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SUGGESTED SOLUTION

INTERMEDIATE M'19 EXAM

SUBJECT- EIS AND S.M.

Test Code - PIN 5050

BRANCH - () (Date :)

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ANSWER-1

(15*1 = 15 MARKS)

1. B
2. A
3. A
4. C
5. D
6. B
7. D
8. A
9. D
10. C
11. A
12. C
13. C
14. B
15. A

ANSWER-2

ANSWER-A

Business Reporting or Enterprise Reporting is the **public reporting** of operating and financial data by a business enterprise, or the regular provision of information to decision-makers within an organization to support them in their work.

Reporting is a **fundamental part of the larger movement** towards improved business intelligence and knowledge management. Often implementation involves Extract, Transform, and Load (ETL) procedures in coordination with a data warehouse and then using one or more reporting tools. While reports can be distributed in print form or via email, they are typically accessed via a corporate intranet.

IMPORTANCE OF BUSINESS REPORTING

Effective and transparent business reporting allows organizations to present a cohesive explanation of their business and helps them engage with internal and external stakeholders, including customers, employees, shareholders, creditors, and regulators.

High quality business reporting is at the **heart of strong and sustainable organizations**, financial markets, and economies, as this information is crucial for stakeholders to assess organizational performance and make informed decisions with respect to an organization's capacity to create and preserve value. (Value in this context is not necessarily limited to monetary value, but can also comprise, for example, social, environmental, or wider economic value.) As organizations fully depend on their stakeholders for sustainable success, it is in their interest to provide them with high-quality reports. **For example, effective high-quality reporting reduces the risk for lenders and may lower the cost of capital.**

Many organizations are increasingly **complex, and have larger economic, environmental, and social footprints.** As a result, various stakeholder groups are demanding increased ESG information, as well as greater insight into how these factors affect financial performance and valuations.

High-quality reports also promote better **internal decision-making.** High-quality information is integral to the successful management of the business, and is one of the major drivers of sustainable organizational success.

(5 MARKS)

ANSWER-B

Cloud computing, simply means the use of computing resources as a service through networks, typically the Internet. **Cloud computing is both, a combination of software and hardware based computing resources delivered as a networked service.** This model of IT enabled services enables anytime access to a shared pool of applications and resources.

Characteristics of Cloud Computing

- ◆ **Elasticity and Scalability:** Cloud computing gives us the ability to **expand and reduce resources** according to the specific service requirement. For example, we may need a large number of server resources for the duration of a specific task. We can then release these server resources after we complete our task.
- ◆ **Pay-per-Use:** We pay for cloud services only when we use them, either for the short term (for example, for CPU time) or for a longer duration (for example, for cloud-based storage or vault services).
- ◆ **On-demand:** Because we invoke cloud services only when we need them, they are not permanent parts of the IT infrastructure. This is a significant advantage for cloud use as opposed to internal IT services. With cloud services there is no need to have dedicated resources waiting to be used, as is the case with internal services.
- ◆ **Resiliency:** The resiliency of a cloud service offering can completely **isolate the failure of server and storage resources from cloud users.** Work is migrated to a different physical resource in the cloud with or without user awareness and intervention.
- ◆ **Multi Tenancy:** Public cloud service providers often can host the cloud services for multiple users within the same infrastructure. Server and storage isolation may be physical or virtual depending upon the specific user requirements.
- ◆ **Workload Movement:** This characteristic is related to **resiliency and cost considerations.** Here, cloud-computing providers can migrate workloads across servers both inside the data center and across data centers (even in a different geographic area).

(5 MARKS)

ANSWER-C

- ◆ **Align risk appetite and strategy:** Risk appetite is the degree of risk, on a broad-based level that an enterprise (any type of entity) is willing to accept in pursuit of its goals. Management considers the entity's risk appetite first in evaluating strategic alternatives, then in setting objectives aligned with the selected strategy and in developing mechanisms to manage the related risks.

