(GI-1, GI-2, VI-VDI-SI-1,2)

DATE: 09.08.2022 **MAXIMUM MARKS: 100** **TIMING: 3¼ Hours**

EIS & SM

SECTION – A : ENTERPRISE INFORMATION SYSTEMS AND MANAGEMENT
Q. No. 1 & 2 is Compulsory,
Answer any three questions from the remaining four questions

Answer 1:

1. Ans. b
2. Ans. a
3. Ans. d
4. Ans. a
5. Ans. a
6. Ans. b
7. Ans. a
8. Ans. d **{1 M Each}**
9. Ans. c
10. Ans. d
11. Ans. c
12. Ans. d
13. Ans. c
14. Ans. c
15. Ans. d

Answer 2:

XBRL is a standards-based way to communicate and exchange business information between business systems. These communications are defined by metadata set out in taxonomies, which capture the definition of individual reporting concepts as well as the relationships between concepts and other semantic meaning. Information being communicated or exchanged is provided within an XBRL instance.

The change from paper, PDF and HTML based reports to XBRL ones is a little bit like the **{1 M}** change from film photography to digital photography, or from paper maps to digital maps. The new format allows you to do all the things that used to be possible, but also opens up a range of new capabilities because the information is clearly defined, platform-independent, testable and digital. Just like digital maps, digital business reports, in XBRL format, simplify the way that people can use, share, analyze and add value to the data.

Important features of XBRL

- **Clear Definitions:** XBRL allows the creation of reusable, authoritative definitions, called taxonomies, that capture the meaning contained in all the reporting terms used in a business report, as well as the relationships between all of the terms. Taxonomies are developed by regulators, accounting standards setters, government **{1 M}** agencies and other groups that need to clearly define information that needs to be reported upon. XBRL doesn't limit what kind of information is defined: it's a language that can be used and extended as needed.

- **Testable Business Rules:** XBRL allows the creation of business rules that constrain what can be reported. Business rules can be logical or mathematical, or both and can be used, for example, these business rules can be used to:

  o stop poor quality information being sent to a regulator or third party, by being **{1 M}** run by the preparer while the report is in draft.

  o stop poor quality information being accepted by a regulator or third party, by being run at the point that the information is being received. Business reports

that fail critical rules can be bounced back to the preparer for review and resubmission.

o   flagging or highlighting questionable information, allowing prompt follow up, correction or explanation.

o   create ratios, aggregations and other kinds of value-added information, based on the fundamental data provided.

- **Multi-lingual Support:** XBRL allows concept definitions to be prepared in as many languages as necessary. Translations of definitions can also be added by third parties. This means that it's possible to display a range of reports in a different language to the one that they were prepared in, without any additional work. The XBRL community makes extensive use of this capability as it can automatically open up reports to different communities. **{1 M}**

- **Strong Software Support:** XBRL is supported by a very wide range of software from vendors large and small, allowing a very wide range of stakeholders to work with the standard. **{1 M}**

Answer 3:

(a) Major advantages of Database Management Systems (DBMS) are as follows:

- Permitting Data Sharing: One of the principle advantages of a DBMS is that the same information can be made available to different users.
- Minimizing Data Redundancy: In a DBMS, duplication of information or redundancy is, if not eliminated, carefully controlled or reduced i.e. there is no need to repeat the same data repeatedly. Minimizing redundancy significantly reduce the cost of storing information on storage devices.
- Integrity can be maintained: Data integrity is maintained by having accurate, consistent, and up-to-date data. Updates and changes to the data only must be made in one place in DBMS ensuring Integrity.
- Program and File consistency: Using a DBMS, file formats and programs are standardized. The level of consistency across files and programs makes it easier to manage data when multiple programmers are involved as the same rules and guidelines apply across all types of data.
- User-friendly: DBMS makes the data access and manipulation easier for the user. DBMS also reduces the reliance of users on computer experts to meet their data needs. **{1 M each for any 6}**
- Improved security: DBMS allows multiple users to access the same data resources in a controlled manner by defining the security constraints. Some sources of information should be protected or secured and only viewed by select individuals. Using passwords, DBMS can be used to restrict data access to only those who should see it. Security will only be improved in a database when appropriate access privileges are allotted to prohibit unauthorized modification of data.
- Achieving program/data independence: In a DBMS, data does not reside in applications, but databases program and data are independent of each other.
- Faster Application Development: In the case of deployment of DBMS, application development becomes fast. The data is already therein databases, application developer must think of only the logic required to retrieve the data in the way a user needs.

