ALL BATCHES

DATE: 27.08.2018	MAXIMUM MARKS: 100	TIMING: 3¼ Hours

EIS& SM

Q. No. 1 is compulsory.
Answer any five questions from the rest

SECTION – A : ENTERPRISE INFORMATION SYSTEMS

Answer 1:

(a) Centralized Computing

Centralized computing is computing done at a central location, using terminals that are attached to a central computer. **1M**

The computer itself may control all the peripherals directly (if they are physically connected to the central computer) or they may be attached via a terminal server **1M**

(b) Bridge: Bridge is a communication processor that connects number of Local AreaNetworks (LAN). **1M**

It magnifies the data transmission signal while passing data from one LAN to another **1M**

(c) Virtual Memory is in fact not a separate device but an **imaginary memory** area supported by some operating systems (for example, Windows) in conjunction with the hardware.

If a computer **lacks the Random Access Memory (RAM)** needed to run a program or operation, **Windows uses virtual memory to compensate.** Virtual memory combines computer's Ram with **temporary space on the hard disk.** **1M**

When RAM runs low, virtual memory moves data from RAM to a space called a paging file. Moving data to and from the paging file frees up RAM to complete its work.

Thus, Virtual memory is an **allocation of hard disk space to help RAM.** **1M**

(d) Benefits of e-Commerce:

(i) **Timesaving,,** No.ofoperationsthatcanbeperformedbothbypotentialbuyers and sellersincrease.

(ii) **Various Options,,** There are several options available for customers which are not only being easy to compare but are provided by different players in the market.

(iii) **Easy to find reviews,,** There are often reviews about a particular site orproduct from the previous customers which provides valuablefeedback.

(iv) **CouponandDeals,,** Therearediscountcouponsandrewardpointsavailablefor customers to encourage onlinetransaction.

(v) **AnytimeAccess,,** Evenmidnightaccesstotheecommerceplatformsisavailable which brings in customersuitability

(½ Mark for any 4 point)

(e) BYOD(Bring Your Own Device) refers to business policy that allows employees to use their preferred computing devices, like smart phones and laptops for business purposes. **1M**

It means employees are welcome to use personal devices (laptops, smart phones, tablets etc.) to connect to the corporate network to access information and application. **1M**

Answer 2:

The required flowchart is shown in Fig
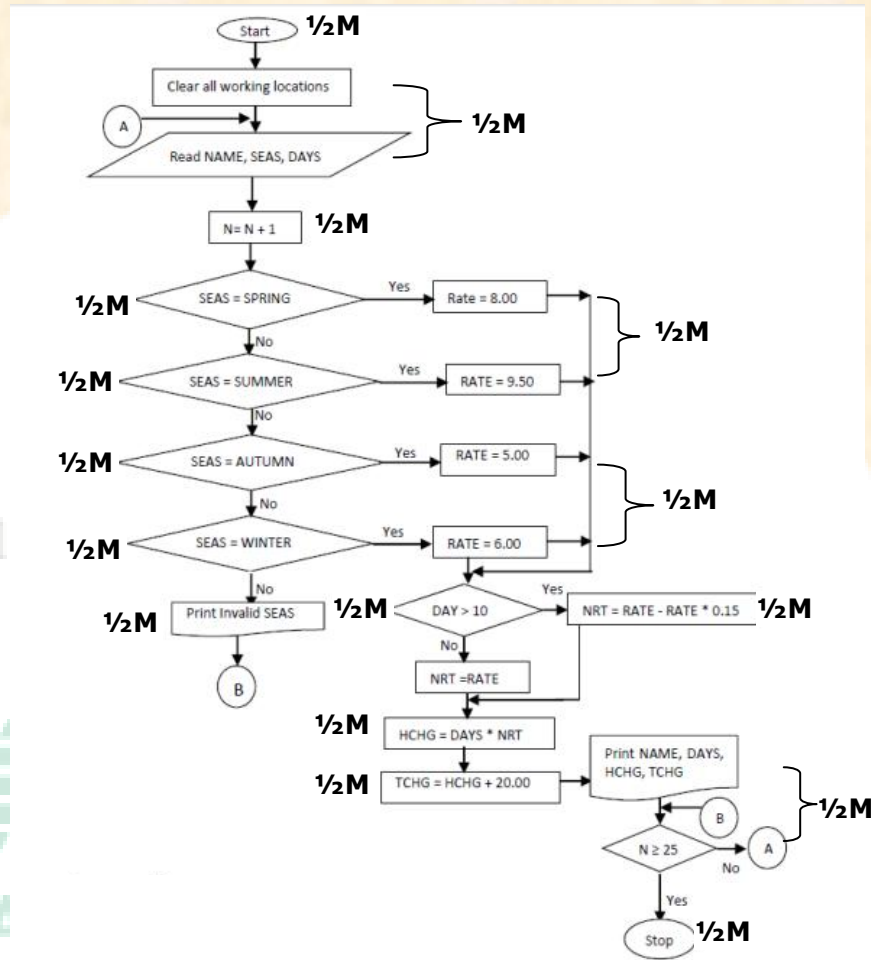
Answer 3:

