

SECTION A : INFORMATION TECHNOLOGY

Question 1 Is compulsory

Answer any five from the rest

Question 1

- a. Business Process Automation rests on the following three critical pillars: **(2 marks)**
- ◆ **Integration:** BPA allows applications and operating systems not only to read data that the systems produce, but also to pass data between the component applications of the business process and to modify the data as necessary.
 - ◆ **Orchestration:** The process of orchestration enables the ability to bring tasks that exist across multiple computers and different business departments or branches under one umbrella that is the business process itself.
 - ◆ **Automation:** Orchestration and integration unite with automation to deliver the capability to provide a rule-based process of automatic execution that can span multiple systems and enable a more effective, nimble and efficient business process.

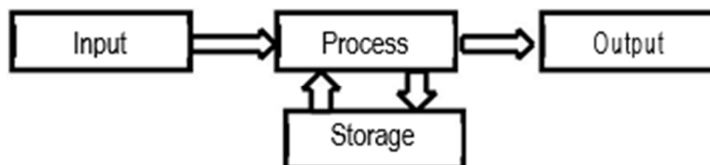
- b. The components of a computerized information processing cycle include: **(2 marks)**

Input: Entering data into the computer;

Processing: Performing operations on the data;

Storage: Saving data, programs, or output for future use; and

Output: Presenting the results.



- c. JIT is a philosophy of continuous improvement in which non-value-adding activities (or wastes) are identified and removed for the purposes of:
- Reducing Cost
 - Improving Quality
 - Improving Performance
 - Improving Delivery
 - Adding Flexibility
 - Increase Innovativeness

When the JIT principles are implemented successfully, significant competitive advantages are realized. JIT principles can be applied to all parts of an organization: order taking, purchasing, operations, distribution, sales, accounting, design, etc. **(2 marks)**

- d. **Transport Layer:** The Transport Layer in TCP/IP provides end-to-end communication between applications and verifies correct packet arrival. **(1 mark)**

Internet Layer: The Internet Layer in TCP/IP provides packet routing for error checking and addressing and integrity. (1 mark)

- e. **Total Quality Management (TQM)** is a management mechanism designed to improve a product or process by engaging every stakeholder and all members of an organization as well as the customers and aims at improving the quality of the products produced and the process utilized. TQM ultimately aims at complete customer satisfaction through ongoing improvements. (2 marks)

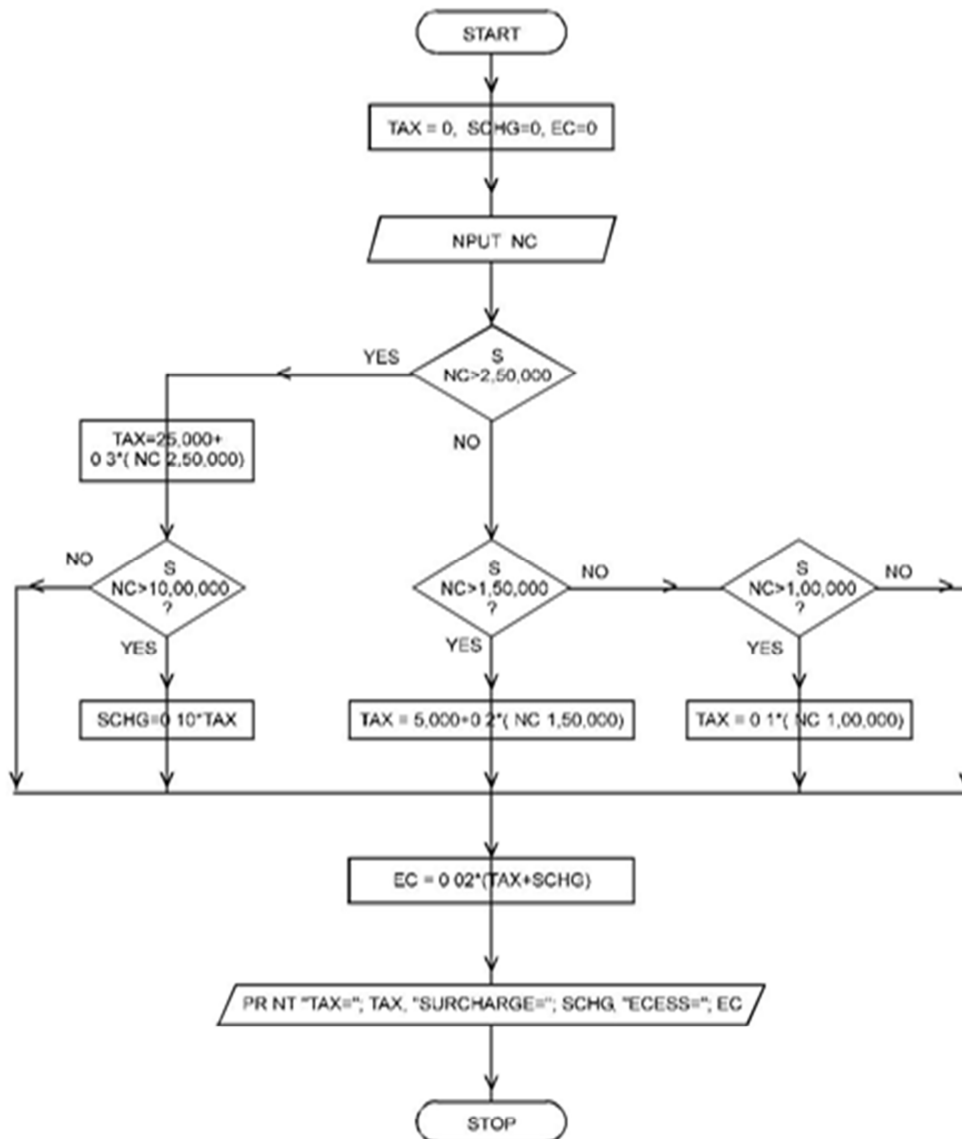
Question 2 (8 Marks)