- ♦ **Link growth, risk and return:** Entities accept risk as part of value creation and preservation, and they expect return commensurate with the risk. ERM provides an enhanced ability to identify and assess risks, and establish acceptable levels of risk relative to growth and return objectives.
- ♦ **Enhance risk response decisions:** ERM provides the rigor to identify and select among alternative risk responses – risk avoidance, reduction, sharing and acceptance. ERM provides methodologies and techniques for making these decisions.
- ♦ **Minimize operational surprises and losses:** Entities have enhanced capability to identify potential events, assess risk and establish responses, thereby reducing the occurrence of surprises and related costs or losses.
- ♦ **Identify and manage cross-enterprise risks:** Every entity faces a myriad of risks affecting different parts of the enterprise. Management needs to not only manage individual risks, but also understand interrelated impacts.
- ♦ **Provide integrated responses to multiple risks:** Business processes carry many inherent risks, and ERM enables integrated solutions for managing the risks.
- ♦ **Seize opportunities:** Management considers potential events, rather than just risks, and by considering a full range of events, management gains an understanding of how certain events represent opportunities.
- ♦ **Rationalize capital:** More robust information on an entity's total risk allows management to more effectively assess overall capital needs and improve capital allocation.

(5 MARKS)

ANSWER-3

ANSWER-A

Relational Database Model: A **Relational Database** allows the definition of data and their **structures, storage and retrieval operations and integrity constraints** that can be organized in a table structure. A table is a **collection of records** and each record in a table contains the same fields, which define the nature of the data stored in the table. A record is one instance of a set of fields in a table.

Three key terms are used extensively in relational database models: Relations, Attributes, and Domains. A relation is a table with columns and rows. The named columns of the relation are called attributes, and the domain is the set of values the attributes can take.

All relations (and, thus, tables) in a relational database must adhere to some basic rules to qualify as relations. First, the ordering of columns is immaterial in a table. Second, there can't be identical record in a table. And third, each record will contain a single value for each of its attributes.

A relational database contains multiple tables, with at least similar value occurring in two different records (belonging to the same table or to different tables) that implies a relationship among those two records.

In a relational database, all the tables are related by one or more fields, so that it is possible to connect all the tables in the database through the field(s) they have in common. For each table, one of the fields is identified as a Primary Key, which is the unique identifier for each record in the table. Keys are commonly used to join or combine data from two or more tables. Popular examples of relational databases are Microsoft Access, MySQL, and Oracle.

For example, an **Employee** table may contain a column named **Location** which contains a value that matches the key of a Location table. Keys are also critical in the creation of indexes, which facilitate fast retrieval of data from large tables. Any column can be a key, or multiple columns can be grouped together into a compound key.

(5 MARKS)

ANSWER-B

From a risk assessment and coverage point of view, it is critical to ensure that the Bank can impart advanced training to its permanent staff in the core areas of technology for effective and efficient technology management and in the event of outsourcing to take over the functions at a short notice at times of exigencies.

- ♦ **Ownership of Data/ process:** Data resides at the Data Centre. Establish clear ownership.
- ♦ **Authorization process:** Anybody with access to the CBS, including the customer himself, can enter data directly. What is the authorization process?
- ♦ **Authentication procedures:** These may be inadequate and hence the user entering the transaction may not be determinable or traceable.
- ♦ **Several software interfaces across diverse networks:** A Data Centre can have as many as 75-100 different interface and application software.
- ♦ **Maintaining response time:** Maintaining the interfacing software and ensuring optimum response time and up time can be challenging.
- ♦ **User Identity Management:** This could be a serious issue. Some Banks may have more than 5000 users interacting with the CBS at once.
- ♦ **Access Controls:** Designing and monitoring access control is an extremely challenging task.
- ♦ **Incident handling procedures:** These may not be adequate considering the need for real-time risk management.
- ♦ **Change Management:** At application level and data level – Master files, transaction files and reporting software.

