

**MOCK TEST PAPER 1**  
**INTERMEDIATE (NEW): GROUP – II**  
**PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT**  
**SECTION – A: ENTERPRISE INFORMATION SYSTEMS**

Time Allowed – 1½ Hours

Maximum Marks: 50 Marks

**Division A -Multiple Choice Questions**





**Total Marks: 15 Marks**

**Question Nos. 1 to 5 carries 2 marks each. Out of which Question no 1-4 belong to case scenario.**

XYZ is the well- established food chain with five branches at different locations within Delhi. The company wants to come out with an IPO (Initial Public Offering). The Management asked the financial Manager to present a report pertaining the benefits, risks and control objective and above all if there is any change required in the working of food chain.

To maintain the list of its regular customers, the data management teams of XYZ implements certain changes in database design of their billing software. Now the billing system is centralized and it is mandatory to add customers' phone number and name on each bill. XYZ has decided to buy software which will be an online assistant to customers and will provide them complete detail about the IPO and solve their queries. XYZ wants a safe and secure working environment for their customers as well as their employees therefore, takes the decision to implement certain key provision of IT Act to avoid any unlawful activity. XYZ follows Customer Relationship Management practices hence; it is famous to take care of its customers and provides them good services.

1. In purview of case scenario, XYZ follows CRM practices to manage its relationship with its customers. Which of the following is not the key benefit of CRM module?
  - (a) Helps to take action needed to measure quality.
  - (b) Gives an idea to company about customer wants, needs and patterns of purchase.
  - (c) Sharing of customer data between different departments will enable them to work as a team.
  - (d) Enables the company to identify the correct time to market its product to customers.
2. The financial manager of XYZ prepared a document wherein he needs to define the business process of the food chain in diagrammatic form. Which of the following symbol will he use to present Pre-defined process?

- (a) 
- (b) 
- (c) 
- (d) 

3. The database management team of XYZ food chain is working to implement changes in database design as per the requirement of management. Which of the following person will carry out routine data maintenance and monitor the task?
  - (a) Database Administrator
  - (b) Database Architect
  - (c) Database Analyst
  - (d) Database Advisor
4. The management of food chain has shown its concern over the condition in case any of its employees dishonestly make use of electronic signature of the customer. Identify the section from IT Act, 2000 that will help XYZ to deal with this situation.
  - (a) Section 43
  - (b) Section 66-C
  - (c) Section 66-E
  - (d) Section 66-B
5. Mr. Anuj has started his own e-Commerce based start up with an objective to bring together large number of individual buyer. He collects the information about goods/service providers, makes the providers its partners, and sells their services under the name of his own start up. Under which category of e-market his start up comes?
  - (a) Virtual Community
  - (b) Buyer Aggregator
  - (c) e-Shops
  - (d) e-Auctions

**Question Nos. 6 to 10 carries 1 mark each.**

6. Mr. Raju wants to purchase a new laptop of BBCN Company through online mode. Hence, he is checking all the products available on BBCN website. From the following layers of e-commerce architecture, identify the layer on which he is working.
  - (a) Application Layer
  - (b) Database Layer
  - (c) Client /user Interface
  - (d) Communication Layer
7. Ms. Sneha purchased a new dress for her birthday party through online mode from fashionpoint.com. She used her debit card / pin number to make the payment for her dress. At the back end, which of the following bank server will be responsible for storing the username and password for transaction?
  - (a) Internet Banking Channel Server
  - (b) Internet Banking Application Server
  - (c) Web Server
  - (d) Database Server

8. Mr. Rajesh is the Director of a financial company which is listed in SEBI. His job responsibilities include maintenance of accounting records and safeguarding of assets of company. Which of following section of Company Act is referring to this part of his duty?
- (a) Section 143
  - (b) Section 134
  - (c) Section 66
  - (d) Section 65
9. Mr. Rajiv is an accountant of a Pvt. Ltd. Company, who on behalf of the company takes care of all the cash deposits and withdrawals in and from bank respectively. He is making a voucher for transfer of fund from company's one bank account to company's other bank account. Which of the following voucher is Mr. Rajiv preparing?
- (a) Contra
  - (b) Payment
  - (c) Receipt
  - (d) Journal
10. Which of the following does not belong to activities executed by Operating System?
- (a) It allows more than one user to use the system.
  - (b) It uses minimal memory.
  - (c) It provides logical security to identify and authenticate various users.
  - (d) It keeps the track of data stored.