We shall define the variables first:

SCHG: Surcharge;

TAX: Income Tax; EC: Education Cess;

INC: Income



Question 3

a. **Threat:** A Threat is a possible danger that can disrupt the operation, functioning, integrity, or availability of a network or system. Network security threats can be categorized into four broad themes:

- ◆ **Unstructured Threats** - These originate mostly from inexperienced individuals using easily available hacking tools from the Internet. Many tools available to anyone on the Internet can be used to discover weaknesses in a company's network. These include port-scanning tools, address-sweeping tools, and many others. Most of these kinds of probes are done more out of curiosity than with a malicious intent in mind.

For example, if a company's external web site is hacked; the company's integrity is damaged. Even if the external web site is separate from the internal information that sits behind a protective firewall, the public does not know that. All they know is that if the company's web site is hacked, then it is an unsafe place to conduct business. **(1 mark)**

- ◆ **Structured Threats** - These originate from individuals who are highly motivated and technically competent and usually understand network systems design and the vulnerabilities of those systems. They can understand as well as create hacking scripts to penetrate those network systems. An individual who presents a structured threat typically targets a specific destination or group. Usually, these hackers are hired by industry competitors, or state-sponsored intelligence organizations. **(1 mark)**
- ◆ **External Threats** - These originate from individuals or organizations working outside an organization, which does not have authorized access to organization's computer systems or network. They usually work their way into a network from the Internet or dialup access servers. **(1 mark)**
- ◆ **Internal Threats** - Typically, these threats originate from individuals who have authorized access to the network. These users either have an account on a server or physical access to the network. An internal threat may come from a discontented former or current employee or contractor. It has been seen that majority of security incidents originate from internal threats. **(1 mark)**

b. Some benefits of Grid Computing are as follows:

- ◆ **Making use of Underutilized Resources:** Grid computing provides a framework for exploiting underutilized resources and has the possibility of substantially increasing the efficiency of resource usage by aggregating this unused storage into a much larger virtual data store. **(1 mark)**
- ◆ **Resource Balancing:** The grid can offer a resource balancing effect by scheduling grid jobs on machines with low utilization. This feature of grid computing handles occasional peak loads of activity in parts of a larger organization. **(1/2 mark)**
- ◆ **Parallel CPU Capacity:** A CPU-intensive grid application can be thought of as many smaller sub-jobs, each executing on a different machine in the grid. A perfectly scalable application will, for example, finish in one tenth of the time if it uses ten times the number of processors **(1/2 mark)**
- ◆ **Virtual resources and virtual organizations for collaboration:** The users of the grid can be organized dynamically into a number of virtual organizations, each with different policy requirements. These virtual organizations can share their resources such as data, specialized devices, software, services, licenses, and so on, collectively as a larger grid. **(1/2 mark)**
- ◆ **Access to additional resources:** In addition to CPU and storage resources, a grid can provide access to other resources as well. For example, if a user needs to increase their total bandwidth to the Internet to implement a data mining search engine, the work can be split among grid machines that have independent connections to the Internet. **(1/2 mark)**

