

**MOCK TEST PAPER-II**  
**INTERMEDIATE GROUP – II**

**PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT**

**SECTION – A: ENTERPRISE INFORMATION SYSTEMS**

**Time Allowed – 1½ Hours**

**Maximum Marks: 50 Marks**

**Part I: Multiple Choice Questions**

**Total Marks: 15 Marks**

**Question No(s). 1 to 5 carries 2 marks each.**

BlackGoose LLP is a US based company that owns www.SecretNumber.com which is a password generating website. It started its business operations and services in 2016 and has amassed various customers from different fields for its cryptographic services since then. These customers were generally US-based stakeholders involving large business ventures, banking channel partners, telecom service providers, Credit-Card providers etc. To deal with the numerous challenges in terms of handling prolific data, the company adopted MongoDB as its cross platform which is a document-oriented database program that provides extra security storage with strong encryption techniques to the company. The company became capable of storing copies of essential documents like credit card details, contract of mortgages and other critical financial information of its customers world-wide. All the business processes of BlackGoose LLP are automated and integrated with each other using Enterprise Resource Planning (ERP) Systems that strengthen the market standing of company by increasing the operational efficiency and saving cost. To diminish the impact of risks associated with automated processing, the company executed various Information Technology General Controls (ITGC) across different layers of its IT environment.

Over the period, the company could build trust amongst its stakeholders in different business areas and is therefore planning to expand its business further. To overcome the technical challenges and voluminous data of its prospective stakeholders, the company decided to place following measures in its working environment.

- To use an appropriate control mechanism wherein regular review of network security is performed to detect and compete with jamming of its network traffic.
- To have information security policies, procedures, and practices well in place to cover major key areas of securing its information at various levels.

**Attempt Q. No.(s) 1 to 5 based on case scenario**

1. BlackGoose LLP provides cryptographic services which encompass the process of transforming data into meaningless text (ciphertext) and authentication to access the same. Identify the Application Control being implemented by the company in this case.
  - (a) Input Control
  - (b) Communication Control
  - (c) Boundary Control
  - (d) Output Control
2. BlackGoose LLP executed various Information Technology General Controls (ITGC) across different layers of its IT environment to diminish the impact of risks associated with automated processing. Which of the following does not fall under category of ITGC?
  - (a) Incident Response and Management
  - (b) Value Added areas of Service Level Agreements

- (c) Business Continuity
  - (d) Error and Exception Reporting
3. BlackGoose LLP is a US based company that owns www.SecretNumber.com which is a password generating website. This is an example of \_\_\_\_\_ type of e-marketing.
- (a) e-Shop
  - (b) Buyer Aggregator
  - (c) Virtual Community
  - (d) e-Procurement
4. BlackGoose LLP decided to have information security policies, procedures, and practices well in place to cover all key areas of securing its information at various levels. Below mentioned are various examples of information security.
- (i) Implementation of firewalls
  - (ii) Role based access given to employees
  - (iii) User Event Logging
  - (iv) Disabling the USB ports

The sub-processes involved in aforementioned examples of Information Security are as under:

- I. Application Security
- II. Physical Security
- III. Network Security
- IV. Database Security

Choose the correct set of Information Security example with its corresponding sub-process.

- (a) (i) - (III),(ii) - (IV),(iii) - (I),(iv) - (II)
  - (b) (i) - (II),(ii) - (III),(iii) - (I),(iv) - (IV)
  - (c) (i) - (IV),(ii) - (I),(iii) - (III),(iv) - (II)
  - (d) (i) - (IV),(ii) - (III),(iii) - (II),(iv) - (I)
5. The implementation of ERP in BlackGoose LLP has benefitted it tremendously thereby leading to capturing of huge clientele. Which of the following is not a factor providing the ERP benefits to the company?
- (a) Improved supplier performance
  - (b) Information independence
  - (c) Better customer satisfaction
  - (d) Reduction of Lead Time

**Question No(s). 6 to 10 carries 1 Mark each.**

6. Below are some definitions related to automated environment in an organization.
- (i) Extent of loss an enterprise has to face when a risk materializes.
  - (ii) An action, device, procedure, technique, or other measure to reduce the weakness of a system.
  - (iii) Estimation of the probability that the threats will succeed in achieving an undesirable event.
  - (iv) Events that may result in significant deviation from a planned object resulting in negative consequence.