### Division B-Descriptive Questions

**Total Marks: 35 Marks**

**Question No. 1 is compulsory.**

**Attempt any three questions out of remaining four questions.**

1. (a) In Information Systems, identify the control that is used to correct errors, omissions or incidents once they have been detected. Enlist its major characteristics as well. **(3 Marks)**
- (b) Credit Risk is one of many risks associated with Core Banking System. Define it. **(2 Marks)**
2. (a) XYZ is the publication house which is under the process of implementing Enterprise Resource Planning (ERP) so that a single database can be utilized and may contain all data for various software modules. Explain in brief the software modules included in ERP. **(6 Marks)**
- (b) ABC Company is a supplier of kids' garment successfully running its business offline as well as online. Now, the company decides to launch its mobile app also so that its retail customers would be able to purchase or place orders anytime and anywhere. Describe the method through which ABC Company will run its e-Commerce architecture on Mobile app. **(4 Marks)**
3. (a) Nowadays, many industries like hospitality, healthcare and public service agencies deal with massively large data sets that conventional database tools can't process. Big data has significant benefits due to which it has provided a new direction to these businesses. Elaborate these benefits. **(6 Marks)**

- (b) In a Financial and Accounting System, there is a document that is used as documentary evidence of any transaction. List different types of documentary evidences used in inventory module of Accounting System. **(4 Marks)**
4. (a) Mr. X is the Chief Manager of XYZ company; a well-known brand in the field of footwear. He suggested the Board members of company to adopt the model of e- Business to meet out the demand of today's competitive world. The Board members asked him to present a report pertaining to pros and cons of the same in next board meeting. Though he is well aware about the benefits of the same, help Mr. X to jot down all the risks associated with e-Business Environment. **(6 Marks)**
- (b) Elaborate the control activities performed by any business organization to mitigate the risks related to financial statement audit. **(4 Marks)**
5. (a) Mr. Rajesh is regional manager of a company who advised his management for Business Process Automation to sustain in market. He has prepared list of benefits of Automating Business Process. Elaborate the content of list that Mr. Rajesh may have prepared. **(6 Marks)**
- (b) Mr. X has opened a new account with CFG bank. The bank provides Internet banking, Mobile banking and Phone banking. Mr. X could not understand usage of these banking facilities. Elaborate these banking facilities to Mr. X. **(4 Marks)**

## SECTION – B: STRATEGIC MANAGEMENT

Time Allowed – 1½ Hours

Maximum Marks – 50

*Question 1 and 2 are compulsory.*

*Attempt any **three** questions out of remaining **four** questions.*

1. (A) *Trepsico Trito Company* is one of the most famous brands in food and beverages industry in the world. It has seventeen food and beverage brands worth more than 100 crores. *Trepsico Trito*, *Crisppy Chips* (subsidiary), *Tasty Chips* (acquisition), *Tangy* (joint venture), *Twisters* (acquisition), and *Threshold drink* are just some of the household names that *Trepsico Trito Company* manages.

*Trepsico Trito's* mission is to provide consumers around the world with delicious, affordable, convenient and complementary foods and beverages from wholesome breakfasts to healthy and fun daytime snacks and beverages to evening treats. Convenient F&B defines *Trepsico Trito's* business. *Trepsico Trito's* vision is articulated as achieving business and financial success while leaving a positive imprint on society – delivering what it calls Performance with Purpose. For example, *Trepsico Trito* India's Agri program presently benefits over 24,000 farmers across 14 states through various Agri and sourcing initiatives. All the potato used in *Crisppy Chips* and *Tasty Chips* is grown in India and sourced from Indian farmers. Through its 360-degree farmer connect initiatives for potato cultivation, *Trepsico Trito* provides training and seed support, advanced plant protection programs, and assured buy-back with reasonable returns. Besides backward integration with farmers it has invested in cold storages along its supply chain. Since 2009 it has been Water Positive by conserving, utilising and managing this important resource in a sustainable manner.