- ◆ **Reliability:** High-end conventional computing systems use expensive hardware to increase reliability. The machines also use duplicate processors in such a way that when they fail, one can be replaced without turning the other off. **(1/2 mark)**
- ◆ **Management:** The grid offers management of priorities among different projects. Aggregating utilization data over a larger set of projects can enhance an organization's ability to project future upgrade needs. When maintenance is required, grid work can be rerouted to other machines without crippling the projects involved. **(1/2 mark)**

Question 4

a. Some of the prominent characteristics of C/S architecture are as follows:

- ◆ **Service:** C/S provides a clean separation of function based on the idea of service. The server process is a provider of services and the client is a consumer of services. **(1/2 mark)**
- ◆ **Shared Resources:** A server can service many clients at the same time and regulate their access to the shared resources. **(1/2 mark)**
- ◆ **Transparency of Location:** C/S software usually masks the location of the server from the clients by redirecting the service calls when needed. **(1/2 mark)**
- ◆ **Mix-and-Match:** The ideal C/S software is independent of hardware or Operating System software platforms. **(1/2 mark)**
- ◆ **Scalability:** In a C/S environment, client workstations can either be added or removed and also the server load can be distributed across multiple servers. **(1/2 mark)**
- ◆ **Integrity:** The server code and server data is centrally managed, which results in cheaper maintenance and the guarding of shared data integrity. At the same time, the clients remain personal and independent. **(1/2 mark)**

Issues in Client/Server Network(1 mark)

- (i) When the server goes down or crashes, all the computers connected to it become unavailable to use.
- (ii) Simultaneous access to data and services by the user takes little more time for server to process the task.

b. The various benefits of e-Commerce application and implementation are as follows: **(4 marks)**

- ◆ Reduction in costs to buyers from increased competition in procurement as more suppliers can compete in an electronically open marketplace.
- ◆ Reduction in errors, time, and overhead costs in information processing by eliminating requirements for re-entering data.
- ◆ Reduction in costs to suppliers by electronically accessing on-line databases of bid opportunities, on-line abilities to submit bids, and on-line review of rewards.
- ◆ Reduction in time to complete business transactions, particularly from delivery to payment.
- ◆ Creation of new markets through the ability to easily and cheaply reach potential customers.
- ◆ Easier entry into new markets, especially geographically remote markets, for enterprises regardless of size and location.
- ◆ Better quality of goods as specifications are standardized and competition is increased and improved variety of goods through expanded markets and the ability to produce customized goods.

- ◆ Faster time to market as business processes are linked, thus enabling seamless processing and eliminating time delays.
- ◆ Optimization of resource selection as businesses form cooperative teams to increase the chances of economic successes, and to provide the customer products and capabilities more exactly meeting the requirements.
- ◆ Reduction in inventories and reduction of risk of obsolete inventories as the demand for goods and services is electronically linked through just -in-time inventory and integrated manufacturing techniques.
- ◆ Reduction in overhead costs through uniformity, automation, and large -scale integration of management processes.
- ◆ Reduction in use of ecologically damaging materials through electronic coordination of activities and the movement of information rather than physical objects).
- ◆ Reduction in advertising costs.

Question 5

- a. Supply Chain Management (SCM) is a chain that starts with customers and ends with customers. Supply Chain Management may be defined as the process of planning, implementing and controlling the operations of the supply chain with the purpose of satisfying the customer's requirement as efficiently as possible. Supply Chain spans all movement and storage of raw materials, Work-in-process, inventory and finished goods from the point of origin to the point of consumption. **(1 mark)**

The main components of SCM include the following:

- (a) **Procurement/Purchasing:** This begins with the purchasing of parts, components, or services. Procurement must ensure that the right items are delivered in the exact quantities at the correct location on the specified time schedule at minimal cost. It must address the question of assurance that these suppliers will deliver as promised. **(1 mark)**
 - (b) **Operations:** The second major element of supply chain management system is operations. Having received raw materials, parts, components, assemblies, or services from suppliers, the firm must transform them and produce the products or the services that meet the needs of its consumers. It must conduct this transformation in an efficient and effective manner for the benefit of the supply chain management system. **(1 mark)**
 - (c) **Distribution:** The third element of the supply chain management system is distribution. Distribution involves several activities - transportation (logistics), warehousing, and customer relationship management (CRM). The first and most obvious is logistics - the transportation of goods across the entire supply chain. **(1/2 mark)**
 - (d) **Integration:** The last element of supply chain management is the need for integration. It is critical that all participants in the service chain recognize the entirety of the service chain. The impact of the failure to adopt a system-wide perspective - that is, examining the totality of the chain can significantly increase costs and destroy value. **(1/2 mark)**
- b. **Mobile Computing:** Mobile Computing, is the use of portable computing devices (such as laptop and handheld computers) in conjunction with mobile communications technologies to enable users to access the Internet and data on their home or work computers from anywhere in the world. It is enabled by use of mobile devices such as PDA, laptops, mobile phones, MP3 players, digital cameras, tablet PC and Palmtops on a wireless network. **(1 mark)**

Mobile computing involves Mobile Communication, Mobile Hardware and Mobile Software; which are described as under: **(3 marks)**

Mobile Communication: Mobile Communication refers to the infrastructure put in place to ensure seamless and reliable communication. These would include devices, Protocols, Services, Bandwidth and Portals

necessary to facilitate and support the stated services. The data format is also defined at this stage. It incorporates all aspects of wireless communication.

Mobile Hardware: Mobile Hardware includes mobile devices or device components that receive or access the service of mobility. They would range from Portable laptops, Smart phones, Tablet PC's to Personal Digital Assistants capable of both way communication i.e. transmit as well receive capabilities.

Mobile Software: Mobile Software is the actual program that runs on the mobile hardware. It deals with the characteristics and requirements of mobile applications. This is the engine/operating system of that mobile device and an essential component

Question 6

a. **OSI Model** – The International Standards Organization (ISO) developed a seven-layer Open Systems Interconnection (OSI) model to serve as a standard model for network architectures. Seven layers of OSI include the following: (4 marks)

- ◆ **Layer 7 or Application Layer:** This layer is closest to the end user and interacts with software applications and provides user services by file transfer, file sharing, etc. At this layer, communication partners are identified; quality of service is identified; user authentication and privacy are considered; any constraints on data syntax are identified; and database concurrency and deadlock situation controls are undertaken.
- ◆ **Layer 6 or Presentation Layer:** Also referred as **Syntax Layer**, this layer is usually a part of an operating system that converts incoming and outgoing data from one presentation format to another (for example, from a text stream into a popup window with the newly arrived text). It further controls onscreen display of data, transforms data to a standard application interface, encryption and data compression.
- ◆ **Layer 5 or Session Layer:** This layer sets up, coordinates, and terminates conversations; exchanges and dialogs between the applications at each end. It deals with session and connection coordination and provides for full-duplex, half-duplex, or simplex operation, and establishes check pointing, adjournment, termination, and restart procedures.
- ◆ **Layer 4 or Transport Layer:** This layer ensures reliable and transparent transfer of data between user processes; assembles and disassembles message packets and provides error recovery and flow control. Multiplexing and encryption are undertaken at this layer level.
- ◆ **Layer 3 or Network Layer:** The Network Layer provides the functional and procedural means of transferring variable length data sequences from a source to a destination via one or more networks, while maintaining the quality of service requested by the Transport Layer. The Network Layer makes a choice of the physical route of transmission; creates a virtual circuit for upper layers to make them independent of data transmission and switching; establishes, maintains, terminates connections between the nodes and ensure proper routing of data.
- ◆ **Layer 2 or Data Link Layer:** The Data Link Layer responds to service requests from the Network Layer and issues service requests to the Physical Layer. This layer transfers data between adjacent network nodes in a WAN or between nodes on the same LAN segment. This layer also specifies channel access control method and ensures reliable transfer of data through the transmission medium. It provides the functional and procedural means to transfer data between network entities and detects and possibly corrects errors that may occur in the Physical Layer.
- ◆ **Layer 1 or Physical Layer:** The Physical Layer is a hardware layer which specifies mechanical features as well as electromagnetic features of the connection between the devices and the transmission. Establishment and termination of a connection to a communications medium;

participation in the process whereby the communication resources are effectively shared among multiple users; and modulation or conversion between the representation of digital data in user equipment and the corresponding signals transmitted over a communications channel are the major tasks of this layer.