(5 MARKS)

ANSWER-4

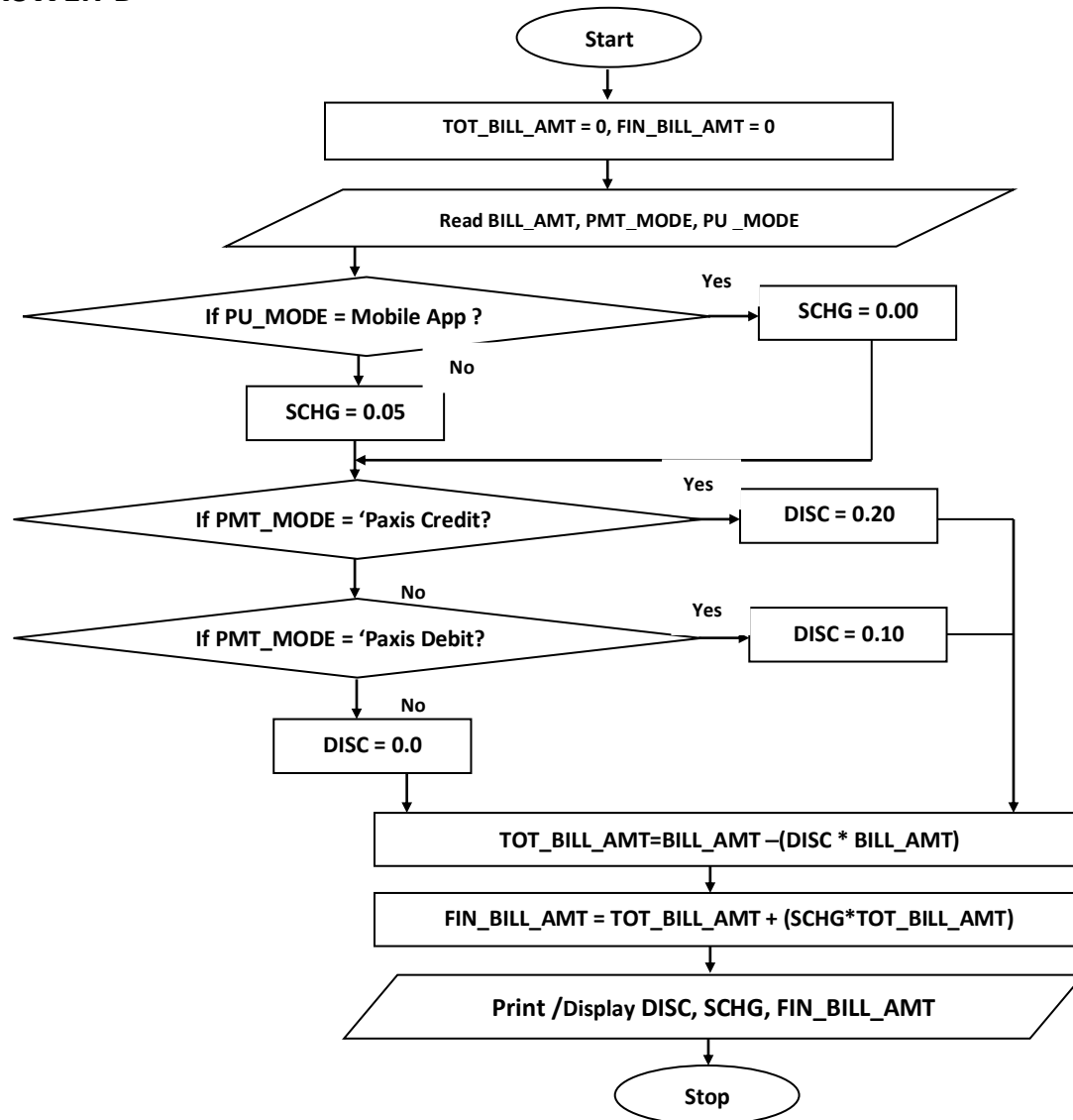
ANSWER-A

The benefits of mobile computing are as follows:

- ♦ It provides mobile workforce with remote access to work order details, such as work order location, contact information, required completion date, asset history relevant warranties/service contracts.
- ♦ It enables mobile sales personnel to update work order status in real-time, facilitating excellent communication.
- ♦ It facilitates access to corporate services and information at any time, from anywhere.
- ♦ It provides remote access to the corporate Knowledge base at the job location.
- ♦ It enables to improve management effectiveness by enhancing information quality, information flow, and ability to control a mobile workforce.

