

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

(a) Convert the following from one number system to another number system along with the working notes:

(i) $(246.125)_{10} = ()_2$

(ii) $(10111011.101)_2 = ()_{10}$ (2 x 2 = 4 Marks)

(b) Answer the following questions in brief:

(i) Explain 'Smart Cards'.

(ii) Define VDSL connection.

(iii) Differentiate between Parallel Port and Serial Port. (3 x 2 = 6 Marks)

Answer

(a) Conversion from one number system to another number system along with the working notes:

(i) $(246.125)_{10} = ()_2$

To convert the given number from Decimal number system to Binary number system, first we will convert mantissa part, then the fractional part into Binary number system.

Step-I

2	246	Remainder
2	123	0
2	61	1
2	30	1
2	15	0
2	7	1
2	3	1
2	1	1
	0	1

$(246)_{10} = (11110110)_2$

Step-II

0.125×2	
.250	0
$.250 \times 2$	
.500	0
$.500 \times 2$	
1.00	1

$$(.125) = (.001)$$

$$\text{So, } (246.125)_{10} = (11110110.001)_2$$

$$\begin{aligned} \text{(ii) } (10111011.101)_2 &= ()_{10} \\ &= 1 \times 2^7 + 0 \times 2^6 + 1 \times 2^5 + 1 \times 2^4 + 1 \times 2^3 + 0 \times 2^2 + 1 \times 2^1 \\ &\quad + 1 \times 2^0 + 1 \times 2^{-1} + 0 \times 2^{-2} + 1 \times 2^{-3} \\ &= 128 + 0 + 32 + 16 + 8 + 0 + 2 + 1 + 1/2 + 0 + 1/8 \\ &= 187 + 5/8 \end{aligned}$$

$$\text{Thus, } (10111011.101)_2 = (187.625)_{10}$$

- (b) (i) **Smart cards:** They resemble credit cards in size and shape; however they contain a microprocessor chip and memory whereas some include a keypad as well. The chip contains all the information that a magnetic strip contains and offers the possibility of manipulating the data and executing applications on the card. These cards are used most frequently to make electronic purchases and to electronically transfer funds between accounts. Smart cards could be used for number of applications such as health care industry and security services etc. These cards could contain digitized fingerprints of the cardholder, which could be compared at a security checkpoint with the fingerprints of people who are authorized to enter a secure area.
- (ii) **VDSL:** It is a type of Internet connection called Very High Digital Subscriber Line(VDSL). It is a Digital Subscriber Line(DSL) technology that offers fast data rates over relatively short distances- the shorter the distance, the faster the connection rate. DSL provides the digital data transmission over the wires of a local telephone network. VDSL is deployed over existing wiring used for analog telephone service and lower-speed DSL connections. VDSL connection speeds range from 16 mbps to 56 mbps. All types of DSL technologies are collectively referred to as xDSL.
- (iii) **Parallel Port and Serial Port:** A parallel port is a parallel communication physical interface that facilitates the parallel transmission of data, usually one byte (8 bits) at a time. It is also known as a printer port or centronics port. Parallel ports are used to

connect external input/output devices like scanners or printers. IEEE 1284 is an example of parallel port.

A serial port is a serial communication physical interface through which information transfers in or out one bit at a time. They are used for connecting communication devices like modem or other serial devices like mice. Serial ports are commonly used in applications related to scientific analysis, industrial and consumer products and are simple, cheap and their console functions are highly standardize and widespread. There are two varieties of serial port—the 9-pin ports and 25-pin ports. RS-232 port is an example of 25 pin serial port.

Question 2

- (a) *What is Database? What are the benefits of Database Management Solution?* (4 Marks)
(b) *Discuss the intrinsic benefits of internet* (4 Marks)

Answer

- (a) A database is a computer file system that uses a particular file organization to facilitate rapid updating of individual records, simultaneous updating of related records, easy access to all records, by all applications programs, and rapid access to all stored data which must be brought together for a particular routine report or inquiry or a special purpose report or inquiry. Therefore, it is a structured collection of records or data that is stored in a computer system and can easily be accessed, managed, and updated.

Following are the benefits of DBMS solutions.