- b. Different types of Feasibility Study done in the System Investigation Phase of System Development Life Cycle (SDLC) are as follows: **(4 marks)**

Technical feasibility: Does the technology exist to implement the proposed system or is it a practical proposition?

Economic feasibility: Is proposed system cost-effective; if benefits do not outweigh costs, it is not worth going ahead?

Legal feasibility: Is there any conflict between the proposed system and legal requirements?

Operational feasibility: Are the current work practices and procedures adequate to support the new system?

Schedule feasibility: How long will the system take to develop, or can it be done in a desired time-frame?

Question 7

Short Notes (Answer any four)

- a. **HyperText Transfer Protocol Secure (HTTPS):** HyperText Transfer Protocol Secure is a communications protocol for secure communication over a computer network, with especially wide deployment on the Internet. The security of HTTPS uses long term public and secret keys to exchange a short-term session key to encrypt the data flow between client and server. **(2 marks)**
- b. **Artificial Intelligence:** Artificial Intelligence (AI) is the vicinity of computer science focusing on creating machines that can fit into place on behaviors that humans regard as intelligent. It is a research field that studies how to comprehend the intelligent human **(2 marks)**
- c. **Database Management Systems (DBMS):** Every enterprise needs to manage its information in an appropriate and desired manner. The enterprise has to know its information needs; acquire that information; organize that information in a meaningful way; assure information quality; and provide software tools so that users in the enterprise can access information they require. DBMS are software that aid in organizing, controlling and using the data needed by the application programme. They provide the facility to create and maintain a well -organized database. Applications access the DBMS, which then accesses the data. Commercially available Data Base Management Systems are Oracle, My SQL, SQL Servers and DB2 etc. DBMS helps us do various operations on the files, such as adding new files to database; deleting existing files from database; inserting data in existing files; modifying data in existing files; deleting data in existing files; and retrieving or querying data from existing files. **(2 marks)**
- d. **Network Virtualization:** Network virtualization is a method of combining the available resources in a network by splitting up the available bandwidth into channels, each of which is independent from the others, and each of which can be assigned (or reassigned) to a server or device in real time. This allows a large physical network to be provisioned into multiple smaller logical networks and conversely allows multiple physical LANs to be combined into a larger logical network. This behaviour allows administrators to improve network traffic control, enterprise and security. Network virtualization involves platform virtualization, often combined with resource virtualization. Various equipment and software vendors offer network virtualization by combining any of the Network hardware such as switches and network interface cards (NICs); Network elements such as firewalls and load balancers; Networks such as virtual LANs (VLANs); Network storage devices; Network machine-to-machine elements such as telecommunications devices; Network mobile elements such as laptop computers, tablet computers, smart phones and Network media such as Ethernet and Fibre Channel. Network virtualization is intended to optimize network speed, reliability, flexibility, scalability, and security. **(2 marks)**

- e. **Fibre Optics:** This media consists of one or more hair-thin filaments of glass fibre wrapped in a protective jacket. Signals are converted to light form and fired by laser in bursts. Optical fibres can carry digital as well as analog signals and provides increased speed and greater carrying capacity than coaxial cable and twisted -pair lines. It is not affected by electromagnetic radiation and not susceptible to electronic noise and so it has much lower error rates than twisted-pair and coaxial cable. Fibre optic cables are easy to install since they are smaller and more flexible and can be used undersea for transatlantic use. Speed of communications is 10,000 times faster than that of microwave and satellite systems. Biggest disadvantages of using fibre optic cable are that installation can be difficult and costly to purchase. (2 marks)