(a) **Cloud Computing:** Cloud computing is the use of various services, such as softwaredevelopment platforms, servers, storage, and software, over the Internet, often referred to as the "Cloud." **1M**

The Cloud Computing environment can consist of multiple types of clouds based on their deployment and usage.

They are **Public Cloud**, **Private/Internal Cloud**, **Community Cloud** and **Hybrid Cloud**.

Public Clouds: The public cloud is made available to the general public or a large industrygroup. They are administrated by third parties or vendors over the Internet, and services are offered on pay-per-use basis. It is widely used in the development, deployment and management of enterprise applications, at affordable costs; and allows organizations to deliver highly scalable and reliable applications rapidly and at more affordable costs. **1M**

Private/Internal Clouds: This cloud computing environment resides within the boundariesof an organization and is used exclusively for the organization's benefits. They are built primarily by IT departments within enterprises who seek to optimize utilization of infrastructure resources within the enterprise by provisioning the infrastructure with applications using the concepts of grid and virtualization. The Private Cloud enables an enterprise to manage the infrastructure and have more control . **1M**

Community Clouds: This is the sharing of computing infrastructure in betweenorganizations of the same community. For example, all Government organizations within India may share computing infrastructure on the cloud to manage data. The risk is that data may be stored with the data of competitors. **1M**

Hybrid Clouds: It is a composition of two or more clouds (Private, Community or Public)and is maintained by both internal and external providers. Though they maintain their unique identity, they are bound together by standardized data and application portability. With a hybrid cloud, organizations might run non -core applications in a public cloud, while maintaining core applications and sensitive data in -house in a private cloud **1M**

(1 Mark for any 3 point)

(b) Master Data: As defined above, master data is relatively permanent data thatis notexpectedtochangeagainandagain. **1M**
Itmaychange,butnotagainandagain. In accounting systems.**(1M)**

Non-Master Data: It is a data which is expected to change frequently, again andagainandnotapermanentdata. **1M**

E.g.Amountsrecordedineachtransaction shall be different every time and expected to change   again   and   again.   Date recordedineachtransactionisexpectedtochangeagainandagainandwillnot be constant in all the transactions **1M**

Answer 4:

(a) Service Models of Cloud Computing are as follows:

Infrastructure as a Service (IaaS): It is the foundation of cloud services that providesclients with access to server hardware, storage, bandwidth and other fundamental computing resources.   **½M**

The service is typically paid for on a usage basis and may also include dynamic scaling so that if the customer needs more resources than expected, s/he can get them on the fly (probably to a given limit). It provides access to shared resources on need basis, without revealing details like location and hardware to clients.   **½M**

Software as a Service (SaaS): It includes a complete software offering on the cloud. Userscan access a software application hosted by the cloud vendor on pay - per-use basis.
SaaS is a model of software deployment where an application is hosted as a service provided to customers across the Internet by removing the need to install and run an application on a user's own computer. SaaS can alleviate the burden of software maintenance and support but users relinquish control over software versions and requirements.   **½M**

Platform as a Service (PaaS): It provides clients with access to the basic operatingsoftware and optional services to develop and use software applications (e.g. database e access and payment service) without the need to buy and manage the underlying computing infrastructure.   **½M**