- (i) It reduces data redundancy and inconsistency.
- (ii) It enhances data integrity and security.
- (iii) It provides logical and physical data independence.
- (iv) It provides application data independence.
- (v) It reduces complexity of the organization's Information System environment.
- (vi) It provides faster data accessibility and improved data sharing.
- (vii) It increases productivity of application development.
- (viii) It provides low cost of developing and maintaining system.
- (ix) It provides systematic storage of data in the form of table.
- (x) Multiple simultaneous usage by good no. of users.
- (xi) Different privileges can be given to different users.
- (xii) It provides backup & recovery.

(b) Following are the intrinsic benefits of Internet.

- (i) Information on business and services are placed in an assembled fashion in a common location.
- (ii) Access to required information is provided at reasonable costs. The cost of accessing the required information are steadily declining with a significant reduction in duplication and distribution costs.
- (iii) It provides immediate feedback from consumers or business partners.
- (iv) The cost of information delivery to internal and external sources is reduced.
- (v) Access to significant amount of information by the employee is increased.
- (vi) It provides an efficient means of updating and disseminating current information to customers and internal staff.
- (vii) It delivers customized information to consumers. For example, individual investment portfolios can be tracked.

The benefits mentioned above are some of the intrinsic benefits of using the Internet as a business resource. Other intrinsic benefits of Internet are as follows.

- (i) Reach to worldwide audience
- (ii) Provide product information
- (iii) Save on literature costs
- (iv) Augment/replace phone banks
- (v) Provide easy access to customer service representatives
- (vi) Level your customer service load
- (vii) Inexpensively create/augment corporate image
- (viii) Recruit new employees
- (ix) Provide useful information to attract customers
- (x) Provide services on-line
- (xi) Give customers access to searchable information
- (xii) Help customers understand product and service needs
- (xiii) Let customers try a sample of product or service
- (xiv) Eliminate the middleman
- (xv) On-line commerce
- (xvi) Consider an Intranet

Question 3

- (a) Discuss in brief various data transmission modes. (4 Marks)
- (b) What is language translator? (4 Marks)

Answer

- (a) Various data transmission modes are discussed below.
- (i) **Simplex connection:** A simplex communication mode permits data to flow in only one direction. A terminal connected to such a line is either a send-only or a receive-only device. Simplex mode is seldom used because a return path is generally needed to send acknowledgements, control or error signals.
 - (ii) **Half duplex connection:** In this mode, data can be transmitted back and forth between two stations, but data can only go in one of the two directions at any given point of time. Each end of the connection transmits the data in turns. This type of connection is referred to as bidirectional communication, using the full capacity of the line.
 - (iii) **Full duplex connection:** A full duplex connection can simultaneously transmit and receive data between two stations at the same time. Thus, the bandwidth is divided in two parts for each direction of data transmission if the same transmission medium is used. A full duplex line is faster, since it avoids the delay that occurs in a half-duplex mode each time the direction of transmission is changed.
- (b) A language translator or language processor is a general term used for any assembler, compiler or other routine that accepts statements in one language and produces equivalent statements in another language. The language processor reads the source language statements one at a time and prepares a number of machine instructions to perform the operations specified or implied by each source statement. Three most widely used types of language translators are compilers, interpreters, and assemblers.
- (i) **Compiler:** It translates the source program into machine language before the program is executed. The program submitted for compilation is called a *source program* (or source module) and the program which is being translated into machine language is called an *object program* (or object module).
 - (ii) **Interpreter:** It translates source program into machine language one line at a time as they are being run. Each statement is translated into machine language just before it is executed.
 - (iii) **Assembler:** It translates assembly language program into object code. A program written in assembly language consists of a series of *instructions* called mnemonics that corresponds to a stream of executable instructions, when translated by an assembler, which can be loaded into memory and executed.

Question 4

- (a) Describe briefly salient features of Data Centers. (4 Marks)

(b) Discuss the various reporting tools available in Data Warehouse.