The company is geographically diverse too. *Trepsico Trito* operates all around the world- only 50 per cent of its sales come from the United States and Canada.

Given this breadth of business and market scope, *Trepsico Trito* faces a variety of strategic scenarios: capitalizing on scale advantage in its core brand where it is a global leader; building businesses in fast-developing and unpredictable markets, categories, and products more so on account of shifts in consumer behaviour such as a greater focus on healthy living away from its “star” carbonated beverages and “cash cow” fried snacks businesses; the need for greater experimentation and innovation, for example in new flavours of chips to create and capitalize on newer sources of growth.

It is not inconceivable that *Trepsico Trito's* different businesses at different times go through different stages of strategy thus necessitating a portfolio approach to strategy formulation with reference to market /business growth and market share such as BCG Matrix. While it competes fiercely with *Chilled drink* in different countries, it proactively fosters strategic partnerships with quick service restaurants and multiplex players.

Based on the above Case Scenario, answer the Multiple Choice Questions which are as follows:

- (1) Match the columns in respect of the following elements of the strategic intent and their descriptions:

Column A	Column B
(i) Vision	(a) Product-Market Configuration
(ii) Business Model	(b) The way business is conducted
(iii) Business Definition	(c) Aspiration for a desired future
(iv) Mission	(d) The scope of Business

- (a) (i)-(a); (ii)-(b); (iii)-(c); (iv)-(d)  
 (b) (i)-(b); (ii)-(c); (iii)-(d); (iv)-(a)  
 (c) (i)-(c); (ii)-(b); (iii)-(d); (iv)-(a)


- (d) (i)-(d); (ii)-(c); (iii)-(b); (iv)-(a) **(2 Marks)**
- (2) State the two dimensions implied by portfolio approach to strategy formulation in Trepico Trito's experiences are:
- (a) Vision and Mission
  - (b) Food Business and Beverages Business
  - (c) Market Growth and Relative Market Share
  - (d) Performance and Purpose **(1 Mark)**
- (3) The business/ product portfolio classification implied by BCG Matrix comprises which of the following combinations?
- (a) Growth; Stability; Retrenchment; Turnaround
  - (b) Weakness-Threat; Weakness-Opportunity; Strength-Opportunity; Strength-Threat
  - (c) Cash-Cows; Stars; Question Marks; Dogs
  - (d) Market Penetration; Product Development; Market Development; Diversification **(1 Mark)**
- (4) Which of the following may be cited as instances of collaborative approach/ strategic alliance Trepico Trito follows in its strategy?
- (a) Diversification from carbonated drinks to fruit juices
  - (b) Diversification from fried to baked chips
  - (c) Partnerships with quick service restaurants and multiplexes
  - (d) Diversification into breakfast cereals **(1 Mark)**
- (5) Which of the following is the most correct corporate level strategic alternative by the overall strategic direction evident from Trepico Trito's corporate strategy?
- (a) Growth/Expansion strategy
  - (b) Stability strategy
  - (c) Retrenchment strategy
  - (d) Turnaround strategy **(1 Mark)**
- (B) Human resource management has been accepted as a strategic partner in the formulation of organization's strategies and in the implementation of such strategies through human resource planning, employment, training, appraisal and reward systems. Factors that influence on employee competence are:
- i. Recruitment and selection
  - ii. Training
  - iii. Appraisal of performance
  - iv. Compensation
- (a) i, ii & iii
  - (b) ii, iii & iv
  - (c) i, ii, iii & iv
  - (d) iii & iv **(2 Marks)**