The terms for above definitions are as follows:

- (I) Likelihood
- (II) Risk
- (III) Exposure
- (IV) Countermeasure

Choose the correct match of terms and its definition related to automated environment in an organization:

- (a) (i) – (II), (ii) – (IV), (iii) – (III), (iv) – (I)
- (b) (i) – (IV), (ii) – (II), (iii) – (II), (iv) – (I)
- (c) (i) – (III), (ii) – (IV), (iii) – (I), (iv) – (II)
- (d) (i) – (I), (ii) – (II), (iii) – (III), (iv) – (IV)

7. Below mentioned activities are involved in different modules of Enterprise Resource Planning (ERP) Systems.

- (i) This module facilitates coordinating, monitoring, and optimizing all the processes in an organization.
- (ii) This module is responsible for procurement, manufacturing, and distribution activities associated with one or more families of related products.
- (iii) This module is responsible for hiring a person to evaluate one's performance, managing promotions, compensations and handling payroll.
- (iv) This functional module handles the maintaining of equipment and enables efficient planning of production and generation schedules.

The modules of ERP are mentioned below:

- (I) Human Resource Module
- (II) Controlling Module
- (III) Plant Maintenance Module
- (IV) Supply Chain Module

Choose the correct set that shows the match of activities within respective module of ERP.

- (a) (i) – (I), (ii) – (IV), (iii) – (III), (iv) – (II)
- (b) (i) – (III), (ii) – (IV), (iii) – (I), (iv) – (II)
- (c) (i) – (IV), (ii) – (II), (iii) – (III), (iv) – (I)
- (d) (i) – (II), (ii) – (IV), (iii) – (I), (iv) – (III)

8. Refer below mentioned statements are related to memory of Computer System.

- (i) It is made up of semiconductors.
- (ii) It is directly accessed by the CPU.
- (iii) Data is permanently stored in this memory.
- (iv) It is made up of magnetic and optical material.
- (v) It is volatile in nature.

Choose the correct set of true statements w.r.t. Primary Memory of the Computer System.

- (a) (i), (ii), (v)

- (b) (i), (ii), (iv)
- (c) (iii), (iv), (v)
- (d) (i), (iii), (v)

9. Below mentioned are some critical facts about various digital modes of payment used in e-commerce transactions.

- (i) There should be sufficient balance in the account of the payee before s/he makes payment for any transaction.
- (ii) Known as \*99# Banking.
- (iii) An e-voucher which is delivered to beneficiaries in the form of a QR Code and SMS- string based voucher.
- (iv) This allows customer to make purchases within the limit of approved amount by bank and pay the same at the end of billing cycle.

The digital modes of payments are listed below:

- I. USSD Banking
- II. Credit Card
- III. e-Rupi
- IV. Debit Card

Choose the set that shows the correct match of statements with its digital mode of payment.

- (a) (i) - I, (ii) - II, (iii) - III, (iv) - IV
- (b) (i) - IV, (ii) - I, (iii) - III, (iv) - II
- (c) (i) - III, (ii) - II, (iii) - I, (iv) - IV
- (d) (i) - IV, (ii) - III, (iii) - II, (iv) - I

10. Various activities involved in Money Laundering are as follows:

- (i) Conversion of illegal proceeds into apparently legitimate business earnings through normal financial or commercial operations.
- (ii) Involves the positioning of proceeds derived from illegal activities.
- (iii) Involves the separation of proceeds from illegal source and hide the proceeds.

The stages of Money Laundering are mentioned below:

- (I) Integration
- (II) Layering
- (III) Placement

Identify the statement that correctly matches the activities involved in appropriate phase of Money Laundering and in sequential manner also.

- (a) (i) - (I), (ii) - (II), (iii) - (III)
- (b) (ii) - (III), (iii) - (II), (i) - (I)
- (c) (i) - (I), (iii) - (II), (ii) - (III)
- (d) (iii) - (II), (ii) - (I), (i) - (III)