(4 Marks)

Answer

(a) Features of a Data centres are discussed below :

- (i) **Size:** Data centres are characterized foremost by the size of their operations and require a minimum area of around 5,000 to 30,000 square meters. A financially viable data centre could comprise of a hundred to several thousand servers. The data centre should be able to withstand the sheer weight of the servers, thus need high quality construction.
- (ii) **Data Security:** It should ensure maximum data security and 100 percent availability. Data centres have to be protected against intruders by controlling access to the facility and by video surveillance. They should be able to withstand natural disasters and calamities, like fire and power failures. Recovery sites must be well maintained.
- (iii) **Availability of Data:** The goal of a data centre is to maximize the availability of data, and to minimize potential downtime. To do this, redundancy has to be built into all the mission critical infrastructure of the data centre, such as connectivity, electrical supply, security and surveillance, air conditioning and fire suppression.
- (iv) **Electrical and power systems:** A data centre should provide the highest power availability with uninterrupted power systems (UPS) and guarantee continues operation even during a blackout. The power systems used are designed to meet the diverse needs of clients and are equipped with a level of redundancy that guarantees continuous operation.
- (v) **Security:** Physical security and systems security are critical to the operations of data centre. Thus, it should provide both types of security measures to ensure the security of equipment and data placed at the data centre.
- (vi) **Backup Systems:** A data centre should have the provision of automatically providing backup data services to all shared hosting solutions. In addition, services should also be optionally available to all dedicated and co-location solutions. Full back up may be taken for full system restoration and off-server and off-site backup services should also be available as well.
- (vii) **Continuous monitoring 24x7:** 24x7x365 monitoring must be there in data centres for the security of the data. Such a monitoring will be done for all the hardware including routers, switches, UPS systems and servers. In addition, the network operations and all the critical services related to the Internet and associated technologies namely FTP, HTTP, SMTP should also be monitored.
- (viii) **Environment – Cooling:** Cooling infrastructure is a significant part of a data centre. The complex cooling infrastructure creates the optimal computing environment, ensuring that longevity of the servers installed within and the vitality of the

organization they support. Latest cooling techniques should be used to address the challenges associated with latest generation servers and of course to reduce the energy bill.

- (b) Various reporting tools available in Data Warehouse are discussed below.
- (i) **Business Intelligence tools:** These are software applications that simplify the process of development and production of business reports based on warehousing data.
 - (ii) **Executive Information System tools:** These are software applications that are used to display complex business metrics and information in a graphical way to allow rapid understanding of the overall process.
 - (iii) **Online Analytical Processing (OLAP) tools:** They form data into logical multi-dimensional structures and allow users to select dimensions to view data.
 - (iv) **Data Mining tools:** They are software that allows users to perform detailed mathematical and statistical calculations on detailed warehousing data to detect trends, identify patterns and analyze data.

Question 5

- (a) *Define Expert System. Discuss various advantages of an Expert System.* (4 Marks)
- (b) *Describe the advantage of Optical Character Reading (OCR)* (4 Marks)

Answer

- (a) **Expert System:** An expert system (ES) is a computerized information system that allows non-experts to make decisions comparable to those of an expert. Expert systems are used for complex or ill-structured tasks that require experience and specialized knowledge in narrow, specific subject areas. An expert system comprises of knowledge base, inference engine, user interface, explanation facility and knowledge acquisition facility. Expert Systems can be example-based, rule based or frame based.

Advantages offered by expert systems are as follows.

- (i) They provide a cost effective alternative to human experts.
- (ii) They can outperform a single expert combining specialized knowledge of numerous experts.
- (iii) These systems are faster and more consistent and do not get distracted, overworked or stressed out.
- (iv) They produce better quality and more consistent decisions based on specialized knowledge.
- (v) They assist users in identifying potential decision making problems, which increases the probability of making perfect decisions.
- (vi) They can increase productivity.

(vii) They preserve the expertise of an expert leaving the organization.

(b) Advantages of an OCR are as follows.

- (i) It eliminates the human effort of transcription.
- (ii) Paper work explosion can be handled because it is economical for a high rate of input.
- (iii) Since documents have only to be typed or handwritten, not very skilled staff (like the keypunch operators) is required.
- (iv) The input preparation devices (typewriters etc.) used for OCR are much cheaper than the keypunch or the key-to-tape devices.
- (v) OCR technology provides analytical Artificial Intelligence systems that analyses sequence of characters to form a complete word.

Question 6

A housing society having 400 members pay electricity bills at the following rates:

No. of units consumed	Charges/Units (₹)
For the first 200 units	2.65
For the next 300 units	3.90
Over 500 units	4.75

Surcharge @ 5% of the bill is to be added to the charges.