(5*1 = 5 MARKS)

ANSWER-B



ANSWER-5

ANSWER-A

Factors influencing an organization toward controls and audit of computers and the impact of the information systems audit function on organizations are as follows:

- ♦ **Organisational Costs of Data Loss:** Data is a critical resource of an organisation for its present and future process and its ability to adapt and survive in a changing environment.
- ♦ **Cost of Incorrect Decision Making:** Management and operational controls taken by managers involve detection, investigations and correction of the processes. These high-level decisions require accurate data to make quality decision rules.
- ♦ **Costs of Computer Abuse:** Unauthorised access to computer systems, malwares, unauthorised physical access to computer facilities and unauthorised copies of sensitive data can lead to destruction of assets (hardware, software, data, information etc.)
- ♦ **High Costs of Computer Error:** In a computerised enterprise environment where many critical business processes are performed, a data error during entry or process would cause great damage.

- ♦ **Maintenance of Privacy:** Today, data collected in a business process contains private information about an individual too. These data were also collected before computers but now, there is a fear that privacy has eroded beyond acceptable levels.
- ♦ **Controlled evolution of computer Use:** Use of Technology and reliability of complex computer systems cannot be guaranteed and the consequences of using unreliable systems can be destructive.

(5 MARKS)

ANSWER-B

Pros and Cons of having single software for Accounting and Tax Compliance

S. No.	Particulars	Accounting & Tax Compliance Software	Only Tax Compliance Software
1	Ease of software operation	Less – as this is integrated system of accounting and tax compliance, everything connected with other and making changes at one place may affect other aspects also.	More – as this is used only for one single purpose, i.e. tax compliance, it is less complicated and bound to be easy.
2	Features and facilities	Less – as this system is not an exclusive system for tax compliance, it may have limited features for tax compliance.	More – as this is an exclusive and specifically designed system for tax compliance, naturally more features and facilities shall exist in this system.
3	Time and efforts required	Less – as this is an integrated system, time required to transfer data to compliance software is zero.	More – as this is a separate software, data from accounting software need to put in this for preparation of returns. This may take extra time and efforts.
4	Accuracy	More – As this is an integrated system and hence accounting data and tax compliance data shall always be same. No need to transfer data to compliance software and reconcile the data.	Less – as there are two separate system, reconciliation with accounting data is needed, possibility of mismatch of data is always there.
5	Cost	More – if tax compliance feature is not available in accounting system, getting it customized may require some amount of cost which may be higher than buying separate software.	Less – as this is specific purpose software, there shall be less complications and the cost also shall be less.

(5*1 = 5 MARKS)

ANSWER-6**(15*1 = 15 MARKS)**

1. C
2. A
3. B
4. C
5. C
6. D
7. B
8. B
9. D
10. D
11. B
12. A
13. A
14. A
15. A

ANSWER-7

1. **Incorrect:** a company's strategy is a blend of proactive actions and reactive actions by the management. Reactive actions are required to address unanticipated developments and environmental conditions. thus, not every strategic move is the result of proactive and deliberate management actions. at times, some kind of strategic reaction or adjustments are required. **(2 M)**
2. **Incorrect:** The acronym BCG stands for Boston Consulting Group, an organization that developed a matrix to portray an organizational corporate portfolio of investment. This matrix depicts growth of business and the business share enjoyed by an organization. The matrix is also known for its cow and dog metaphors and is popularly used for resource allocation in a diversified company. **(2 M)**
3. **Incorrect:** Entrepreneur, big or small has to function within several influences external forces. Competition in different form and different degree is present in all kind and sizes of business. Even entrepreneur with small businesses can have complicated environment. To grow and prosper they need to have clear vision and mission. **(2 M)**
4. **Incorrect:** In the context of strategic management, retrenchment implies giving up certain products and reducing the level of business as a compulsive measure to cope up with certain adverse developments on which the firm has little control. Downsizing (or rightsizing) is planned elimination of positions or jobs. Retrenchment does not imply downsizing, however, the latter is often used to implement a retrenchment strategy. **(2 M)**
5. **Correct:** Functional-level managers and strategies operate at the lowest hierarchical level of strategic management. Functional level is responsible for the specific business functions or operations (human resources, purchasing, product development, customer service, and so on) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organization, functional managers nevertheless have a major strategic role to develop functional strategies in their area that help to fulfill the strategic objectives set by business and

corporate-level managers.

