprises are primarily motivated by the objective of profit. Some may go even further and emphasise that profit is the sole motive of business enterprises. All other objectives are facilitative objectives and are meant to be serve the profit motive. It is pointed out that private business enterprises are operated on behalf of and for the benefit of the owners who have assumed the business risk of investing their funds.
- (b) **The Role of IT in BPR:** The accelerating pace at which information technology has developed during the past few years had a very large impact in the transformation of business processes. Various studies have conclusively established the role of information technology in the transformation of business processes. Information technology is playing a significant role in changing the business processes.

A reengineered business process, characterized by IT-assisted speed, accuracy, adaptability and integration of data and service points, is focused on meeting the customer needs and expectation quickly and adequately, thereby enhancing his/her satisfaction level. With the help of tools of information technology organizations can modify their processes to make them automatic, simpler, time saving. Thus IT can bring efficiency and effectiveness in the functioning of business.

Question 12

- (a) *What is Corporate Strategy? How would you argue that 'corporate strategy' ensures the correct alignment of the firm with its environment'?* (1+3 = 4 Marks)
- (b) *Explain the concept of Experience Curve and highlight its relevance in strategic management.* (3 Marks)

Answer

- (a) Corporate strategy helps an organisation to achieve and sustain success. It is basically concerned with the choice of businesses, products and markets. It is often correlated with the growth of the firm.

Corporate strategy in the first place ensures the growth of the firm and its correct alignment with the environment. Corporate strategies are concerned with the broad and long-term questions of what businesses the organization is in or wants to be in, and what it wants to do with those businesses. They set the overall direction the organization will

follow. It serves as the design for filling the strategic planning gap. It also helps to build the relevant competitive advantages. A right fit between the firm and its external environment is the primary contribution of corporate strategy. Basically the purpose of corporate strategy is to harness the opportunities available in the environment and countering the threats embedded therein. With the help of corporate strategy, organizations match their unique capabilities with the external environment so as to achieve its vision and mission.

- (b) Experience curve is similar to learning curve which explains the efficiency gained by workers through repetitive productive work. Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage. Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.

The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.

Question 13

Distinguish between the following:

- (a) *Logistic Management and Supply Chain Management.* (4 Marks)
(b) *Vertically Integrated Diversification and Horizontally Integrated Diversification.* (3 Marks)

Answer

- (a) Supply chain management is an extension of logistic management. However, there are differences between the two. Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfillment of orders, inventory management and supply/demand planning. Although these activities also form part of supply chain management, the latter is much broader. Logistic management can be termed as one of its part that is related to planning, implementing, and controlling the movement and storage of goods, services and related information between the point of origin and the point of consumption.

Supply chain management is an integrating function of all the major business activities and business processes within and across organisations. Supply Chain Management is a systems view of the linkages in the chain consisting of different channel partners – suppliers, intermediaries, third-party service providers and customers. Different elements in the chain work together in a collaborative and coordinated manner. Often it is used as

a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price.

- (b) In vertically integrated diversification, firms opt to engage in businesses that are related to the existing business of the firm. The firm remains vertically within the same process. Sequence moves forward or backward in the chain and enters specific product/process steps with the intention of making them into new businesses for the firm.

On the other hand, horizontal Integrated Diversification is the acquisition of one or more similar business operating at the same stage of the production-marketing chain that is going into complementary products, by-products or taking over competitors' businesses.

Question 14

Write short notes on the following:

- (a) *Steps for initiating a strategic change.* (4 Marks)
 (b) *Internet Technology.* (3 Marks)

OR

Characteristics of a Global Company. (3 Marks)

Answer

- (a) For initiating strategic change, three steps can be identified as under:
- (i) ***Recognize the need for change:*** The first step is to diagnose which parts of the present corporate culture are strategy supportive and which are not. This basically means going for environmental scanning involving appraisal of both internal and external capabilities and then identify the problems/improvement areas and determine scope for change.
 - (ii) ***Create a shared vision to manage change:*** Objectives and vision of individuals and organization should coincide. Strategy implementers have to convince all those concerned that the change in business culture is not superficial or cosmetic. The actions taken have to be fully indicative of management's seriousness to new strategic initiatives and associated changes.
 - (iii) ***Institutionalise the change:*** This is basically an action stage which requires implementation of changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of thinking or doing things. Besides, change process must be regularly monitored and reviewed to analyse the after-effects of change. Any discrepancy or deviation should be appropriately addressed.

- (b) EITHER

The Internet is an integrated network of banks of servers and high-speed computers, digital switches and routers, telecommunication equipments and lines, and individual

computers. The backbone of the internet consists of telecommunication lines criss-crossing countries, continents, and the world that allow computers to transfer data in digital form at very high speed.

Internet has made significant changes in the way businesses are being conducted. Communications has become faster, with many interlinkages promoting globalization. While markets have expanded, the competition has also increased manifolds. E-commerce is a new area which has developed on account of internet technology.

OR

In simple economic terms, globalization refers to the process of integration of world into one huge market. At the company level, globalization means two things: (a) the company commits itself heavily with several manufacturing locations around the world and offers products in several diversified industries and (b) it also means ability to compete in domestic markets with foreign competitors.

The global company views the world as one market minimizing the importance of national boundaries. A global company has three attributes:

- (i) It is a conglomerate of multiple units located in different parts of the globe but all linked with common ownership.
- (ii) Multiple units draw a common pool of resources such as money, credit, patents, trade name, etc.
- (iii) The units respond to common strategy.