For example, Google App Engine allows clients to run their web applications (i.e. software that can be accessed using a web browser such as Internet Explorer over the internet) on Google's infrastructure.   **½M**

Network as a Service (NaaS): It is a category of cloud services where the capabilityprovided to the cloud service user is to use network/transport connecting services.
NaaS involves optimization of resource allocation by considering network and computing resources as a whole. Some of the examples are: Virtual Private Network, Mobile Network Virtualization etc.   **½M**

Communication as a Service (CaaS): CaaS is an outsourced enterprise communicationsolution that can be leased from a single vender. The CaaS vendor is responsible for all hardware and software management and offers guaranteed Quality of Service (QoS).   **½M**

It allows businesses to selectively deploy communication devices and modes on a pay-as-you-go, as-needed basis. This approach eliminates the large capital investments. Examples are: Voice over IP (VoIP), Instant Messaging (IM), Collaboration and Videoconferencing application using fixed and mobile devices   **½M**

(b) Hierarchical Database model :

All records in hierarchy are called **Nodes.** Each node is related to the others ina parent-childrelationship.Eachparentrecordmayhaveoneormorechildrecords, butnochildrecordmayhavemorethanoneparentrecord.Thus,thehierarchicaldata structure implements one-to-one and one-to-many relationships.   **1M**

Thetopparentrecordinthehierarchyiscalledthe**RootRecord**.Inthisexample, building records are the root to any sequence of room, equipment, and repair records.Entrancetothishierarchybythedatabasemanagementsystemismade through the root record i.e., building. Records that 'own' other records are called**ParentRecords.**Forexample,roomrecordsaretheparentsofequipment records.Roomrecordsarealsochildrenoftheparentrecord,building.Therecan be many levels of node records in adatabase.

1M

NetworkDatabaseModel: Thenetworkmodelisavariationonthehierarchical model, to the extent that it is built on the concept of multiple branches (lower- level structures) emanating from one or more nodes (higher-level structures), while the model differs from the hierarchical model in that branches can be connected to multiple nodes. The network model can represent redundancy in data more efficiently than in the hierarchicalmodel.

1M

Anetworkdatabasestructureviewsallrecordsinsets.Eachsetiscomposedofan ownerrecordandoneormorememberrecords.However,unlikethehierarchical mode, the network model also permits a record to be a member of more than onesetatonetime.Thenetworkmodelwouldpermittheequipmentrecordsto be the children of both the room records and the vendor records. This feature allows the network model to implement the many-to-one and the many-to- many relationshiptypes.

1M

Network databases generally implement the set relationships by means of pointersthatdirectlyaddressthelocationofarecordondisk.Thisgivesexcellent retrieval performance, at the expense of operations such as database loading andreorganization.

Answer 5:(2 x 4 = 8 Marks)

(a)STEP1: Gotowebsite(likewww.snapdeal.com,www.flipkart.com,www.amason.in,etc.) andcreateyouruserids(identifications).Thosewhohavesocialmediaids,candirectly link through thoseids.

½M

OR

Go to Google Play Store in your hand-held device and download the special software needed for e-commerce transaction called as APP (Application). Once downloaded, user needs to press OPEN. The APP is installed on the handheld device. For example: OYO(HotelBookingAPP),IRCTC(TrainticketbookingAPP),Foodpanda(Foodordering APP) and millions of APP likethis.

STEP2,,Selectthetypeofproductyouwishtobuy.Eachsuche-commercevendorhas huge display of product inventory. User needs to make sure that s/he selects theright producttype

½M

STEP3,,Fromtheproductslisted,userneedstoselectthecorrectproducts/heneeds to buy.

STEP 4: User makes the final choice and goes for making payment online.

½M
½M

STEP5: Atthetimeofmakingpayment,e-commercevendorshowsalldetailsincluding the product being bought and the final price of the same for review of the customer and confirmation before finalpayment.

½M

STEP 6: Once user goes for online payment, the e-commerce vendor displays the payment options. Payment options can be cash on delivery, Payment by Debit/Credit Cards, etc.

½M

STEP 7: Once the user selects the payment option, he is directed to the payment

½M

gateway where he enters the OTP or the password and the payment is made vide the Credit Card. Once the payment is made, the confirmation email / SMS are received by the user.