- (C) Perscopter, a manufacturer of private helicopter offers unique features that fulfill the demands of a narrow market. It competes in market based on its uniqueness and custom-oriented private helicopters. Perscopter provides limited number of high-end helicopters with ultimate features. Which business strategy is being followed by Perscopter?
- (a) Differentiation
  - (b) Focused differentiation
  - (c) Cost leadership
  - (d) Focused cost leadership **(2 Marks)**
- (D) Which of the following is more radical organisation design and is also called as non-structure which virtually eliminates in-house business functions and outsources many of them?
- (a) Network structure
  - (b) Strategic business unit
  - (c) Hourglass structure
  - (d) Simple structure **(1 Mark)**
- (E) The process of creating, maintaining, and enhancing strong, value-laden relationships with customers and other stakeholder is:
- (a) Social marketing
  - (b) Augmented marketing
  - (c) Direct marketing
  - (d) Relationship marketing **(1 Mark)**
- (F) Gennex industries are analyzing the technological forces for the firm which may provide it opportunities and threats for which of the following stage/s of strategic management process?
- (a) Strategy formulation
  - (b) Strategy implementation
  - (c) Strategy evaluation
  - (d) All of the above **(1 Mark)**
- (G) Strategic management allows an organization to be more:
- (a) Authoritative
  - (b) Participative
  - (c) Commanding
  - (d) Proactive **(1 Mark)**
- (H) Which of the following is correct?
- (a) Strategy is always pragmatic and not flexible
  - (b) Strategy is not always perfect, flawless and optimal
  - (c) Strategy is always perfect, flawless and optimal
  - (d) Strategy is always flexible but not pragmatic **(1 Mark)**

2. Dr. Raman has been running a nursing home for about twenty two years now, and has gained enormous name for his benevolence in Balram district of Chhattisgarh. Recently, his daughter, Dr. Radhika completed her medicine degree from the United States of America and returned to her hometown to be a part of her father's practice. She has been given the baton to promote modern medicine and retain the local skilled youth in their practice. However, their nursing home's skilled youth has been more inclined to E-Commerce employment opportunities. Dr. Radhika has taken it as a challenge to imbibe the very essence of service in them, by being employed as nurses and caretakers of the ill. This shall be very crucial in growing the practice as desired. Which of the following phases of Kurt Lewin's Model of Change will be most challenging for Dr. Radhika to strategically positioning her father's nursing home? **(5 Marks)**
3. (a) What is a strategic business unit? What are its advantages? **(5 Marks)**  
(b) Explain the prominent areas where the human resource manager can play a strategic role. **(5 Marks)**
4. (a) Are there any limitations attached to strategic management in organizations? Discuss. **(5 Marks)**  
(b) Write a short note on the concept of competitive advantage. **(5 Marks)**
5. (a) "Strategic decisions are different in nature than all other decisions." In the light of this statement, explain any three major dimensions of strategic decisions. **(5 Marks)**  
(b) Explain in brief the reasons to adopt turnaround strategy. **(5 Marks)**
6. (a) Distinguish between cost leadership and differentiation strategies. **(5 Marks)**  
(b) "Firms can use benchmarking process to achieve improvement in diverse range of management functions." Elucidate. **(5 Marks)**

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**ANSWERS**

**Division A: MULTIPLE CHOICE QUESTIONS (Answers 1-4 based on Case Scenario)**

1. (a) Helps to take action needed to measure quality
2. (c) 
3. (c) Database Analyst
4. (b) Section 66-C
5. (b) Buyer Aggregator
6. (a) Application Layer
7. (a) Internet Banking Channel Server
8. (b) Section 134
9. (a) Contra
10. (b) It uses minimal memory.

**Division B: DESCRIPTIVE ANSWERS**

1. (a) **Corrective Controls** are used to correct errors, omissions or incidents once they have been detected. The main characteristics of the corrective controls are as follows:
  - Minimizing the impact of the threat;
  - Identifying the cause of the problem;
  - Providing Remedy to the problems discovered by detective controls;
  - Getting feedback from preventive and detective controls;
  - Correcting error arising from a problem; and
  - Modifying the processing systems to minimize future occurrences of the incidents.
- (b) **Credit Risk** is the risk that an asset or a loan becomes irrecoverable in the case of outright default, or the risk of an unexpected delay in the servicing of a loan. Since bank and borrower usually sign a loan contract, credit risk can be considered a form of counterparty risk.
2. (a) The software modules included in Enterprise Resource Planning (ERP) are as follows:
  - **Manufacturing:** Some of the functions include engineering, capacity, workflow management, quality control, bills of material, manufacturing process, etc.
  - **Financials:** Accounts payable, accounts receivable, fixed assets, general ledger and cash management, etc.