Answer:

(b) The advantages of Bring Your Own Device (BYOD) are as follows:

- Happy Employees: Employees love to use their own devices when at work. This also reduces the number of devices an employee has to carry; otherwise,

s/he would be carrying his/her personal as well as organization provided devices.

- Lower IT budgets: Could involve financial savings to the organization since employees would be using the devices, they already possess thus reducing the outlay of the organization in providing devices to employees.
- IT reduces support requirement: IT department does not have to provide end user support and maintenance for all these devices resulting in cost savings.
- Early adoption of new Technologies: Employees are generally proactive in adoption of new technologies that results in enhanced productivity of employees leading to overall growth of business.
- Increased employee efficiency: The efficiency of employees is more when an employee works on his/her own device. In an organization provided devices, employees have to learn and there is a learning curve involved in it.

{1 M each for any 4}

Answer 4:

(a) The Back End Applications of Core Banking Systems (CBS) are as follows:

- **Back Office:** The Back Office is the portion of a company made up of administration and support personnel, who are not client-facing. Backoffice functions include settlements, clearances, record maintenance, regulatory compliance, accounting and IT services. Back Office professionals may also work in areas like monitoring employees' conversations and making sure they are not trading forbidden securities on their own accounts.
- **Data Warehouse:** Banking professionals use data warehouses to simplify and standardize the way they gather data - and finally get to one clear version of the truth. Data warehouses take care of the difficult data management - digesting large quantities of data and ensuring accuracy - and make it easier for professionals to analyze data.
- **Credit-Card System:** Credit card system provides customer management, credit card management, account management, customer information management and general ledger functions; provides the online transaction authorization and service of the bank card in each transaction channel of the issuing bank; support in the payment application; and at the same time, the system has a flexible parameter system, complex organization support mechanism and product factory based design concept to speed up product time to market.
- **Automated Teller Machines (ATM):** An ATM is an electronic banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. Anyone with a credit card or debit card can access most ATMs. ATMs are convenient, allowing consumers to perform quick, self-serve transactions from everyday banking like deposits and withdrawals to more complex transactions like bill payments and transfers.

{1 M each for any 3}

The Front-End Applications of Core Banking Systems (CBS) are 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 accessed through any browser. 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 you are online.
- Mobile Banking is a service provided by a bank or other 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

{1 M each for any 3}

banking, it uses software, usually called an app, provided by the financial institution for the purpose. The app needs to be downloaded to utilize this facility. 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 perquisites to avail Phone 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.

- Branch Banking: CBS are the bank's centralized systems that are responsible for ensuring seamless workflow by automating the frontend and backend processes within a bank. CBS enables single view of customer data across all branches in a bank and thus facilitate information across the delivery channels. The branch confines itself to various key functions such as creating manual documents capturing data required for input into software; internal authorization; initiating Beginning-Of-Day (BOD) operations; End-Of-Day (EOD) operations; and reviewing reports for control and error correction.