STEP 8: Based on the delivery terms, the product is delivered to the customer in specified time.

The first e-commerce transaction vide mobile is supposed to have been done in 1orway in 1997, when a Coco-Cola vending machine were configured to respond to mobile messages received from customers. The vending machine delivered products on receiving text messages.

½M

(b) The computing resources in most of the organizations are underutilized but are necessary for certain operations. The idea of Grid computing is to make use of such non-utilizedcomputingpowerbytheneedyorganizations,andtherebytheReturnon Investment (RoI) on computing investments can beincreased.

Grid Computing is a computer network in which each computer's resources are sharedwitheveryothercomputerinthesystem.Itisadistributedarchitectureoflarge numbers of computers connected to solve a complex problem. In the grid computing model,serversorpersonalcomputersrunindependenttasksandarelooselylinkedby the Internet or low-speed networks

1M

Benefits of GridComputing

- **Mashing use of Underutilised Resources,,** In most organizations, there are large amounts of underutilized computing resources including even the server machines. Grid computing provides a framework for exploiting these underutilized resources and thus has the possibility of substantially increasing the efficiency of resource usage. Grid computing (more specifically, a datagrid) can be used to aggregate this unused storage into a much larger virtual data store, possibly configured to achieve improved performance and reliability over that of any singlemachine.

- **Resource Balancing,** For applications that are grid-enabled, 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. An unexpected peak can be routed to relatively idle machines in the grid; and if the grid is already fully utilized, the lowestpriorityworkbeingperformedonthegridcanbetemporarilysuspended orevencancelledandperformedagainlatertomakeroomforthehigherpriority work.

- **ParallelCPUCapacity,** ThepotentialforusageofmassiveparallelCPUcapacity is one of the most common visions and attractive features of a grid. A CPU- intensive grid application can be thought of as many smaller sub-jobs, each executing on a different machine in the grid. To the extent that these sub-jobs do not need to communicate with each other, the more scalable the application becomes.Aperfectlyscalableapplicationwill,forexample,finishinonetenthof the time if it uses ten times the number ofprocessors

  Virtualresourcesandvirtualorganisationsforcollaboration, Gridcomputing provides an environment for collaboration among a wideraudience. The usersof the grid can be organized dynamically into a number of virtualorganizations, 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. The grid can help in enforcing security rules

(½ Mark for each point)

among them and implement policies, which can resolve priorities for both resources andusers.

- **Access to additional resources,**In addition to CPU and storage resources, a gridcanprovideaccesstootherresourcesaswell.Forexample,ifauserneedsto increasetheirtotalbandwidthtotheInternettoimplementadataminingsearch engine, the work can be split among grid machines that have independent connections to the Internet. In this way, total searching capability is multiplied, since each machine has a separate connection to theInternet.

- **Reliability,**High-endconventionalcomputingsystemsuseexpensivehardware 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. Power suppliesandcoolingsystemsareduplicated.Thesystemsareoperatedonspecial power sources that can start generators if utility power is interrupted. All of this builds a reliable system, but at a great cost, due to the duplication of expensive components.

- **Management,,** The goal to virtualize the resources on the grid and more uniformly handle heterogeneous systems create new opportunities to better manage a larger, more distributed IT infrastructure. The grid offersmanagement 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 projectsinvolved.

Answer 6:(2 x 4 = 8 Marks)

(a) Someofthemajorproductsandservicesprovidedandrenderedbycommercialbanks whichconstitutecorebankingservicesarebrieflyexplainedhere.

I. **Acceptance ofDeposits**

Deposits involve deposits by customers in various schemes for pre-defined periods. Deposits fuel the growth of banking operations, this is the most important function of a commercial bank. Commercial banks accept deposits in various forms such as term deposits, savings bank deposits, current account deposits, recurring deposit, saving-cum-term deposit and various others innovativeproducts.

II. **Granting ofAdvances**

Advances constitute a major source of lending by commercial banks. The type ofadvancesgrantedbycommercialbankstakevariousformssuchascashcredit, overdrafts, purchase/ discounting of bills, term loans, etc.