(2 M)

6. **Incorrect:** Strategy can never be perfect, flawless and optimal. It is in the very nature of strategy that it is flexible and pragmatic; it is art of the possible; it does not preclude second-best choices, trade-offs, sudden emergencies, pervasive pressures, failures and frustrations. However, in a sound strategy, allowances are made for possible miscalculations and unanticipated external events. (2 M)
7. **Incorrect:** SWOT analysis stands for the analysis of strengths, weaknesses opportunities, and threats. It is not used for ranking of organizations. It is a tool for organizational and environmental appraisal necessary for formulating effective strategies. (1 M)
8. **Incorrect:** Business Process Reengineering does not mean any partial modification or marginal improvement in the existing work processes. On the other hand, it is an approach to unusual enhancement in operating efficiency through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes. It involves forgetting how work has been done so far and deciding how best it can be done now. (2 M)

ANSWER-8

ANSWER-A

An important component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue, given the company's internal strengths and weaknesses and its external opportunities and threats. The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as SWOT analysis.

- ◆ **Strength:** Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitors.
- ◆ **Weakness:** A weakness is an inherent limitation or constraint of the organization which creates strategic disadvantage to it.
- ◆ **Opportunity:** An opportunity is a favourable condition in the organization's environment which enables it to strengthen its position.
- ◆ **Threat:** A threat is an unfavourable condition in the organization's environment which causes a risk for, or damage to, the organization's position.

SWOT analysis helps managers to craft a business model (or models) that will allow a company to gain a competitive advantage in its industry (or industries). Competitive advantage leads to increased profitability, and this maximizes a company's chances of surviving in the fast-changing, competitive environment. **Key reasons for SWOT analyses are:**

- ◆ It provides a logical framework.
- ◆ It presents a comparative account.
- ◆ It guides the strategist in strategy identification.

(5 MARKS)

ANSWER-B

Decision making is a managerial process of selecting the best course of action out of several alternative courses for the purpose of accomplishment of the organizational goals. Decisions may be operational i.e., which relate to general day-to-day operations. They may also be strategic in nature. According to Jauch and Glueck **“Strategic decisions encompass the definition of the business, products to be handled, markets to be served, functions to be performed and major policies needed for the organisation to execute these decisions to achieve the strategic objectives.”**

The major dimensions of strategic decisions are as follows:

- ◆ **Strategic decisions require top-management involvement:** Strategic decisions involve thinking in totality of the organization. Hence, problems calling for strategic decisions require to be considered by the top management.
- ◆ **Strategic decisions involve commitment of organisational resources:** For example, Strategic decisions to launch a new project by a firm requires allocation of huge funds and assignment of a large number of employees.
- ◆ **Strategic decisions 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.
- ◆ **Strategic decisions 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 decisions are future oriented:** Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.
- ◆ **Strategic decisions usually have major multifunctional or multi-business consequences:** As they involve organization in totality they affect different sections of the organization with varying degree.

(5 MARKS)

ANSWER-9

ANSWER-A

Meaning of Supply Chain management: The term supply chain refers to the linkages between suppliers, manufacturers and customers. Supply chains involve all activities like sourcing and procurement of material, conversion, and logistics. Planning and control of supply chains are important components of its management. Naturally, management of supply chains include closely working with channel partners – suppliers, intermediaries, other service providers and customers.

Supply chain management is defined as the process of planning, implementing, and controlling the supply chain operations. It is a cross-functional approach to managing the movement of raw materials into an organization and the movement of finished goods out of the organization toward the end-consumer who are to be satisfied as efficiently as possible. It encompasses all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption. Organizations are finding that they must rely on the chain to successfully compete in the global market.