Answer:

(b) Mobile Computing refers to the technology that allows transmission of data via a computer without having to be connected to a fixed physical link. Mobile data communication has become a very important and rapidly evolving technology as it allows users to transmit data from remote locations to other remote or fixed locations even when they are on move i.e. mobility. In general, Mobile Computing is a versatile and strategic technology that increases information quality and accessibility, enhances operational efficiency, and improves management effectiveness.   **{1 M}**

The key components of Mobile Computing are as follows:

- Mobile Communication: The Mobile Communication refers to the infrastructure put in place to ensure that seamless and reliable communication goes on. This would include communication properties, protocols, data formats and concrete technologies.   **{1 M}**

- Mobile Hardware: Mobile Hardware includes mobile devices or device components that receive or access the service of mobility. They would range from Portable laptops, Smart Phones, Tablet PCs, and Personal Digital Assistants (PDA) that use an existing and established network to operate on. At the back end, there are various servers like Application Servers, Database Servers and Servers with wireless support, WAP gateway, a Communications Server and/or MCSS (Mobile Communications Server Switch) or a wireless gateway embedded in wireless carrier's network. The characteristics of mobile computing hardware are defined by the size and form factor, weight, microprocessor, primary storage, secondary storage, screen size and type, means of input, means of output, battery life, communications capabilities, expandability and durability of the device.   **{1 M}**

- Mobile Software: Mobile Software is the actual program that runs on the mobile hardware and deals with the characteristics and requirements of mobile applications. It is the operating system of that appliance and is the essential component that makes the mobile device operates. Mobile applications popularly called Apps are being developed by organizations for use by customers, but these apps could represent risks, in terms of flow of data as well as personal identification risks, introduction of malware and access to personal information of mobile owner.   **{1 M}**

Answer 5:

(a)   Components of Enterprise Risk Management

ERM consists of eight interrelated components. These are derived from the way management runs a business, and are integrated with the management process. These components are as follows:

(i)   Internal Environment: The internal environment encompasses the tone of an organization, and sets the basis for how risk is viewed and addressed by an entity's people, including risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate. Management sets a philosophy regarding risk and establishes a risk appetite. The internal environment sets the foundation for how risk and control are viewed and addressed by an entity's people. The core of any business is its people – their individual attributes, including integrity, ethical values and competence – and the environment in which they operate. They are the engine that drives the entity and the foundation on which everything rests.

(ii)   Objective Setting: Objectives should be set before management can identify events potentially affecting their achievement. ERM ensures that management has a process in place to set objectives and that the chosen objectives support and align with the entitys mission / vision and are consistent with entity risk appetite.

(iii)   Event Identification: Potential events that might have an impact on the entity should be identified. Event identification includes identifying factors – internal and external – that influence how potential events may affect strategy implementation and achievement of objectives. It includes distinguishing between potential events that represent risks, those representing opportunities and those that may be both. Opportunities are channelled back to management's strategy or objective-setting processes. Management identifies interrelationships between potential events and may categorize events to create and reinforce a common risk language across the entity and form a basis for considering events from a portfolio perspective.

{Any Six Point Each 1 M x 6 = 6 M}

(iv)   Risk Assessment: Identified risks are analyzed to form a basis for determining how they should be managed. Risks are associated with related objectives that may be affected. Risks are assessed on both an inherent and a residual basis, and the assessment considers both risk likelihood and impact. A range of possible results may be associated with a potential event, and management needs to consider them together.

(v)   Risk Response: Management selects an approach or set of actions to align assessed risks with the entity's risk tolerance and risk appetite, in the context of the strategy and objectives. Personnel identify and evaluate possible responses to risks, including avoiding, accepting, reducing and sharing risk.

(vi)   Control Activities: Policies and procedures are established and executed to help ensure that risk responses that management selected, are effectively carried out.

(vi)   Information and Communication: Relevant information is identified, captured and communicated in a form and time frame that enable people to carry out their responsibilities. Information is needed at all levels of an entity for identifying, assessing and responding to risk. Effective communication also should occur in a broader sense, flowing down, across and up the entity. Personnel need to receive clear communications regarding their role and responsibilities.