III. **Remittances**

Remittances involve transfer of funds from one place to another

IV. **Collections**

Collectionsinvolvecollectingproceedsonbehalfofthecustomer.Customerscan lodge various instruments such as cheques, drafts, pay orders,travelerscheques, dividend and interest warrants, tax refund orders, etc. drawn in their favor

V. **Clearing**

Clearing involves collecting instruments on behalf of customers of bank. The instrumentsmentionedabovemaybepayablelocallyoratanoutsidecenter.The instruments payable locally are collected through clearing house mechanism, **Electronic Clearing Services (ECS)** is used extensively now for clearing. ECS takes two forms: **ECS Credit** or **ECS Debit**.

- In the case of **ECS credit**, there is a single receiver of funds from a large

numberofcustomers,e.g.,publicutilities,mutualfunds,etc.Thebeneficiary (i.e.,thereceiveroffunds)obtainsmandatefromitscustomerstowithdraw funds from their specified Bank accounts on a specificdate.

- In the case of **ECS debit**, there is a single account to be debited against which many accounts with a number of banks in the same clearing house areaarecredited.Thissystemisusefulfordistributionofdividend/interest, payment of salaries by large units,etc.

VI.   Letters of Credit andGuarantees

Issuing letters of credit and guarantees are two important services rendered by banks to customers engaged in business, industrial and commercial activities. A **Letter of Credit (LC)** is an undertaking by a bank to the payee (the supplier of goodsand/orservices)topaytohim,onbehalfoftheapplicant(thebuyer)any amount up to the limit specified in the 4C, provided the terms and conditions mentioned in the LC are complied with. The **Guarantees** are required by the customers of banks for submission to the buyers of their goods/ services to guarantee the performance of contractual obligations undertaken by them or satisfactoryperformanceofgoodssuppliedbythem,orforsubmissiontocertain departmentslikeexciseandcustoms,electricityboards,ortosuppliersofgoods, etc. in lieu of the stipulated securitydeposit.

VII.   CreditCards

VIII. DebitCards

Debit Cards are issued by the bank where customer is having their account. Debit cards are generally issued by the central office of the bank. Debit Cards facilitatescustomerstopayatanyauthorizedoutletaswellastowithdrawmoney from an ATM from their account. Debit cards are networked with an inter-bank network.Whenadebitcardisusedforatransaction,theamountisimmediately deducted from the customer's accountbalance.

(a) The common switching techniques used in computer networking are –**Circuit switching,Packet Switching and Message Switching.**

Circuit Switching: When two nodes communicate with each other over a dedicatedcommunication path, it is called Circuit Switching. An important property of circuit switching is the need to set up an end-to-end path before any data can be sent which can either bepermanent or temporary. Applications which use circuit switching may have to go through three phases: **Establish a circuit, Transfer of data** and **Disconnect the circui**t. The bandwidth is reserved all the way from sender to receiver and all the data packets follow the same path, thus, ensuring the sequence of data packets are in order.   **1M**

Packet Switching: The entire message is broken down into smaller transmission unitscalled packets. The switching information is added in the header of each packet and transmitted independently. It is easier for intermediate networking devices to store smaller size packets and they do not take much resources either on carrier path or in the switches' internal memory. In packet switched network, first packet of a multi -packet message may be forwarded before the second one has fully arrived, thus reducing delay and improving throughput. Since, there is no fixed bath, different packets can follow different path and thus they may reach to destination out of order.   **1M**

Message Switching/ Store-and-Forward: In message switching, no physical path isestablished between sender and receiver in advance. The whole message is treated as a data unit and is transferred in its entirety which contains the entire data being   **1M**

delivered from the source to destination node.