- **Human Resources:** Benefits, training, payroll, time and attendance, etc.
  - **Supply Chain Management:** Inventory, supply chain planning, supplier scheduling, claim processing, order entry, purchasing, etc.
  - **Projects:** Costing, billing, activity management, time and expense, etc.
  - **Customer Relationship Management (CRM):** CRM is a term applied to processes implemented by a company to handle its contact with its customers. CRM software is used to support these processes, storing information on current and prospective customers. Information in the system can be accessed and entered by employees in different departments, such as sales, marketing, customer service, training, professional development, performance management, human resource development, and compensation.
  - **Data Warehouse:** This is a module that can be accessed by an organizations customers, suppliers and employees. Data warehouse is a repository of an organization's electronically stored data. Data warehouses are designed to facilitate reporting and analysis. An expanded definition for data warehousing includes business intelligence tools, tools to extract, transform, and load data into the repository, and tools to manage and retrieve metadata. Data warehouses are operational systems which perform day-to-day transaction processing. The process of transforming data into information and making it available to the user in a timely enough manner to make a difference is known as data warehousing.
- (b) Mobile Applications are small piece of software developed specifically for the operating systems of handheld devices such as mobile phones, PDAs and Tablet computers. Mobile Apps can come preloaded on handheld devices or can be downloaded by users from the app stores over the Internet. The e-commerce architecture that will run on mobile app is via M-Commerce (Mobile Commerce) that enables users to access the Internet without needing to find a place to plug in. It has following three layers:
1. **Client / User Interface:** This layer helps the e-commerce customer connect to e-commerce merchant. It includes Web Server, Web Browser and Internet. For example: If an user buys a mobile phone from an e-commerce merchant it includes -User, Web Browser (Internet Explorer/Chrome) & Web Server.
  2. **Application Layer:** Through these application's customer logs to merchant systems. This layer allows customer to check the products available on merchant's website. It includes Application Server and Back End Server. For example - E-merchant, Reseller, Logistics partner.
  3. **Database Layer:** This layer is accessible to user through application layer. It includes the information store house, where all data relating to products and price is kept.
3. (a) The Benefits of Big Data Processing are as follows:
- (I) Ability to process Big Data brings in multiple benefits, such as-
    - Businesses can utilize outside intelligence while taking decisions.
    - Access to social data from search engines and sites like Facebook, Twitter are enabling organizations to fine tune their business strategies.
    - Early identification of risk to the product/services, if any
  - (II) Improved customer service
    - Traditional customer feedback systems are getting replaced by new systems designed with Big Data technologies. In these new systems, Big Data and natural language

processing technologies are being used to read and evaluate consumer responses.

(III) Better operational efficiency

- Integration of Big Data technologies and data warehouse helps an organization to offload infrequently accessed data, this leading to better operational efficiency.

(b) The different types of documentary evidence used in Inventory Module are as follows:

- **Purchase Order**- For recording of a purchase order raised on a vendor.
- **Sales Order**- For recording of a sales order received from a customer.
- **Stock Journal**- For recording of physical movement of stock from one location to another.
- **Physical Stock**-For making corrections in stock after physical counting.
- **Delivery Note**- For recording of physical delivery of goods sold to a customer.
- **Receipt Note**- For recording of physical receipt of goods purchased from a vendor.

4. (a) The risks associated in E-Business Environment are as follows:

- (i) **Privacy and Security:** There are often issues of security and privacy due to lack of personalized digital access and knowledge.
- (ii) **Quality issues:** There are quality issues raised by customers as the original product differs from the one that was ordered.
- (iii) **Delay in goods and Hidden Costs:** When goods are ordered from another country, there are hidden costs enforced by Companies.
- (iv) **Needs Access to internet and lack of personal touch:** The e-commerce requires an internet connection which is extra expensive and lacks personal touch.
- (v) **Security and credit card issues:** There is cloning possible of credit cards and debit cards which pose a security threat.
- (vi) **Infrastructure:** There is a greater need of not only digital infrastructure but also network expansion of roads and railways which remains a substantial challenge in developing countries.
- (vii) **Problem of anonymity:** There is need to identify and authenticate users in the virtual global market where anyone can sell to or buy from anyone, anything from anywhere.
- (viii) **Repudiation of contract:** There is possibility that the electronic transaction in the form of contract, sale order or purchase by the trading partner or customer maybe denied.
- (ix) **Lack of authenticity of transactions:** The electronic documents that are produced during an e-Commerce transaction may not be authentic and reliable.
- (x) **Data Loss or theft or duplication:** The data transmitted over the Internet may be lost, duplicated, tampered with or replayed.
- (xi) **Attack from hackers:** Web servers used for e-Commerce maybe vulnerable to hackers.
- (xii) **Denial of Service:** Service to customers may be denied due to non-availability of system as it may be affected by viruses, e-mail bombs and floods.
- (xiii) **Non-recognition of electronic transactions:** e-Commerce transactions, as electronic records and digital signatures may not be recognized as evidence in courts of law.