(viii) Monitoring: The entire ERM process should be monitored, and modifications made as necessary. In this way, the system can react dynamically, changing as conditions warrant. Monitoring is accomplished through ongoing management activities, separate evaluations of the ERM processes or a combination of the both.

Answer:
(b)   (i)   Snapshots: Tracing a transaction is a computerized system can be performed with the help of snapshots or extended records. The snapshot software is built into the system at those points where material processing occurs which takes images of the flow of any transaction as it moves through the application. These images can be utilized to assess the authenticity, accuracy, and completeness of the processing carried out on the transaction. The main areas to dwell upon while involving such a system are to locate the snapshot points based on materiality of transactions when the snapshot will be captured and the reporting system design and implementation to present data in a meaningful way. **{2 M}**

(ii)   Audit Hooks: There are audit routines that flag suspicious transactions. For example, internal auditors at Insurance Company determined that their policyholder system was vulnerable to fraud every time a policyholder changed his or her name or address and then subsequently withdrew funds from the policy. They devised a system of audit hooks to tag records with a name or address change. The internal audit department will investigate these tagged records for detecting fraud. When audit hooks are employed, auditors can be informed of questionable transactions as soon as they occur. This approach of real-time notification displays a message on the auditor's terminal. **{2 M}**

Answer 6:
(a)   Internal Controls in Banks
Risks are mitigated by implementing internal controls as appropriate to the business environment. These types of controls must be integrated in the IT solution implemented at the bank's branches. Some examples of internal controls in bank branch are given here:

- Work of one staff member is invariably supervised/ checked by another staff member, irrespective of the nature of work (Maker-Checker process).
- A system of job rotation among staff exists.
- Financial and administrative powers of each official/ position is fixed and communicated to all persons concerned.
- Branch managers must send periodic confirmation to their controlling authority on compliance of the laid down systems and procedures.
- All books are to be balanced periodically. Balancing is to be confirmed by anauthorized official.
- Details of lost security forms are immediately advised to controlling so that they can exercise caution.
- Fraud prone items like currency, valuables, draft forms, term deposit receipts, traveler's cheques and other such security forms are in the custody of at least two officials of the branch.

(1/2 Mark for any 5 Point)

(b)   IT Controls in Banks
IT risks need to be mitigated by implementing the right type and level of controls in the automated environment. This is done by integrating controls into IT. Sample list of IT related controls are:

- The system maintains a record of all log-ins and log-outs.
  If the transaction is sought to be posted to a dormant (or inoperative) account, the processing is halted and can be proceeded with only with a supervisory password.
- The system checks whether the amount to be withdrawn is within the drawing power.
- The system flashes a message if the balance in a lien account would fall below the lien amount after the processing of the transaction.
- Access to the system is available only between stipulated hours and specified days only.
- Individual users can access only specified directories and files. Users should be given access only on a "need-to-know basis" based on their role in the bank. This is applicable for internal users of the bank and customers.
- Exception situations such as limit excess, reactivating dormant accounts, etc. can be handled only with a valid supervisory level password.
- A user timeout is prescribed. This means that after a user logs-in and there is no activity for a pre-determined time, the user is automatically logged- out of the system.
- Once the end-of-the-day process is over, the ledgers cannot be opened without a supervisory level password.

(1/2 M for any 5 Point)

Answer:
(b)   Advantages of Flowcharts

(i)   Quicker grasp of relationships - The relationship between various elements of the application program/business process must be identified. Flowchart can help depict a lengthy procedure more easily than by describing it by means of written notes.

(ii)   Effective Analysis - The flowchart becomes a blue print of a system that can be broken down into detailed parts for study. Problems may be identified and new approaches may be suggested by flowcharts.

(iii)   Communication - Flowcharts aid in communicating the facts of a business problem to those whose skills are needed for arriving at the solution.

(iv)   Documentation - Flowcharts serve as a good documentation which aid greatly in future program conversions. In the event of staff changes, they serve as training function by helping new employees in understanding the existing programs.