A switch working on message switching first receives the whole message and buffers it until there are resources available to transfer it to the next hop. If the next hop is not having enough resource to accommodate large size message, the message is stored and switch waits. E -mail and voice mail are examples of message switching systems. **1M**

Answer 7:

(a) **Hub –** Hub is a port-switching communication processor. **1M**

This allows for the sharing of thenetwork resources such as servers, LAN workstations, printers, etc **1M**

(b) **Repeater –** Repeater is a communication processor that boosts or amplifies. **1M**

the signalbefore passing it to the next section of cable in a network. **1M**

(c) **Core Banking Solution (CBS)** refers to a common IT solution wherein a central shared database supports the entire banking application. Business processes in allthe branches of a bank update a common database in a central server located at a Data Center, which gives a consolidated view of the bank's operations. Branches function as delivery channels providing services to its customers. **1M**

CBS is centralized Banking Application software that has several components which have been designed to meet the demands of the banking industry. **1M**

(d) **Mobile Computing:** {Accessing the internet by using hand held devices}**(1M)** like {mobile, Smart phone, Laptop, I-paid etc.}**(1M)** **2M**

SECTION – B : STRATEGIC MANAGEMENT

Q. No. 8 is compulsory.
Answer any five questions from the rest

Answer 8:

(a) Network structure is a newer and somewhat more radical organizational design. The network structure could be termed as 'non-structure' as it virtually eliminates in-house business functions and outsource many ofthem. **1½M**

A corporation organized in this manneris a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-likenetworks. **1½M**

(b) Differences between Operational Control and Management Control are asunder:

The thrust of operational control is on individual tasks or transactions as against total or more aggregative management functions. **1M**

When compared with operational, management control is more inclusive and more aggregative, in the sense of embracing the integrated activities of a complete **1M**

department, division or even entire organisation, instead or mere narrowly circumscribed activities of sub-units. For example, procuring specific items for inventory is a matter of operational control, in contrast to inventory management as awhole.

Many of the control systems in organisations are operational and mechanistic in nature. A set of standards, plans and instructions are formulated. On the otherhand the basic purpose of management control is the achievement of enterprise goals – shortrangeandlongrange–inaneffectiveandefficientmanner   **1M**

(c) The production system is concerned with the activities directed towards creation of products and services for customers.   **1M**

It covers factors such as capacity, location, layout, design, work systems, automation, and so on.   **2M**

(d) The BCG growth-share matrix is the simplest way to portray a corporation's portfolio of investments. Using the matrix, organisations can identify four different types of products or Strategic Business Units. *Question Marks,* sometimes called problem children or wildcats, are low market share businesses in high-growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier.   **1½M**

It is for business organisations to turn those businesses into stars and then to cash cows when the growth rate reduces. *Thus the strategic option that they must strive to achieveis to build.* Here the objective is to increase market share, even by forgoing short-termearnings in favour of building a strong future with large market share.   **1½M**

(e) Successful strategy implementation often requires additional capital. Besides net profit from operations and the sale of assets, two basic sources of capital for an organization are debt and equity. Fixed debt obligations generally must be met, regardless of financial or operating performance. This does not mean that equity issuances are always better than debt for raising capital. If ordinary stock is issued to finance strategy implementation; ownership and control of the enterprise gets diluted. This can be a serious concern in today's business environment of hostile takeovers, mergers, and acquisitions.   **2M**

The major factors regarding which strategies have to be made by a financial manager are: capital structure; procurement of capital and working capital borrowings; reserves and surplus as sources of funds; and relationship with lenders, banks and financial institutions. Strategies related to the sources of funds are important since they determine how financial resources will be made available for the implementation of strategies. Organizations have a range of alternatives regarding the sources of funds. While one company may rely on external borrowings, another may follow a policy of internal financing.   **1M**

Answer 9:
(a) State with reasons which of the following statements is correct or incorrect.

(i) **Correct:**   **1M**

Product Life cycle (PLC) which is a graphical depiction of sales over time is an'S' shaped curve with four stages – introduction, growth, maturity and decline. The pattern is shared by all product group and families though the duration for each phase is different in each case. Identification of PLC stages for a product/service offers useful insights for marketing management   **1M**

(ii) **Correct:**   **1M**

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.   **1M**

(b) Marketing mix forms an important part of overall competitive marketing strategy. The marketing mix is the set of controllable marketing variables that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything that the firm can do to influence the demand for its product. These are usually referred to as **4Ps - product, price, place and promotion**.   **1M**

Product: stands for the "goods-and-service" combination the company offers to the target market.   **½M**

Price: stands for the amount of money customers have to pay to obtain the product.   **½M**

Place: stands for company activities that make the product available to target consumers. One of the most basic marketing decision is choosing the most appropriate channel to reach target customer.   **½M**

Promotion: stands for activities that communicate the merits of the product and persuade target consumers to buy it. It includes - Personal Selling, Advertising, Publicity and Sales promotion   **½M**

The traditional concept of 4Ps is also expanded further with more Ps such as, people, physical evidence and process. Under the dynamics of market all the Ps are extremely important so as to build and sustain a competitive advantage over the rivals

Answer 10:(7 Marks)
A sick company has huge accumulated losses that have eroded its net worth. The electric home appliance company may analyse its various products to take decisions on their individual viability.