(xiv) **Lack of audit trails:** Audit trails in e-Commerce system may be lacking and the logs may be incomplete, too voluminous or easily tampered with.

(xv) **Problem of piracy:** Intellectual property may not be adequately protected when such property is transacted through e-Commerce.

(b) **Control Activities** are the actions established through policies and procedures that help ensure that management's directives to mitigate risks related to financial statement audit and to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews.

The control activities include the elements that operate to ensure transactions are authorized, duties are segregated, adequate documents and records are maintained, assets and records are safeguarded, and independent checks on performance and valuation of records. Internal auditors are also concerned with administrative controls to achieve effectiveness and efficiency objectives. Control activities must be developed to manage, mitigate, and reduce the risks associated with each business process. It is unrealistic to expect to eliminate risks completely.

5. (a) The benefits of Automating Business Processes are as follows:

- ◆ **Quality and Consistency:** Ensures that every action is performed identically - resulting in high quality, reliable results and stakeholders will consistently experience the same level of service.
- ◆ **Time Saving:** Automation reduces the number of tasks employees would otherwise need to do manually. It frees up time to work on items that add genuine value to the business, allowing innovation and increasing employees' levels of motivation.
- ◆ **Visibility:** Automated processes are controlled and they consistently operate accurately within the defined timeline. It gives visibility of the process status to the organization.
- ◆ **Improved Operational Efficiency:** Automation reduces the time it takes to achieve a task, the effort required to undertake it and the cost of completing it successfully. Automation not only ensures systems run smoothly and efficiently, but that errors are eliminated and that best practices are constantly leveraged.
- ◆ **Governance & Reliability:** The consistency of automated processes means stakeholders can rely on business processes to operate and offer reliable processes to customers, maintaining a competitive advantage.
- ◆ **Reduced Turnaround Times:** This relates to elimination of unnecessary tasks and realignment process steps to optimize the flow of information throughout production, service, billing and collection. This adjustment of processes distils operational performance and reduces the turnaround times for both staff and external customers.
- ◆ **Reduced Costs:** Manual tasks, given that they are performed one-at-a-time and at a slower rate than an automated task, will cost more. Automation allows us to accomplish more by utilizing fewer resources.

(b) Mobile Banking, Internet banking and Phone banking can be understood as follows:

- **Internet Banking** also known as Online Banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial

transactions through the financial institution's website. The online banking system offers over 250+ services and facilities that give us real-time access to our bank account. We can make and receive payments to our bank accounts, open Fixed and Recurring Deposits, view account details, request a cheque book and a lot more, while we are online.

- **Mobile Banking** is a service provided by a bank or other financial that allows its customers to conduct financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a Smartphone or tablet. Unlike the related internet banking, it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis.
- **Phone Banking** is a functionality through which customers can execute many of the banking transactional services through Contact Centre of a bank over phone, without the need to visit a bank branch or ATM. Registration of Mobile number in account is one of the basic pre-requisite to avail Phone Banking. The use of telephone banking services, however, has been declining in favour of internet banking. Account related information, Cheque Book issue request, stop payment of cheque, Opening of Fixed deposit etc. are some of the services that can be availed under Phone Banking.

## SECTION – B: STRATEGIC MANAGEMENT

### SUGGESTED ANSWERS/HINTS

1. (A)

(1)	(2)	(3)	(4)	(5)
(c)	(c)	(c)	(c)	(a)

(B) (c)

(C) (b)

(D) (a)

(E) (d)

(F) (d)

(G) (d)

(H) (b)

2. Kurt Lewin's Model of Change proposes three phases of change process to make the change lasting. They are Compliance, Identification and Internalization.