SECTION B: STRATEGIC MANAGEMENT

Question No. 8 is compulsory

*Answer any **five** questions from the rest.*

Question 8

- a. The impact of the internet and the rapidly emerging e-commerce environment is substantial and widespread. Characteristics of e-commerce environment changing competitive scenario are as under: (3 marks)
- i. The internet makes it feasible for companies everywhere to compete in global markets.
 - ii. There are new e-Commerce strategic initiatives of existing rivals and new entrants in the form of e-commerce rivals.
 - iii. Entry barriers into the e-commerce world are relatively low.
 - iv. Increased bargaining power of customers to compare the products, prices and other terms and conditions of rival vendors.
 - v. Possibility for business organizations to locate the best suppliers across the world to gain cost advantage.
 - vi. Internet and PC technologies are advancing rapidly, often in uncertain and unexpected directions.
 - vii. Faster diffusion of new technology and new idea across the world.
 - viii. The e-commerce environment demands that companies move swiftly.
 - ix. E-commerce technology opens up a host of opportunities for reconfiguring industry and company value chains.
 - x. The Internet can be an economical means of delivering customer service.
 - xi. The needed e-commerce resource in short supply is human talent in the form of both technological expertise and managerial know-how.
 - xii. The capital for funding potentially profitable e-commerce businesses is readily available.
- b. Expansion strategy is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business. Expansion also includes diversifying, acquiring and merging businesses. Here, the firm seeks significant growth-maybe within the current businesses; maybe by entering new business that are related to existing businesses; or by entering new businesses that are unrelated to existing businesses.

Expansion through diversification: Diversification is defined as entry into new products or product lines, new services or new markets, involving substantially different skills, technology and knowledge. Diversification endeavours can be related or unrelated to existing businesses of the firm.

Expansion through acquisitions and mergers: Acquisition or merger with an existing concern is an instant means of achieving the expansion. When one organization takes over the other organization and controls all its business operations, it is known as acquisition. In the process of acquisition, one financially strong organization overpowers the weaker one. In a merger, two organizations combine to increase their strength and financial gains along with breaking the trade barriers. **(3 marks)**

c. Although closely linked, strategy implementation is fundamentally different from strategy formulation in the following ways: **(3 marks)**

Strategy Formulation	Strategy Implementation
- It involves the design and choice of appropriate organisational strategies.	- It is the process of putting the various strategies into action.
- It is positioning forces before the action.	- It is managing forces during the action.
- It focuses on effectiveness.	- It focuses on efficiency.
- It is primarily an intellectual process.	- It is primarily an operational process.
- It requires good intuitive and analytical skills.	- It requires special motivation and leadership skills.
- It requires coordination among a few individuals.	- It requires coordination among many individuals.

d.

In trying to understand the environment, managers face different problems as follows: **(3 marks)**

Diversity: The environment contains many different influences and the difficulty is in making sense of this diversity in a way which can contribute to strategic decision - making. Listing all conceivable environmental influences may be possible, but it may not be of much use.

Uncertainty: It is difficult to understand the future external influences on an organisation. The pace of technological change and the speed of global communications may also increase the pace of change.

Complexity: Managers like other individuals may tend to simplify complexity by focusing on those aspects of the environment, which may confirm to their prior views. One of the tasks of the strategic manager is to find ways & means to break out of oversimplification or bias in the understanding of their environment, while still achieving a useful and usable level of analysis.

e.

Three key characteristic that separate Six Sigma from other quality programs are as follows: **(3 marks)**

- i) **Customer focused.** While moving towards Six Sigma it is almost an obsession to keep external customer needs in plain sight, driving the improvement effort.
- ii) **Higher return on investment.** Six Sigma can help in improving the returns. An organization wants to avoid any defects leading to increased cost and reduced customer satisfaction. Six sigma brings customer loyalty and save more money by delivering near perfect products and services.

- iii) **Changes how management operates.** Six Sigma is much more than improvement project. Senior executives and leaders throughout the business learn the tools and concepts of Six Sigma: new approaches to thinking, planning, and executing to achieve results. Six Sigma is about putting into practice the notions of working smarter, not harder.

Question 9

Globalization manifests itself in many ways. important of them are:

1) Configuring anywhere in the world: An MNC can locate its different operations in different countries on the basis of raw material availability, consumer markets and low- cost labour **(1 mark)**

2) Interlinked and independent economies: In terms of economic-welfare, globalization refers to the unique economically interdependent international environment. Each country's prosperity is interlinked with the rest of the world. No nation can any longer hope to lead an existence of solitude and isolation in which only domestic industries can function**(1 mark)**

3) Lowering of trade and tariff barriers: The apparent and real collapse of international trade barriers proposes a new global cooperative arrangement and a redefinition of roles of state and industry. The trend is towards increased privatization of manufacturing and services sectors, less government interference in business decisions and more dependence on the value-added sector to gain market place competitiveness. World over, governments are pulling out from commercial business. The trade tariffs and custom barriers are getting lowered, resulting in cheaper and abundant supply of goods**(1 mark)**