**Question No. 1 is compulsory. Attempt any three out of remaining four questions.**

1. (a) Electronic Fund Transfer (EFT) is a mode of remittance which facilitates almost instantaneous transfer of funds between two bank centers electronically. Discuss any three latest digital modes of remittance of funds adopted by banks. **(3 Marks)**  
(b) Various controls are implemented to ensure that information system assets that are categorized under personnel, hardware, facilities, documentation, application software etc. are secure. However, when disaster strikes, controls of last resort can be used to recover operations and mitigate losses. In view of this, define Insurance as a Security Management Control. **(2 Marks)**
2. (a) Business Reporting is defined as the public reporting of operating and financial data by any business enterprise. Discuss about its implementation process and significance. **(2+4 Marks)**  
(b) XYZ Pvt. Ltd. deals in religion and spirituality related items and conducts its business operations in both offline and online mode. In its e-business environment, the company carries out controls that need to be implemented at all the levels involved in the chain of e-business operations. Discuss the controls necessary for any such four entities involved in the chain. **(4 Marks)**
3. (a) XYZ Ltd. is a data collection company that assists its clients in providing the data of engineering aspirants nationwide from a variety of carefully vetted sources. The company needs to implement various Data Resource Management Controls to maintain data integrity in data repository systems so as to enhance reliability of data and application systems. Discuss in detail various controls that are required to be implemented for the same. **(6 Marks)**  
(b) Mr. Ajit is a new joinee at a publication house named DEF Ltd. His job profile is to maintain the data related to its various departments like Publishers, Editorial Department, Creative Department, Sales, Marketing, Promotion, and Advertising etc. He prepares various MIS reports to be presented to his seniors and higher authorities on need basis. The MIS reports that Mr. Ajit prepares need to ensure that the information in it meets certain criterias so as to make it useful for his seniors. Discuss these criterias. **(4 Marks)**
4. (a) As a versatile and strategic technology, Mobile Computing enhances operational efficiency and improves management effectiveness, however few limitations are also associated with it. Briefly explain the limitations of Mobile Computing. **(6 Marks)**  
(b) Describe the Section 66F of IT Act, 2000 related to punishment for cyber terrorism. **(4 Marks)**
5. (a) Internal Control System, no matter how effective, can provide an entity with only reasonable assurance and not absolute assurance about achieving an entity's objectives due to certain limitations. Discuss those limitations. **(6 Marks)**  
(b) Risks are all pervasive in the banking sector out of which Operational risks are the risks that arise from direct or indirect loss to the bank associated with inadequate or failure of internal processes. Briefly explain any four components of Operational Risk in Core Banking Systems (CBS). **(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) In a recent board meeting, the Chairman of Inclusive Heal Pharma Ltd, (IHPL) a major pharmaceutical company in India, proposed reassigning around 100 employees and lay off of another 275. The chairman proposed to cut jobs throughout the country under a restructure of the pharmaceutical business. Some of the employees who will be taken off from pharmaceutical business will be redeployed on a new project for entry into wellness segment that is increasingly becoming lucrative. The company has been looking for growth opportunities for a couple of years. The proposal came after failed takeover of another company Rosy Cheek Health Ltd. (RCHL), a prominent manufacturer of various nutritional supplements that include proteins, vitamins and minerals. IHPL tried hard to acquire RCHL and raised its bid three times and finally offered Rs 450 crores in form of cash of Rs 250 crores and balance in shares. The offer was found to be unattractive by RCHL.

IHPL wanted to expand and have a separate product line to include health and wellness products in its portfolio to create two distinct business groups. With the entry into new segment there will be need to explain the business undertaken by IHPL in a new form as there will be difference with respect to the customer needs and target markets. The Chairman said that the organisational changes underpin pursuit for growth that remains top priority for the organisation.

The Chairman informed the board that the proposed new organisation will result in a reduction in middle management roles by around fifteen per cent and reduction in junior management roles by ten per cent. It is proposed to redesign workflows and processes both within IHPL and its interactions with suppliers, hospitals and other associate organisations. Improvements in organisational reporting structures and use of technology will make many middle level positions redundant and lead to reduction in the jobs. It will not only reduce the salary costs but bring overall efficiencies. New enlarged team can be created later at the time of launch of wellness products.