Retrenchment becomes necessary for coping with hostile and adverse situations in the environment and when any other strategy is likely to be suicidal. The nature, extent and timing of retrenchment are matters to be carefully decided by management, depending upon each contingency.

Retrenchment strategy is adopted because:

The management no longer wishes to remain in business either partly or wholly due to continuous losses and unviability.

The environment faced is threatening.

Stability can be ensured by reallocation of resources from unprofitable to profitable businesses.

Retrenchment grand strategy is followed when an organization substantially reduces the scope of its activity. This is done through an attempt to find out the problem areas anddiagnose the causes of the problems. Next, steps are taken to solve the problems. These steps result in different kinds of retrenchment strategies.

Turnaround strategy: If the organization chooses to focus on ways and means to reverse theprocess of decline, it adopts a turnaround strategy. It may try to reduce costs, generate revenue, improve coordination, better control, minimize pressures and so on. It may also involve changes in top management and reorienting leadership. **2M**

Divestment Strategy: Divestment strategy involves the sale or liquidation of a portion ofbusiness, or a major division, profit centre or SBU. Divestment is usually a part of rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful. **2M**

Liquidation Strategy: In the retrenchment strategy, the most extreme and unattractive isliquidation strategy. It 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. **3M**

Liquidation strategy may be unpleasant as a strategic alternative but when a "dead business is worth more than alive", it is a good proposition.

The management of a Sick company manufacturing various electrical home appliances be explained about the each of the above three options of retrenchment strategy with their pros and cons. But the appropriate advice with respect to a particular option of retrenchment strategy will depend on the specific circumstances of each electrical home appliances and management goals of the company.

Answer: 11

(a) Simple organizational structure is most appropriate usually in those small organizations that follow single business strategy and offer a line of products in a single geographic market. When a small organization grows, its complexities also tend to grow which necessitates the companies to abandon the simple organization structure which it has been adopting hitherto and move towards structures like functional organizational structure. A typical simple organization structure is often owner driven with small number of employees. **2M**

Functional structure groups tasks and activities by business function, such as production, marketing, finance, research and development and is generally headed by Chief Executive Officer or Managing Director. Besides being simple and inexpensive, a functional structure also promotes specialization, encourages efficiency, minimizes the need for an elaborate control system, and allows rapid decision making. At the same time with the passage of time and overall growth much more complex organizational structures exist in business world. However, dividing organization according to functional lines is invariably found at some level or the other. **1M**

(b) 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. It is a highly targeted effort to return an organization to profitability and **2M**

increase positive cash flows to a sufficient level. It is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is difficult.

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. 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 unfavorable industry characteristics **1M**

Answer 12:

(a) This model holds that the state of competition in an industry is a composite of competitive pressures operating in five areas of the overall market: **1½M**

- Competitive pressures associated with the market maneuvering and jockeying for buyer patronage that goes on among rival sellers in the industry. **½ M**

- Competitive pressures associated with the threat of new entrants into the market. **½ M**

- Competitive pressures coming from the attempts of companies in other industries to win buyers over to their own substitute products. **½ M**

- Competitive pressures stemming from supplier bargaining power and supplier-seller collaboration. **½ M**

- Competitive pressures stemming from buyer bargaining power and seller-buyer Collaboration **½ M**

(b) Product Life Cycle is an important concept in strategic choice and S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages. 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 also at a lower rate.

The second stage of PLC is the growth stage, in which the demand expands rapidly, prices fall, competition increases and market expands. **1M**

The third stage of PLC is the maturity stage, where in the competition gets tough and market gets stabilized. Profit comes down because of stiff competition.