4) Infrastructural resources and inputs at International prices: Infrastructural inputs must be ensured at competitive prices, if the companies were to compete globally. The advantages of cheap labour (and other inputs) evaporate in the face of continuous inflation and high infrastructural costs. **(1 mark)**

5) Increasing trend towards privatization: Governments are everywhere withdrawing from owning and running business enterprises. Private entrepreneurs are given greater access and freedom to run business units. The role of government is reduced to the provider of infrastructure for private business to prosper. **(1 mark)**

6) Entrepreneur and his unit have a central economic role: In the emerging world order, the entrepreneur and his unit become central figures in the process of economic growth and development of a nation. Given the right environment, businesses are able to innovate, bring in new products, and contribute to nation's wealth. For the risk he takes and efforts he puts in, the businesses are rewarded with profits. Related to this is the viability of the business unit. Only firms which are cost effective and quality oriented survive and prosper. Weak and marginal firms die their natural death**(1 mark)**

7) Mobility of skilled resources: Skilled labour was once considered to be the decisive factor in plant location and even in determining comparative advantage of a nation. Skilled labour is highly mobile. Modern factories use highly skilled labour which is freely mobile. Where labour is unskilled, managements are spending vast sums of money to train workers become skilled in their jobs. Besides labour, other factors of production (land and capital) are also mobile. A developing country which is long on land and short on capital can invite foreign investment and make good the deficiency. Similarly, a developed country which is long on capital and short on land can use a developing country as a base for its manufacturing operations. **(1 mark)**

8) Market-side efficiency: Integration of global markets implies that costs, quality processing time, and terms of business become dominant competition drivers. Customers can make a genuine choice of products and services on the basis of maximum value for money. The exclusive markets which were once enjoyed are no longer available to a firm. The inexorable pressure of technology and need for its integration means that customers no longer have to be satisfied with shoddy products and services provided by the state monopolies. **(1 mark)**

Question 10

(a) Correct: A strategic manager has to set the long term objectives, future oriented plans by appreciating the competitive environment. Without bifurcating grand strategies and long-term objectives into annual objectives and short-term strategies, implementation of the strategies is not possible. Dividing objectives, into annual plans help to move forward in a systematic manner. **(2 marks)**

(b) Incorrect: Every organization whether it is large or small requires strategic vision and mission statements. Organisations irrespective of their size face similar business environment and have to sail through competition. Small organizations have to plan strategies for their survival in the market where large organizations are also present. **(2 marks)**

c.

1. Divestment strategy involves retrenchment of some of the activities in a given business of the firm or sell-out of some of the businesses as such **(1/2 mark)**

2. Divestment is to be viewed as an integral part of corporate strategy without any stigma attached. **(1/2 mark)**

3. Like expansion strategy, divestment strategy, too, involves a redefinition of the business of the corporation. **(1/2 mark)**

4. Compulsions for divestment can be many and varied, such as **(1/2 mark)**

5. Obsolescence of product/process **(1 mark)**

- ◆ Business becoming unprofitable
- ◆ High competition
- ◆ Industry overcapacity
- ◆ Failure of strategy

Question 11

- 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. **(1 mark)**

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. **(1 mark)**

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 organisation and its external environment is the primary contribution of corporate strategy. **(1 mark)**

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. **(1 mark)**

b.

A retrenchment strategy considered the most extreme and unattractive is liquidation strategy, which involves closing down a firm and selling its assets. It is considered as the last resort because it leads to serious consequences such as loss of employment for workers and other employees, termination of opportunities where a firm could pursue any future activities, and the stigma of failure. Many small-scale units, proprietorship firms, and partnership ventures liquidate frequently but medium-and large-sized companies rarely liquidate in India. The company management, government, banks and financial institutions, trade unions, suppliers and creditors, and other agencies are extremely reluctant to take a decision, or ask, for liquidation **(1 mark)**

Selling assets for implementing a liquidation strategy may also be difficult as buyers are difficult to find. Moreover, the firm cannot expect adequate compensation as most assets, being unusable, are considered as scrap **(1 mark)**

Liquidation strategy may be unpleasant as a strategic alternative but when a "dead business is worth more than alive", it is a good proposition. For instance, the real estate owned by a firm may fetch it more money than the actual returns of doing business. When liquidation is evident (though it is difficult to say exactly when), an abandonment plan is desirable. Planned liquidation would involve a systematic plan to reap the maximum benefits for the firm and its shareholders through the process of liquidation. Under the Companies Act, 1956, liquidation (termed as winding up) may be either by the court, voluntary, or subject to the supervision of the court. **(1 mark)**

Question 12

a.