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

1. Managerial activity to redesign workflows and processes both within IHPL and its interactions with suppliers, hospitals and other associate organisations is:
  - (a) Strategic Implementation
  - (b) Growth and Improvement
  - (c) Organisational Change
  - (d) Reengineering **(1 Mark)**
  
2. Changes in the business undertaken by the IHPL with respect to the customer needs, target markets shall directly amount to changes in:
  - (a) Organisational vision
  - (b) Business mission
  - (c) Business definition
  - (d) Organisational goals **(1 Mark)**
  
3. A shift to wellness products is part of:
  - (a) Growth
  - (b) Forward integration

- (c) Backward integration
- (d) Horizontal diversification **(1 Mark)**
4. Division of organisation into two distinct segments for pharma products and wellness products is a form of:
- (a) Simple structure
- (b) Functional structure
- (c) Divisional structure
- (d) Matrix structure **(1 Mark)**
5. By not raising the bid and creating a structure to produce wellness product, IHPL is shifting from \_\_\_\_\_ strategy to \_\_\_\_\_ strategy.
- (a) Merger, Retrenchment
- (b) Diversification, Growth
- (c) Acquisition, Diversification
- (d) Acquisition, Intensification **(2 Marks)**
- (B) BBL Bank had strategically decided to setup a separate office in Mumbai back in 2016, specifically to invest in crypto currencies and in development of robust blockchain facilities. Which importance of strategic management did BBL Bank made use of?
- (a) Gives direction to the management of the company
- (b) Helps to be proactive instead of being reactive
- (c) Provides a framework for all major future decisions
- (d) Supports development of new SBUs like in this case separate office for Blockchain **(2 Marks)**
- (C) Dharam, an organic farming expert was consulting a group of farmers to build sustainable brand of their corn produce. He suggested to follow the strategy of the biggest player in this business. Which of the following can be used to identify such a player?
- (a) BCG Matrix
- (b) ADL Matrix
- (c) Dominant Force Analysis of the Industry
- (d) Strategic Group Mapping **(2 Marks)**
- (D) Anshul joined a telecom company after his MBA and started working as market research analyst. His job included analyzing industry factors like competitors, suppliers and substitutes. Which of the strategic controls is he working on?
- (a) Strategic Surveillance
- (b) Special Alert Control
- (c) Premise Control
- (d) Benchmarking **(2 Marks)**
- (E) When there is impact of strategy implementation on strategy formulation it can be referred as?
- (a) Backward Linkages
- (b) Forward Linkages

- (c) Vertical Linkages
- (d) Horizontal Linkages **(1 Mark)**
- (F) The philosophical base of strategic management falls within the concept of-
- (a) Strategic Intent
- (b) Portfolio Analysis
- (c) Globalisation
- (d) Vision Statement **(1 Mark)**
- (G) A strategic business unit is a grouping of \_\_\_\_\_ businesses.
- (a) unrelated
- (b) differentiated
- (c) related
- (d) None of these. **(1 Mark)**
2. X Pvt. Ltd. had recently ventured into the business of co-working spaces when the global pandemic struck. This has resulted in the business line becoming unprofitable and unviable, and a failure of the existing strategy. However, the other businesses of X Pvt. Ltd. are relatively less affected by the pandemic as compared to the recent co-working spaces. Suggest a strategy for X Pvt. Ltd. with reasons to justify your answer. **(5 Marks)**
3. (a) "A business organization cannot always plan all their strategies in advance and often need to blend planned strategies with reactive strategies." Do you agree with the statement? Give reasons. **(5 Marks)**
- (b) Write short note on "Phases and significance of Product Life Cycle". **(5 Marks)**
4. (a) Telecom industry is growing at a rapid speed in India. There is a cut throat competition among the service providers in the industry. Identify the capabilities that will best serve as a source of competitive advantage for a firm over its rivals? **(5 Marks)**
- (b) Ramesh is owner of a popular brand of Breads. Yashpal, his son after completing Chartered Accountancy started assisting his father in running of business. The approaches followed by father and son in management were very different. While Ramesh preferred to use authority and having a formal system of defining goals and motivation with explicit rewards and punishments, Yashpal believed in involving employees and generating enthusiasm to inspire people to deliver in the organization.
- Discuss the difference in leadership style of father and son. **(5 Marks)**
5. (a) Sanya Private Limited is an automobile company. For the past few years, it has been observed that the progress of the company has become stagnant. When scrutinized, it was found that the planning department was performing fairly well but the plans could not be implemented due to improper use of resources, undesirable tendencies of workers and non-conformance to norms and standards. You are hired as a Strategic Manager. Suggest the elements of process of control to overcome the problem. **(5 Marks)**
- (b) Write a short note on Expanded Marketing Mix. **(5 Marks)**
6. Distinguish between the following:
- (a) Cost Leadership and Differentiation Strategies. **(5 Marks)**
- (b) Vision & Mission **(5 Marks)**