The fourth stage is the declining stage of PLC, in which the sales and profits fall down sharply due to some new product replaces the existing product.

PLC can be used to diagnose a portfolio of products (or businesses) in order to
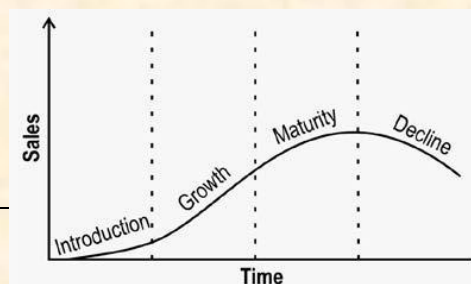
1M

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

Answer 13:

(a) Market Development and product development are two different growth strategies. The following are the differences between these two:

Market Development	Product Development
1. Market Development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for current company products.	1. Product development refers to a growth strategy where business aims to introduce new products into existing markets. It is a strategy for company growth by offering modified or new products to current markets.
2. Market development strategy may be achieved through new geographical markets, new product dimensions or packaging, new distribution channels or different pricing policies to attract different customers or create new market segments.	2. Product development strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

2M

2M

(b) Expansion strategy is implemented by redefining the business by adding the scope of business substantially increasing the efforts of the current business. On the other hand, Retrenchment Strategy involves redefinition of business by divesting a major product line or market.

Expansion is a promising and popular strategy that tends to be equated with dynamism, vigour, promise and success. Retrenchment or retreat becomes necessary or expedient for coping with particularly hostile and adverse situations in the environment and when any other strategy is likely to be suicidal.

2M

Expansion may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls. Retrenchment involves regrouping and recouping of the resources

1M

**Answer. 14:**

Write short notes on the following:

(a) Product Life Cycle is an important concept in strategic choice and S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stagesThe 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 also at a lower rate.

½ M

The second stage of PLC is the growth stage, in which the demand expands rapidly,

½ M

(a) prices fall, competition increases and market expands.

The third stage of PLC is the maturity stage, where in the competition gets tough and market gets stabilized. Profit comes down because of stiff competition. } ½ M

(b) The fourth stage is the declining stage of PLC, in which the sales and profits fall down sharply due to some new product replaces the existing product. } ½ M

Product Life Cycle } 2 M
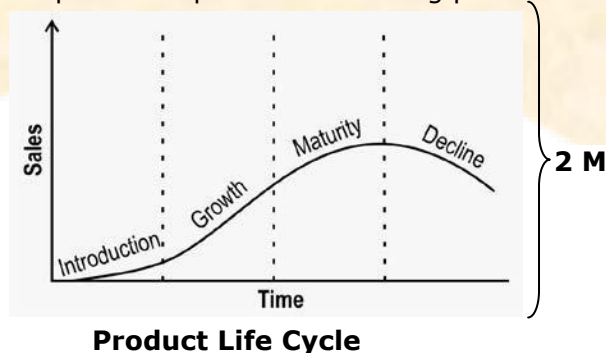
(b) A typical large organization is a multidivisional organisation that competes in several different businesses. It has separate self-contained divisions to manage each of these. There are three levels of strategy in management of business - corporate, business, and functional. } 1M

The corporate level of management consists of the chief executive officer and other top level executives. These individuals occupy the apex of decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses and so on rests at the Corporate Level. } 1M

The development of strategies for individual business areas is the responsibility of the general managers in these different businesses or business level managers. A business unit is a self-contained division with its own functions - for example, finance, production, and marketing. The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.

Functional-level managers are responsible for the specific business functions or operations such as human resources, purchasing, product development, customer service, and so on. Thus, a functional manager's sphere of responsibility is generally confined to one organizational activity, whereas general managers oversee the operation of a whole company or division } 1M

OR

Ans. A strategic vision steers an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity. The three elements of a strategic vision are:

1. Coming up with a mission statement that defines what business the company is presently in and conveys the essence of "Who we are and where we are now?" } 1M

2. Using the mission statement as basis for deciding on a long-term course making choices about "Where we are going?" } 1M

3. Communicating the strategic vision in clear, exciting terms that arouse organization wide commitment

1M

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