The Ansoff's product market growth matrix (proposed by Igor Ansoff) is an useful tool that helps businesses decide their product and market growth strategy. This matrix further helps to analyse different strategic directions. According to Ansoff there are four strategies that organisation might follow.

(i) Market Penetration: A leading producer of toothpaste, advises its customers to brush teeth twice a day to keep breath fresh. It refers to a growth strategy where the business focuses on selling existing products into existing markets. **(1 mark)**

(ii) Diversification: A business giant in hotel industry decides to enter into dairy business. It refers to a growth strategy where a business markets new products in new markets. **(1 mark)**

(iii) Market Development: One of India's premier utility vehicles manufacturing company ventures to foray into foreign markets. It refers to a growth strategy where the business seeks to sell its existing products into new markets. **(1 mark)**

(iv) Product Development: A renowned auto manufacturing company launches ungeared scooters in the market. It refers to a growth strategy where business aims to introduce new products into existing markets. **(1 mark)**

b.

(a) Incorrect: Although any business action may result directly or indirectly in creation/erosion of shareholders wealth, the main focus of six sigma is on delivering value to the customers. Six sigma aims in improving customer satisfaction. Primarily, six sigma means maintenance of the desired quality in processes and end products. It also means taking systematic and integrated efforts toward improving quality and reducing cost. **(2 marks)**

(b) Correct: Six sigma puts the customer first and uses facts and data to derive better solutions and products. Six sigma focus on three main areas: improving customer satisfaction, reducing cycle time and reducing defects. **(2 marks)**

Question 13

a. Briefly answer the following questions:

(a) Augmented marketing refers to deliberate and accelerated efforts to get better marketing returns through additional means. It includes provision of additional customer services and benefits built around the care and actual products that relate to introduction of hi-tech services like movies on demand, on-line computer repair services, secretarial services, etc. Such innovative offerings provide a set of benefits that promise to elevate customer service to unprecedented levels. **(2 marks)**

(b) Demarketing is a marketing strategy to reduce demand temporarily or permanently-the aim is not to destroy demand, but only to reduce or shift it. This happens when the demand is too much to handle. For example, buses are overloaded in the morning and evening, roads are busy for most of times, zoological parks are over-crowded on Saturdays, Sundays and holidays. Here demarketing can be applied to regulate demand. **(2 marks)**

b.

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. **(1 mark)**

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. **(1 mark)**

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. **(1 mark)**

Question 14

a.

Strategic Control focuses on the dual questions of whether: (1) the strategy is being implemented as planned; and (2) the results produced by the strategy are those intended. **(1 mark)**

There are four types of strategic control:

◆ Premise control: A strategy is formed on the basis of certain assumptions or premises about the 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. **(1 mark)**

◆ Strategic surveillance: Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy. **(1 mark)**

◆ Special alert control: At times unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy. **(1/2 mark)**

◆ Implementation control: Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results. **(1/2 mark)**

b.

A business does not function in isolation, rather, it acts as a sub-system of its environment consisting of society, economy, laws, competitors and so on. Business draws certain inputs from environment in form of resources and information and transforms them into outputs. **(1 mark)**

The relationship between the organization and its environment may be discussed in terms of interactions between them that can be broadly outlined as below:

Exchange of information: The organization scans the external environmental variables, their behaviour and changes, generates important information and uses it for its planning, decision-making and control purposes.

On the other hand, the organization itself transmits information to several external agencies either voluntarily, inadvertently or legally. **(1 mark)**

Exchange of influence and power: The external environment holds considerable power over the organization both by virtue of its being more inclusive as also by virtue of its command over resources, information and other inputs. The external environment is also in a position to impose its will over the organization. Governmental control, competitors, customers, suppliers, investors etc., exercise considerable power and influence over the organization. **(1/2 mark)**

In turn, the organization itself is sometimes in a position to wield power and influence over the external environment by virtue of its command over resources and information. **(1/2 mark)**

Or

The Internet is an integrated network of banks of servers and high-speed computers, digital switches and routers, telecommunication equipment's 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. **(1 1/2 mark)**

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. **(1 1/2 mark)**