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**PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT**

**SECTION – A: Enterprise Information Systems**

**ANSWERS**

**Part I: Multiple Choice Questions**

1. (c) Boundary Control
2. (d) Error and Exception Reporting
3. (a) e-Shop
4. (a) (i)-(III),(ii)-(IV),(iii)-(I),(iv)-(II)
5. (b) Information independence
6. (c) (i) – (III), (ii) – (IV), (iii) – (I), (iv) – (II)
7. (d) (i) – (II), (ii) – (IV), (iii) – (I), (iv) – (III)
8. (a) (i), (ii), (v)
9. (b) (i) - IV, (ii) - I, (iii) - III, (iv) – II
10. (b) (ii) - (III), (iii) – (II), (i) – (I)

**Part II: Descriptive Questions**

1. (a) The modes of remittance of funds adopted by banks are as follows:
  - **Demand Drafts:** These are issued by one branch of the bank and are payable by another branch of the Bank or, in case, there being no branch of the Bank at the place of destination, branch of another bank with which the issuing bank has necessary arrangements. The demand drafts are handed over to the applicant.
  - **Mail Transfer (MT):** In case of MT, no instrument or document guaranteeing the payment of a specific amount of money, either on demand, or at a set time, with the payer named on the document, that includes cheques, drafts, bills of exchange, credit notes etc. is handed over to the applicant. The transmission of the instrument is the responsibility of the branch. Generally, the payee of MT is an account holder of the paying branch.
  - **Electronic Funds Transfer (EFT):** It is another mode of remittance which facilitates almost instantaneous transfer of funds between two centers electronically. Most of the banks have now introduced digital mode of remittance which makes remittance possible online and on mobile devices directly by the customer in a few clicks. In recent times, new modes of money transfer have replaced the traditional methods of funds transfer. These include Real Time Gross Settlement (RTGS) National Electronic Funds Transfer (NEFT) and Immediate Payment Service (IMPS).
- (b) W.r.t. Security Management Control, Insurance is termed as a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. Adequate insurance must be able to replace Information Systems assets and to cover the extra costs associated with restoring normal operations.

2. (a) The key factors on the implementation process of Business Reporting are as follows:
- The implementation process of business reporting 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.
  - All the stakeholders are communicated about mission, vision, objective and strategy of the organization and are also updated about its financial, social, and environmental performance (how they have fared against their objectives in practice).
  - The implementation of reporting also involves to communication to the stake holders about governance, arrangements and risk management of the organization.

The significance of Business Reporting is as follows:

- 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. Thus, various stakeholder groups are demanding increased Environmental, Social and Global (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.
- (b) The controls necessary for all persons in the chain of e-business operations are as follows:
- (i) **Users:** This is important to ensure that the genuine user is using the e-commerce/ m-commerce platform. There is potential risk if user accounts are hacked, and hackers buy products / services.
  - (ii) **Sellers / Buyers / Merchants:** These people need to have proper framework in place to ensure success of business. Many e-commerce businesses have lost huge amount of money as they did not have proper controls put in place. These include controls on Product and Price catalogues; Discounts and promotional schemes; Product returns and Accounting for cash received through Cash on Delivery mode of sales.
  - (iii) **Government:** Governments across the world and in India have few critical concerns vis-à-vis electronic transactions, namely:
    - a. Tax accounting of all products / services sold.
    - b. All products / services sold are legal. There have been instances where narcotics drugs have found to be sold and bought through electronic means.
  - (iv) **Network Service Providers:** They need to ensure availability and security of network. Any downtime of network can be disastrous for business.