(v)   Efficient coding - Flowcharts act as a guide during the system analysis and program preparation phase. Instructions coded in a programming language may be checked against the flowchart to ensure that no steps are omitted.

(vi)   Program Debugging - Flowcharts serve as an important tool during program debugging. They help in detecting, locating and removing mistakes.

(vii)   Efficient program maintenance - The maintenance of operating programs is facilitated by flowcharts. The charts help the programmer to concentrate attention on that part of the information flow which is to be modified.

(viii)   Identifying Responsibilities - Specific business processes can be clearly identified to functional departments thereby establishing responsibility of the process owner.

(ix)   Establishing Controls - Business process conflicts and risks can be easily identified for recommending suitable controls.

{Any 5 1 Mark for each correct point}

SECTION – B : STRATEGIC MANAGEMENT
Q. No. 7 & 8 is Compulsory,
Answer any three questions from the remaining four questions

Answer 7:

1. Ans. d
2. Ans. a
3. Ans. b
4. Ans. b
5. Ans. c
6. Ans. c
7. Ans. d
8. Ans. d   **{1 M Each}**
9. Ans. a
10. Ans. d
11. Ans. c
12. Ans. a
13. Ans. d
14. Ans. d
15. Ans. c

Answer 8:

Implementation and execution are an operations-oriented activity aimed at shaping the performance of core business activities in a strategy-supportive manner. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company's competencies and competitive capabilities, create a strategy-supportive work culture, and meet or beat performance targets. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, structure, climate & culture.

In most situations, strategy-execution process includes the following principal aspects:

1. Developing budgets that steer ample resources into those activities critical to strategic success.
2. Staffing the organization with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.
3. Ensuring that policies and operating procedures facilitate rather than impede effective execution.
4. Using the best-known practices to perform core business activities and pushing for continuous improvement.
5. Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out.
6. Motivating people to pursue the target objectives energetically.
7. Creating a company culture and work climate conducive to successful strategy implementation and execution.

{1 M each for any 5}

Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution. When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.

Answer 9:

(a) Faced with a constantly changing environment, each business unit needs to develop a marketing information system to track trends and developments, which can be categorized as an opportunity or a threat. The company has to review its strength and weakness in the background of environment's opportunities and threat, i.e., an organization's SWOT analysis.

STU is looking at playing an active role in the key projects taken up by the central government. Following are the potential opportunities and threats to STU:

Potential STU's Opportunities:

- Alliances or joint ventures with central government that expand the STU's market coverage or boost its competitive capability.
- Possibilities of working on the future projects of central government.
- Serving additional customer groups or expanding into new geographic markets.
- Utilizing existing company skills or technological know-how to enter new projects.
- Openings to take market share away from rivals.
- Openings to exploit emerging new technologies.
- Integrating forward or backward.

{1/2 M each for any 5}

Potential STU's Threats:

- Due to COVID-19 pandemic, companies can have face the lockdown situation.
- Economic factors such as recession etc.
- Likely entry of potent new competitors.
- Technological changes/innovations in construction equipment.
- Costly new regulatory requirements.
- Growing bargaining power of suppliers.
- Vulnerability to industry driving forces.

{1/2 M each for any 5}

Answer:

(b) Rising competition, business cycles and economic volatility have created a climate where no business can take viability for granted. Turnaround strategy is a highly targeted effort to return an organization to profitability and increase positive cash flows to a sufficient level. Organizations that have faced a significant crisis that has negatively affected operations requires turnaround strategy. Turnaround strategy is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is a question. When organization is facing both internal and external pressures making things difficult then it has to find something which is entirely new, innovative and different. Being organization's first objective is to survive and then grow in the market; turnaround strategy is used when organization's survival is under threat. Once turnaround is successful the organization may turn to focus on growth.