Modern organizations are striving to focus on core competencies and reduce their ownership of sources of raw materials and distribution channels. These functions can be outsourced to other business organizations that specialize in those activities and can perform in better and cost effective manner. In a way organizations in the supply chain do tasks according to their core-competencies. Working in the supply chain improve trust and collaboration amongst partners and thus improve flow and management of inventory.

Is logistic management same as supply chain management? Supply chain management is an extension of logistic management. However, there is difference between the two. Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfilment of orders, inventory management, supply/demand planning. Although these activities also form part of Supply chain management, the latter has different components. 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 includes more aspects apart from the logistics function. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price. It reduces costs of organizations and enhances customer service.

(5 MARKS)

ANSWER-B

Benchmarking is an approach of setting goals and measuring productivity of firms based on best industry practices or against the products, services and practices of its competitors or other acknowledged leaders in the industry. It developed out of need to have information against which performance can be measured. Benchmarking helps businesses in improving performance by learning from the best practices and the processes by which they are achieved. Thus, benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking practices to achieve improvements in diverse range of management functions like product development, customer services, human resources management, etc.

The various steps in Benchmarking Process are as under:

- (i) **Identifying the need for benchmarking:** This step will define the objectives of the benchmarking exercise. It will also involve selecting the type of benchmarking. Organizations identify realistic opportunities for improvements.
- (ii) **Clearly understanding existing decisions processes:** The step will involve compiling information and data on performance.
- (iii) **Identify best processes:** Within the selected framework best processes are identified. These may be within the same organization or external to them.
- (iv) **Comparison of own process and performance with that of others:** Benchmarking process also involves comparison of performance of the organization with performance of other organization. Any deviation between the two is analysed to make further improvements.
- (v) **Prepare a report and implement the steps necessary to close the performance gap:** A report on benchmarking initiatives containing recommendations is prepared. Such a report also contains the action plans for implementation.
- (vi) **Evaluation:** Business organizations evaluate the results of the benchmarking process in terms of improvements vis-à-vis objectives and other criteria set for the purpose. They also periodically evaluate and reset the benchmarks in the light of changes in the conditions that impact the performance.

ANSWER-10**ANSWER-A**

The phenomenon which often distinguishes good organizations from bad ones could be summed up as 'corporate culture'. Corporate culture refers to a company's values, beliefs, business principles, traditions, ways of operating and internal work environment. Every corporation has a culture that exerts powerful influences on the behaviour of managers. Culture affects not only the way managers behave within an organization but also the decisions they make about the organization's relationships with its environment and its strategy.

"Culture is a strength that can also be a weakness". This statement can be explained by splitting it in to two parts.

(2 MARKS)

Culture as a strength: As a strength, culture can facilitate communication, decision-making & control and create cooperation & commitment. An organization's culture could be strong and cohesive when it conducts its business according to a clear and explicit set of principles and values, which the management devotes considerable time to communicating to employees and which values are shared widely across the organization. (2 MARKS)

Culture as a weakness: As a weakness, culture may obstruct the smooth implementation of strategy by creating resistance to change. An organization's culture could be characterized as weak when many subcultures exist, few values and behavioral norms are shared and traditions are rare. In such organizations, employees do not have a sense of commitment and loyalty with the organisation. (2 MARKS)

ANSWER-B

There are limitations attached to strategic management. These can be explained in the following lines:

- ◆ **Environment is highly complex and turbulent.** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organizational estimate about its future shape may awfully go wrong and **jeopardise all strategic plans.** The environment affects as the organization has to deal with suppliers, customers, governments and other external factors.
- ◆ Strategic management is a **time-consuming process.** Organizations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- ◆ Strategic management is a **costly process.** Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement. These can be really costly for organizations with limited resources particularly when small and medium organization create strategies to compete.
- ◆ In a competitive scenario, where all organizations are trying to move strategically, it is difficult to clearly estimate the competitive responses to a firm's strategies.

(4*1 = 4 MARKS)