- (v) **Technology Service Providers:** These include all other service providers other than network service provider. For example, cloud computing back-ends, applications back-ends and like. They are also prone to risk of availability and security.
  - (vi) **Logistics Service Providers:** Success or failure of any e-commerce / m-commerce venture finally lies here. Logistics service providers are the ones who are finally responsible for timely product deliveries.
  - (vii). **Payment Gateways:** E-commerce vendors' business shall run only when their payment gateways are efficient, effective and foolproof.
3. (a) The Data Resource Management control activities that are involved in maintaining data integrity are as under:
- (i) **Definition Controls:** These controls are placed to ensure that the database always corresponds and comply with its definition standards.
  - (ii) **Existence/Backup Controls:** These controls ensure the existence of the database by establishing backup and recovery procedures. Backup refers to making copies of the data so that these additional copies may be used to restore the original data after a data loss. Backup controls ensure the availability of system in the event of data loss due to unauthorized access, equipment failure or physical disaster; the organization can retrieve its files and databases. Various backup strategies like dual recording of data; periodic dumping of data; logging input transactions and changes to the data may be used.
  - (iii) **Access Controls:** These controls are designed to prevent unauthorized individual from viewing, retrieving, computing, or destroying the entity's data. User Access Controls are established through passwords, tokens and biometric controls; and Data Encryption controls are established by keeping the data in database in encrypted form.
  - (iv) **Update Controls:** These controls restrict update of the database to authorized users in two ways either by permitting only addition of data to the database or allowing users to change or delete existing data.
  - (v) **Concurrency Controls:** These controls provide solutions, agreed-upon schedules, and strategies to overcome the data integrity problems that may arise when two update processes access the same data item at the same time.
  - (vi) **Quality Controls:** These controls ensure the accuracy, completeness, and consistency of data maintained in the database. This may include traditional measures such as program validation of input data and batch controls over data in transit through the organization.
- (b) The criterias that make information useful and beneficial for senior managers of Mr. Ajit are as follows:
- ◆ **Relevant** - MIS reports need to be specific to the business area they address. This is important because a report that includes unnecessary information might be ignored.
  - ◆ **Timely** - Managers need to know what's happening now or in the recent past to make decisions about the future. Therefore, its utmost important that old information is not included in the MIS. An example of timely information for any report might be customer phone calls and emails going back 12 months from the current date.
  - ◆ **Accurate** – It is critical that numbers add up and that dates and times are correct in the MIS report. Managers and others who rely on MIS reports can't make sound decisions with information that is wrong. Financial information is often required to be accurate to the dollar. In other cases, it may be OK to round off numbers.
  - ◆ **Structured** - Information in an MIS report can be complicated. Making that information easy to follow helps management understand what the report is saying. For example-long

passages of information can be broken into more readable blocks or chunks and these chunks can be given meaningful headings.

4. (a) The limitations of Mobile Computing are as follows:

- **Insufficient Bandwidth:** Mobile Internet access is generally slower than direct cable connections using technologies such as General Packet Radio Service (GPRS) and Enhanced Data Rates for GSM (Global System for Mobile Communication) Evolution - (EDGE) and 3G, 4G networks. These networks are usually available within range of commercial cell phone towers. Higher speed wireless LANs are inexpensive but have very limited range.
- **Security Standards:** When working mobile, one is dependent on public networks, requiring careful use of Virtual Private Network (VPN). Security is a major concern while concerning the mobile computing standards on the fleet. One can easily attack the VPN through a huge number of networks interconnected through the line.
- **Power consumption:** When a power outlet or portable generator is not available, mobile computers must rely entirely on battery power. Combined with the compact size of many mobile devices, this often means unusually expensive batteries must be used to obtain the necessary battery life. Mobile computing should also look into Greener IT in such a way that it saves the power or increases the battery life.
- **Transmission interferences:** Weather, terrain and the range from the nearest signal point can all interfere with signal reception. Reception in tunnels, some buildings, and rural areas is often poor.
- **Potential health hazards:** People who use mobile devices while driving is often distracted from driving and are thus assumed more likely to be involved in traffic accidents. Cell phones may interfere with sensitive medical devices. There are allegations that cell phone signals may cause health problems.
- **Human interface with device:** Screens and keyboards tend to be small, which may make them hard to use. Alternate input methods such as speech or handwriting recognition require training.

(b) The description of **Section 66F of IT Act, 2000** related to Punishment for cyber terrorism is:

(1) Whoever -

(A) with intent to threaten the unity, integrity, security or sovereignty of India or to strike terror in the people or any section of the people by –

- (i) denying or cause the denial of access to any person authorized to access computer resource; or
- (ii) attempting to penetrate or access a computer resource without authorization or exceeding authorized access; or
- (iii) introducing or causing to introduce any computer contaminant,

and by means of such conduct causes or is likely to cause death or injuries to persons or damage to or destruction of property or disrupts or knowing that it is likely to cause damage or disruption of supplies or services essential to the life of the community or adversely affect the critical information infrastructure specified under section 70; or

(B) knowingly or intentionally penetrates or accesses a computer resource without authorization or exceeding authorized access, and by means of such conduct obtains access to information, data or computer database that is restricted for reasons of the security of the State or foreign relations; or any restricted information, data or computer database, with reasons to believe that such information, data or computer

database so obtained may be used to cause or likely to cause injury to the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence, or to the advantage of any foreign nation, group of individuals or otherwise, commits the offence of cyber terrorism.