Draw a flow chart which will read the house number and the number of units consumed. Print the total charges with the house number and the units consumed. (8 Marks)

Answer

The required flowchart is given on the next page

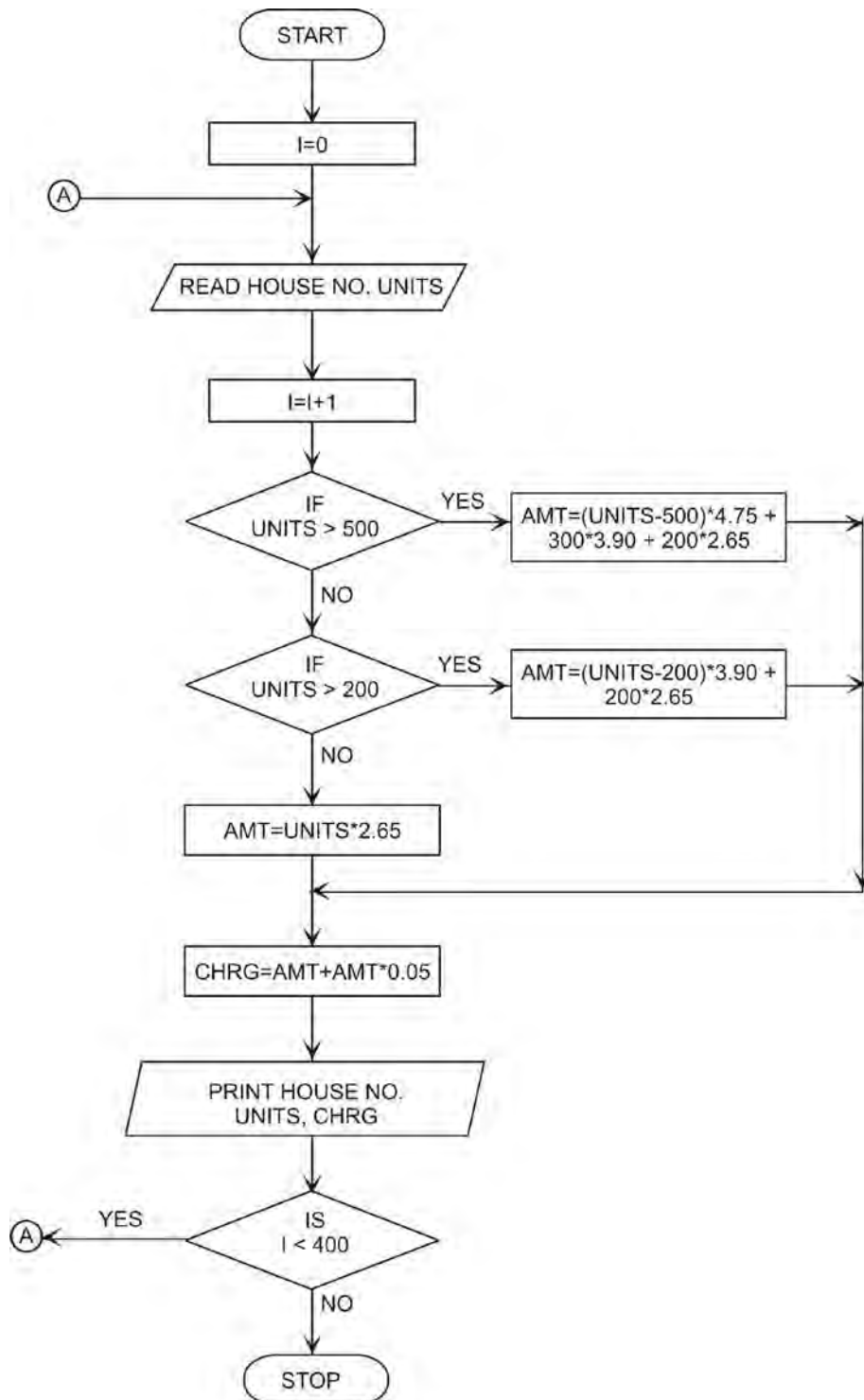
Abbreviations used :