For Dr. Radhika, Compliance and Identification will not a big challenge, as her father has been one of the most sort after personalities serving the ill in their district. And her return from the USA to serve her country, especially her district, will help the workforce identify her as a role model and there would actually be no need for compliance, i.e. Reward and Punishment for bringing about a change.

However, the new lucrative E-Commerce employment opportunities will have to be fought through Internalization, i.e. internal changing of the individual's thought process, to give them freedom to learn and succeed. Thus, Internalization will be the most challenging phase.

3. (a) A strategic business unit (SBU) is any part of a business organization which is treated separately for strategic management purposes. The concept of SBU is helpful in creating an SBU organizational structure. It is discrete element of the business serving product markets with readily identifiable competitors and for which strategic planning can be concluded. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.

Advantages of SBU are:

- ◆ Establishing coordination between divisions having common strategic interests.
- ◆ Facilitates strategic management and control on large and diverse organizations.
- ◆ Fixes accountabilities at the level of distinct business units.
- ◆ Allows strategic planning to be done at the most relevant level within the total enterprise.
- ◆ Makes the task of strategic review by top executives more objective and more effective.
- ◆ Helps allocate corporate resources to areas with greatest growth opportunities.

(b) Prominent areas where the Human Resource Manager can play strategic role are as follows:

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

4. (a) The presence of strategic management cannot counter all hindrances and always achieve success. 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 organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans.
- ◆ Strategic management is a time-consuming process. Organisations 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 organisations with limited resources.
- ◆ In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to a firm's strategies.

- (b) Competitive advantage is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. Competitive advantage is ability to offer buyers something different and thereby providing more value for the money. It is achieved advantage over rivals when a company's profitability is greater than average profitability of firms in its industry. It is the result of a successful strategy. This position gets translated into higher market share, higher profits when compared to those that are obtained by competitors operating in the same industry. Competitive advantage may also be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.
5. (a) Decision-making is a managerial process and a 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:
1. Strategic issues require top-management decisions. Strategic issues involve thinking in totality of the organizations and there is lot of risk involved.
  2. Strategic issues involve the allocation of large amounts of company resources - financial, technical, human etc.
  3. Strategic issues are likely to have a significant impact on the long-term prosperity of the firm.
  4. Strategic issues are future oriented.
  5. Strategic issues usually have major multifunctional or multi-business consequences.
  6. Strategic issues necessitate consideration of factors in the firm's external environment.
- (b) **Reasons to adopt Turnaround Strategy:**
1. Turnaround is needed when an enterprise's performance deteriorates to a point that it needs a radical change of direction in strategy, and possibly in structure and culture as well.
  2. It is a highly targeted effort to return an organization to profitability and increase positive cash flows to a sufficient level.
  3. It is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is difficult.
  4. The overall goal of turnaround strategy is to return an underperforming or distressed company to normalcy in terms of acceptable levels of profitability, solvency, liquidity and cash flow.
  5. To achieve its objectives, turnaround strategy must reverse causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain stakeholder support, and overcome internal constraints and unfavourable industry characteristics.
6. (a) According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. Cost leadership emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive. Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.
- A primary reason for pursuing forward, backward, and horizontal integration strategies is to gain cost leadership benefits. But cost leadership generally must be pursued in conjunction with differentiation. Different strategies offer different degrees of differentiation. A differentiation

strategy should be pursued only after a careful study of buyers' needs and preferences to determine the feasibility of incorporating one or more differentiating features into a unique product. A successful differentiation strategy allows a firm to charge a higher price for its product and to gain customer loyalty.

- (b) Benchmarking is a process of finding the best practices within and outside the industry to which an organisation belongs. Knowledge of the best practices helps in setting standards and finding ways to match or even surpass own performances with the best performances.

Benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking process to achieve improvement in diverse range of management function such as mentioned below:

- Maintenance operations,
- Assessment of total manufacturing costs,
- Product development,
- Product distribution,
- Customer services,
- Plant utilisation levels; and
- Human resource management.