(2) Whoever commits or conspires to commit cyber terrorism shall be punishable with imprisonment which may extend to imprisonment for life.

5. (a) The limitations of Internal Control System are as follows:

- Management's consideration that the cost of an internal control does not exceed the expected benefits to be derived.
- The fact that most internal controls do not tend to be directed at transactions of unusual nature, the reasonable potential for human error such as – due to carelessness, distraction, mistakes of judgment and misunderstanding of instructions.
- The possibility of circumvention of internal controls through collusion with employees or with parties outside the entity.
- The possibility that a person responsible for exercising an internal control could abuse that responsibility, for example, a member of management overriding an internal control.
- Manipulations by management with respect to transactions or estimates and judgments required in the preparation of financial statements.

(b) The components of Operational risk in Core Banking Systems (CBS) are as follows.

- **Transaction Processing Risk** arises because faulty reporting of important market developments to the bank management may occur due to errors in entry of data for subsequent bank computations.
- **Information Security Risk** comprises the impacts to an organization and its stakeholders that could occur due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate. Data breaches can cost a bank its reputation, customers can lose time and money and above all their confidential information.
- **Legal Risk** arises because of the treatment of clients, the sale of products, or business practices of a bank. There are countless examples of banks being taken to court by disgruntled corporate customers, who claim they were misled by advice given to them or business products sold. Contracts with customers may be disputed.
- **Compliance Risk** is exposure to legal penalties, financial penalty, and material loss an organization faces; when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.
- **People Risk** arises from lack of trained key personnel, tampering of records, unauthorized access to dealing rooms and nexus between front and back end offices.

## SECTION – B: STRATEGIC MANAGEMENT

### SUGGESTED ANSWERS/HINTS

1. (A)

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

(B) (b)

(C) (d)

(D) (c)

(E) (a)

(F) (a)

(G) (c)

2. It is advisable that divestment strategy should be adopted by X Pvt. Ltd.

In the given situation where the business of co-working spaces became unprofitable and unviable due to Global pandemic, the best option for the company is to divest the loss-making business.

Retrenchment may be done either internally or externally. Turnaround strategy is adopted in case of internal retrenchment where emphasis is laid on improving internal efficiency of the organization, while divestment strategy is adopted when a business turns unprofitable and unviable due to some external factors. In view of the above, the company should go for divestment strategy.

Further, divestment helps address issues like:

1. Persistent cash flows from loss making segment could affect other profit-making segments, which is the case in the given scenario.
2. Inability to cope from the losses, which again is uncertain due to pandemic.
3. Better investment opportunity, which could be the case if X Pvt. Ltd. can invest the money it generates from divestment.

3. (a) Yes, a business organization cannot always plan all their strategies in advance and often need to blend planned strategies with reactive strategies.

In planned strategy, organisations will analyse possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a pre-determined manner. However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behaviour, evolving technologies and so on.

There can be significant deviations between what was visualised and what actually happens. There can be significant or major strategic changes when the environment demands. Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.

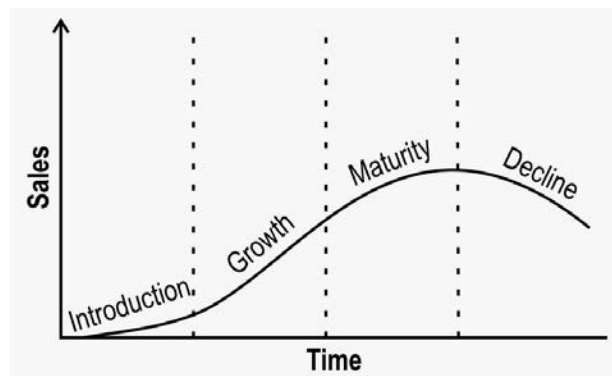
(b) Product Life Cycle (PLC) is a useful concept for guiding strategic choice. Essentially, PLC is S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift). If businesses are substituted for product, the concept of PLC could work just as well.