House No. - House Number

Units - No. of units consumed

Amt - Amount

Chrg - Charges



Question 7

Describe briefly any four terms:

- (a) *Dependent Data mart*
- (b) *Multiplexer*
- (c) *Virtual Private Network (VPN)*
- (d) *Electronic Fund Transfer*
- (e) *Blu-Ray Disc* (4 x 2 = 8 Marks)

Answer

- (a) **Dependent Data Mart:** A dependent data mart is a physical database stored (in either same or different hardware platform) that receives all its information from the data warehouse. It is a subset of Data Warehouse. The purpose of a data mart is to provide a sub-set of the warehousing data for a specific purpose or to a specific sub-group of the organization. Data Mart may or may not be dependent or related to other data mart in a single organization. They are usually built to achieve improved performance and availability, better control, and lower telecommunication costs resulting from local access of data relevant to a specific department.
- (b) **Multiplexer:** It is a device that enables several devices to share one communication line. The Multiplexer scans each device to collect and transmit data on a single line to the CPU, and also communicates transmission from the CPU to the appropriate terminal linked to the multiplexer. This process of continuously scanning by multiplexer is called Polling. The devices are polled and periodically asked whether there is any data to transmit.
- (c) **Virtual Private Network (VPN):** It is a private network that uses a public network (usually the Internet) to connect remote sites or users together to provide secure access to organization's private network. Instead of using a dedicated, real-world connection such as leased line, a VPN uses virtual connections routed through the Internet from the company's private network to the remote site or employee. There are two types of VPN.
 - A Remote-access VPN is a user-to-LAN connection which can be used by an organization that has employees who need to connect to the private network from various remote locations.
 - A Site-to-Site VPN provides connection with remote site based on number of users who wants to connect to either Intranet or Extranet.
- (d) **Electronic Fund Transfer or EFT:** represents the way the business can receive direct deposit of all payments from the financial institution to the company bank account. This payment mechanism moves money between accounts in a fast, paperless way. Some examples of EFT systems in operation are as follows.

- An Automated Teller Machines (ATMs) allows the consumer to do their banking without assistance of a human teller.
 - A Point-of-Sale(POS) Transaction allows transfer of funds electronically from the consumer's account to the merchant's account while transacting.
 - Telephone Transfers allows transfer of funds from one consumer account to another consumer account by telephonic instruction.
 - Preauthorized Transfers authorizes the bank or a third party to withdraw or deposit the funds from or into account holder's bank account.
- (e) Blu-Ray Disc: It is the name of a next-generation optical disc format to enable recording, rewriting and playback of High Definition video (HD), as well as storing large amount of data. The format offers more than five times the storage capacity of traditional DVDs and can hold up to 25 GB on a single-layer disc and 50 GB on a dual-layer disc. This extra capacity combined with the use of advanced video and audio codes that will offer consumers an unprecedented HD experience. While current optical disc technologies rely on a red laser to read and write data, this format uses a blue-violet laser instead, hence the name Blu-ray. The benefit of using a blue-violet laser is that it has a shorter wavelength than a red laser, which makes it possible to focus the laser spot with even greater precision.

SECTION – B : STRATEGIC MANAGEMENT

Question number 8 is compulsory.

Attempt any Five questions from the rest.

Question 8

- (a) *Elaborate the characteristics of Business Environment with reference to Decision Making.*
(3 Marks)
- (b) *Industry is a composite of competitive pressures in five areas of the overall market. Briefly explain the competitive pressures.*
(3 Marks)
- (c) *You are appointed as a Strategic Manager by XYZ Co. Ltd. Being a Strategic Manager what should be your tasks to perform?*
(3 Marks)
- (d) *Successful implementation of any project needs additional funds. What are the different sources of raising funds and their impact on the financial strategy which you as a Financial Manager will consider?*
(3 Marks)
- (e) *Describe briefly the use of Strategic Management techniques in Educational Institutions.*
(3 Marks)

Answer

(a) Decision making is a managerial process and function which is greatly influenced by the broad characteristics of business environment. These characteristics are:

- **Environment is complex:** The environment consists of a number of factors, events, conditions and influences arising from different sources. All these do not exist in isolation but interact with each other to create entirely new sets of influences. It is difficult to comprehend at once the factors constituting a given environment. All in all, environment is a complex that is somewhat easier to understand in parts but difficult to grasp in totality.
- **Environment is dynamic:** The environment is constantly changing in nature. Due to the several varied influences operating; there is dynamism in the environment causing it to continuously change its shape and character.
- **Environment is multi-faceted:** What shape and character an environment assumes depends on the perception of the observer. A particular change in the environment, or a new development, may be viewed differently by different observers. This is frequently seen when the same development is welcomed as an opportunity by one company while another company perceives it as a threat.
- **Environment has a far reaching impact:** The environment has a far reaching impact on organizations. The growth and profitability of an organization depends critically on the environment in which it exists. Any environment change has an impact on the organization in several different ways.

(b) A popular tool for systematically diagnosing the significant competitive pressures in a market is Porter's five-forces model of competition. The model holds that the state of competition in an industry is a composite of competitive pressures operating in five areas of the overall market:

Threat of new entrants: New entrants with their extra capacity and new product range bring new competitive pressures.

Bargaining power of customers: The bargaining power of the buyers influences not only the prices that the producer can charge but also influences costs and investments.

Bargaining power of suppliers: The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry.

Rivalry among current players: Rivalry or competition leads to actions taken by different players to get an edge over other players.

Threats from substitutes: Substitute products are a latent source of competition in an industry. Substitute products offering a price advantage and/or performance improvement to the consumer can drastically alter the competitive character of an industry.

- (c) The primary task of the strategic manager is conceptualizing, designing and executing company strategies.

For this purpose, his tasks will include:

- Defining the mission and goals of the organization.
- Determining what businesses it should be in.
- Allocating resources among the different businesses.
- Formulating and implementing strategies that span individual businesses.
- Providing leadership for the organization.

- (d) Successful strategy implementation often requires additional capital. Besides net profit from operations and the sale of assets, two basic sources of capital for an organization are debt and equity. Being a financial manager to determine an appropriate mix of debt and equity in a firm's capital structure can be vital to successful strategy implementation. Fixed debt obligations generally must be met, regardless of circumstances. This does not mean that stock issuances are always better than debt for raising capital. If ordinary stock is issued to finance strategy implementation; ownership and control of the enterprise are diluted. This can be a serious concern in today's business environment of hostile takeovers, mergers, and acquisitions.

The major factors regarding which strategies have to be made by a financial manager are: capital structure; procurement of capital and working capital borrowings; reserves and surplus as sources of funds; and relationship with lenders, banks and financial institutions. Strategies related to the sources of funds are important since they determine how financial resources will be made available for the implementation of strategies. Organizations have a range of alternatives regarding the sources of funds. While one company may rely on external borrowings, another may follow a policy of internal financing.

- (e) Education is considered to be a noble profession. An educational institution often functions as a not-for-profit organization managed by trusts and societies. They include schools, colleges and universities. Being inherently non-commercial in nature, educational organisations do not have cut-throat competition as in case of their commercial counterparts. However, as the number of institutions belonging to both public and private sector are increasing, the competition is gradually rising. Through the use of strategic management techniques such institutions are expected to concentrate attention towards:

- Getting better name and recognition.
- Attracting talented students.
- Designing the curriculum in such a way to provide better citizenry and employability.
- Appointing and retaining quality faculty for teaching.

- Preparing students for the future challenges by capacity building.

Question 9

- (a) State with reasons which of the following statements is correct or incorrect:
- (i) The process of strategy avoids matching potential of the organization with the environment opportunities.
 - (ii) The role of human resource manager is significant in building up core competency of the firm. (2 x 2 = 4 Marks)
- (b) Fill in the blanks in the following statements with the most appropriate word:
- (i) Strategic Management is not a box of tricks or a bundle of techniques. It is analytical thinking and _____ of resources to action.
 - (ii) Benchmarking is process of continuous improvement in search for _____ advantage.
 - (iii) Divestment is a part of rehabilitation and is adopted when a _____ has been attempted but has proved to be unsuccessful. (3 x 1 = 3 Marks)

Answer

- (a) (i) Incorrect: In the process of strategic management an organisation continuously scan its relevant environment to identify various opportunities and threats. Organisations keen to grow and expand often look for promising opportunities that match their potential. Such opportunities become a good stepping stone for achieving the goals of the organisation.
- (ii) Correct: The human resource manager has a significant role to play in developing core competency of the firm. A core competence is a unique strength of an organization which may not be shared by others. Core-competencies can be generated and maintained only through the effective management of human resources and their skills.
- (b) (i) Commitment
- (ii) Competitive
- (iii) Turnaround

Question 10

Explain the meaning of the following concepts:

- (i) Joint Venture
- (ii) Service Marketing
- (iii) Value Chain Analysis
- (iv) Enlightened Marketing

- (v) *Strategic Vision*
- (vi) *Person Marketing*
- (vii) *Logistics Strategy**

(7 x 1 = 7 Marks)

**In question paper it is printed as 'Logistic Strategic'.*

Answer

- (i) A joint venture is a business agreement in which parties agree to develop, for a finite time, a new entity and new assets by contributing equity. They exercise control over the enterprise and consequently share revenues, expenses and assets.
- (ii) Service Marketing is applying the concepts, tools, and techniques, of marketing to services. Service is any activity or benefit that one party can offer to another that is essentially intangible and non-perishing. These may be from business to consumer and from business to business.
- (iii) Value chain analysis refers to separate activities which are necessary to underpin an organization's strategies and are linked together both within and around the organization. Organizations are much more than a random collection of machines, money and people. Value chain of a manufacturing organization comprises of primary and supportive activities.
- (iv) Enlightened Marketing helps a company to support the best long-run performance of the marketing system. It is based on five principles – customer-oriented marketing, innovative marketing, value marketing, sense-of-mission marketing, and societal marketing.
- (v) A Strategic vision is a road map of a company's future – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.
- (vi) Person marketing consists of activities undertaken to create, maintain or change attitudes or behavior towards particular people. For example, politicians, sport stars, film stars, professionals market themselves to get votes or promote their careers and income.
- (vii) Logistics is a process that integrates the flow of supplies into, through and out of an organization to achieve a level of service that facilitate movement and availability of materials in a proper manner. When a company creates a **logistics strategy** it is defining the service levels at which its logistics is smooth and is cost effective.

Question 11

- (a) *In the light of BCG Growth Matrix state the situation under which the following strategic options are suitable:*
 - (i) *Build*

(ii) *Hold*

(iii) *Harvest*

(iv) *Divest*

(4 × 1 = 4 Marks)

(b) *Explain the strategic role of Human Resources Management in the following areas:*

(i) *Facilitation of Change*

(ii) *Building Core Competency*

(iii) *Development of Work Ethics and Culture*

(3 × 1 = 3 Marks)

Answer

(a) In the light of BCG Growth Matrix, once an organisation has classified its products or SBUs, it must determine what role each will play in the future. The four strategies that can be pursued are:

(i) **Build:** Here the objective is to increase market share, even by forgoing short-term earnings in favour of building a strong future with large market share.

(ii) **Hold:** Here the objective is to preserve market share.

(iii) **Harvest:** Here the objective is to increase short-term cash flow regardless of long-term effect.

(iv) **Divest:** Here the objective is to sell or liquidate the business because resources can be better used elsewhere.

(b) (i) **Facilitation of change:** The Human resource will be more concerned with substance rather than form, accomplishments rather than activities, and practice rather than theory. The personnel function will be responsible for furthering the organization not just maintaining it. Human resource management will have to devote more time to promote changes than to maintain the status quo.

(ii) **Building core competency:** The human resource manager has a great 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. If the business is organized on the basis of core competency, it is likely to generate competitive advantage. Because of this reason, many organization have restructured their businesses by divesting those businesses which do not match core competence.

(iii) **Development of works ethics and culture:** As changing work ethic requires increasing emphasis on individuals, jobs will have to be redesigned to provide challenge. Flexible starting and quitting times for employees may be necessary. Focus will shift from extrinsic to intrinsic motivation. 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.