**The first stage of PLC is the introduction stage** in which competition is almost negligible, prices are relatively high, and markets are limited. The growth in sales is at a lower rate because of lack of knowledge on the part of customers.

**The second stage of PLC is growth stage.** In the growth stage, the demand expands rapidly, prices fall, competition increases, and market expands. The customer has knowledge about the product and shows interest in purchasing it.

**The third stage of PLC is maturity stage.** In this stage, the competition gets tough, and market gets stabilised. Profit comes down because of stiff competition. At this stage organisations may work for maintaining stability.

**The fourth stage of PLC is declining stage** in which the sales and profits fall down sharply due to some new product replaces the existing product. So, a combination of strategies can be implemented to stay in the market either by diversification or retrenchment.



**Figure: Product Life Cycle**

### **Significance of PLC**

The main advantage of PLC is that it can be used to diagnose a portfolio of products (or businesses) in order to establish the stage at which each of them exists. Particular attention is to be paid on the businesses that are in the declining stage. Depending on the diagnosis, appropriate strategic choice can be made. For instance, expansion may be a feasible alternative for businesses in the introductory and growth stages. Mature businesses may be used as sources of cash for investment in other businesses which need resources. A combination of strategies like selective harvesting, retrenchment, etc. may be adopted for declining businesses. In this way, a balanced portfolio of businesses may be built up by exercising a strategic choice based on the PLC concept.

4. (a) Core competencies are capabilities that serve as a source of competitive advantage for a firm over its rivals. Core competency as the collective learning in the organization, especially coordinating diverse production skills and integrating multiple streams of technologies. An organization's combination of technological and managerial know-how, wisdom and experience are a complex set of capabilities and resources that can lead to a competitive advantage compared to a competitor.
- (b) Ramesh is a follower of transactional leadership style that focuses on designing systems and controlling the organization's activities. Such a leader believes in using authority of its office to exchange rewards, such as pay and status. They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement or non-achievement. Transactional leaders try to build on the existing culture and enhance current practices. The style is better suited in persuading people to work efficiently and run operations smoothly.

On the other hand, Yashpal is follower of transformational leadership style. The style uses charisma and enthusiasm to inspire people to exert them for the good of the organization. Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction.

They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performance. Such a leadership motivates followers to do more than originally affected to do by stretching their abilities and increasing their self-confidence, and also promote innovation throughout the organization.

5. (a) Sanya Private Limited deteriorating performance due to poor implementation of plans that is improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards, all point towards weak controls in the organization. Implementation of plans cannot assure results unless strong and sufficient controls are put in place. The management of the company should focus diligently on developing controls especially in the identified problem areas.

**The process of control has the following elements:**

- (a) Objectives of the business system which could be operationalized into measurable and controllable standards.
- (b) A mechanism for monitoring and measuring the performance of the system.
- (c) A mechanism (i) for comparing the actual results with reference to the standards (ii) for detecting deviations from standards and (iii) for learning new insights on standards themselves.
- (d) A mechanism for feeding back corrective and adaptive information and instructions to the system, for effecting the desired changes to set right the system to keep it on course.

Above elements of control would ensure a proper check on improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards and ensure a result oriented implementation of plans.

**(b) Expanded Marketing Mix:**

Typically, all organizations use a combination of 4 Ps in some form or the other that is product, price, place, and promotion. However, the above elements of marketing mix are not exhaustive. There are a few more elements that may form part of an organizational marketing mix strategy as follows:

- 1. **People:** all human actors who play a part in delivery of the market offering and thus influence the buyer's perception, namely the firm's personnel and the customer.
- 2. **Physical evidence:** the environment in which the market offering is delivered and where the firm and customer interact.
- 3. **Process:** the actual procedures, mechanisms and flow of activities by which the product/ service is delivered.

6. (a) 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) A Mission statement tells you the fundamental purpose of the organisation. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance. On the other hand, a vision statement outlines what the organisation wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.

A mission statement can resemble a vision statement in a few companies, but that can be a grave mistake. It can confuse people. Following are the major differences between vision and mission:

1. The vision states the future direction while the mission states the ongoing activities of the organisation.
2. The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, relevant and time bound. A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organisation.
3. A vision statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a mission statement is more specific in terms of both the future state and the time frame. Mission describes what will be achieved if the organisation is successful.