Question 12

- (a) *What is Strategic Decision Making? Briefly explain the major dimensions of strategic decisions.* (1 + 3 = 4 Marks)
- (b) *What are the requirements for the successful implementation of supply chain management system? Discuss.* (3 Marks)

Answer

- (a) Decision making is a managerial process and function of choosing a particular course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. Strategic decisions are different in nature than all other decisions which are taken at various levels of the organization during their day-to-day working. The major dimensions of strategic decisions are given below:
- *Strategic issues require top-management decisions:* Strategic issues involve thinking in totality of the organizations and also there is lot of risk involved.
 - *Strategic issues involve the allocation of large amounts of company resources:* It may require huge financial investment to venture into a new area of business or the organization may require huge number of manpower with new set of skills in them.
 - *Strategic issues are likely to have a significant impact on the long term prosperity of the firm:* Generally the results of strategic implementation are seen on a long term basis and not immediately.
 - *Strategic issues are future oriented:* Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.
 - *Strategic issues usually have major multifunctional or multi-business consequences:* As they involve organization in totality they affect different sections of the organization with varying degree.
 - *Strategic issues necessitate consideration of factors in the firm's external environment:* Strategic focus in organization involves orienting its internal environment to the changes of external environment.
- (b) Successful implementing of supply chain management systems require a change from managing individual functions to integrating activities into key supply chain processes. A key requirement for successfully implementing supply chain will be network of information sharing and management.

Implementing and successfully running supply chain management system will involve:

1. **Product development:** Customers and suppliers must work together in the product development process. Products are developed and launched in shorter time and help organizations to remain competitive.

2. **Procurement:** Procurement requires careful resource planning, quality issues, identifying sources, negotiation, order placement, inbound transportation and storage.
3. **Manufacturing:** Flexible manufacturing processes must be in place to respond to market changes. They should be adaptive to accommodate customization and changes in the taste and preferences.
4. **Physical distribution:** Delivery of final products to customers is the last position in a marketing channel. Availability of the products at the right place at right time is important for each channel participant.
5. **Outsourcing:** Outsourcing is not limited to the procurement of materials and components, but also includes outsourcing of services that traditionally have been provided within an organization.
6. **Customer services:** Organizations through interfaces with the company's production and distribution operations develop customer relationships so as to satisfy them.
7. **Performance measurement:** There is a strong relationship between the supplier, customer and organisation. Supplier capabilities and customer relationships can be correlated with a firm performance. Performance is measured in different parameters such as costs, customer service, productivity and quality.

Question 13

Distinguish between the following:

- (a) *Micro Environment and Macro Environment* (4 Marks)
(b) *Concentric Diversification and Conglomerate Diversification* (3 Marks)

Answer

- (a) The business environment consists of both the macro environment and the micro environment. Following are the differences between the two:
- The micro environment refers to the forces that are very close to the company and affect its ability to do routine functions. Macro environment refers to all forces that are part of the larger periphery and distantly affect organization and micro environment.
 - Micro environment includes the company itself, its suppliers, marketing intermediaries, customer markets and competitors. Whereas macro environment includes demography, economy, natural forces, technology, politics, legal and socio-cultural.

- The elements of micro environment are specific to the said business and affects it's working on short term basis. The elements of macro environment are general environment and affect the working of all the firms in an industry.
- (b) Concentric diversification occurs when a firm adds related products or markets. On the other hand conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business.

In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/products.

The most common reasons for pursuing a concentric diversification are that opportunities in a firm's existing line of business are available. However, common reasons for pursuing a conglomerate growth strategy is that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative.

Question 14

Write short notes on the following:

- (a) *Role of IT in Business Process Reengineering* (4 Marks)
- (b) *Importance of Corporate Culture* (3 Marks)

Answer

- (a) **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 during the years to come, has been established beyond doubt.

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.

- (b) A culture where creativity, embracing change, and challenging the status quo are pervasive themes is very conducive to successful execution of a product innovation and technological leadership strategy. A culture built around such business principles as listening to customers, encouraging employees to take pride in their work, and giving employees a high degree of decision-making responsibility is very conducive to successful execution of a strategy of delivering superior customer service.

A strong strategy-supportive culture nurtures and motivates people to do their jobs in ways conducive to effective strategy execution; it provides structure, standards, and a value system in which to operate; and it promotes strong employee identification with the company's vision, performance targets, and strategy. All this makes employees feel genuinely better about their jobs and work environment and the merits of what the company is trying to accomplish. Employees are stimulated to take on the challenge of realizing the company's vision, do their jobs competently and with enthusiasm, and collaborate with others as needed to bring the strategy to success.