Conditions for turnaround strategies: When firms are losing their grips over market, profits due to several internal and external factors, and if they have to survive under the competitive environment, they have to identify danger signals as early as possible and undertake rectification steps immediately. These are certain conditions or indicators which point out that a turnaround is needed if the company has to survive. These danger signals are:

- Persistent negative cash flow from business.
- Uncompetitive products or services.
- Declining market share.
- Deterioration in physical facilities.
- Over-staffing, high turnover of employees, and low morale.
- Mismanagement.

{1 M each for any 5}

Answer 10:
(a) A strategy manager has many different leadership roles to play: visionary, chief entrepreneur and strategist, chief administrator, culture builder, resource acquirer and allocator, capabilities builder, process integrator, crisis solver, spokesperson, negotiator, motivator, arbitrator, policy maker, policy enforcer, and head cheerleader. Managers have five leadership roles to play in pushing for good strategy execution:

1. Staying on top of what is happening, closely monitoring progress, working through issues and obstacles.
2. Promoting a culture that mobilizes and energizes organizational members to execute strategy and perform at a high level.
3. Keeping the organization responsive to changing conditions, alert for new opportunities and remain ahead of rivals in developing competitively valuable competencies and capabilities.
4. Ethical leadership and insisting that the organization conduct its affairs like a model corporate citizen.
5. Pushing corrective actions to improve strategy execution and overall strategic performance.

{1 M for each valid point}

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

{1 M}

The various steps in Benchmarking Process are as under:

(i) **Identifying the need for benchmarking:** This step will define the objectives of the benchmarking exercise. It will also involve selecting the type of benchmarking. Organizations identify realistic opportunities for improvements.

(ii) **Clearly understanding existing decisions processes:** The step will involve compiling information and data on performance.

(iii) **Identify best processes:** Within the selected framework best processes are identified. These may be within the same organization or external to them.

(iv) **Comparison of own process and performance with that of others:** Benchmarking process also involves comparison of performance of the organization with performance of other organization. Any deviation between the two is analysed to make further improvements.

(v) **Prepare a report and implement the steps necessary to close the performance gap:** A report on benchmarking initiatives containing recommendations is prepared. Such a report also contains the action plans for implementation.

(vi) **Evaluation:** Business organizations evaluate the results of the benchmarking process in terms of improvements vis-à-vis objectives and other criteria set for the purpose. They also periodically evaluate and reset the benchmarks in the light of changes in the conditions that impact the performance.

{4 M}

Answer 11:

(a) In the recent years information technology and communications have significantly altered the functioning of organizations. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by the technological tools. Hourglass organization structure consists of three layers in an organisation structure with constricted middle layer. The structure has a short and narrow middle management level. **{2 M}**

Information technology links the top and bottom levels in the organization taking away many tasks that are performed by the middle level managers. A shrunken middle layer coordinates diverse lower level activities.

Wide at the top

Narrow at the middle   **{1 M}**

Widest at the bottom
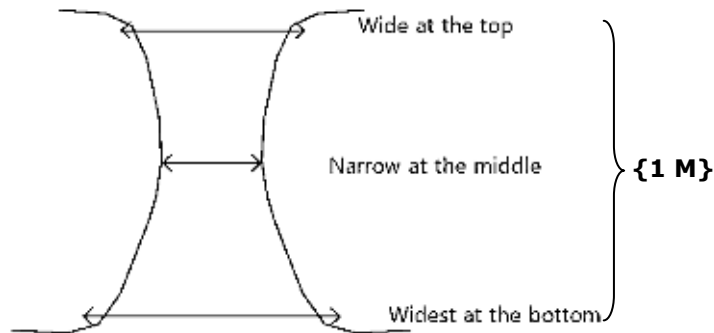
Hourglass Organization Structure

Hourglass structure has obvious benefit of reduced costs. It also helps in enhancing responsiveness by simplifying decision making. Decision making authority is shifted close to the source of information so that it is faster. However, with the reduced size of middle management, the promotion opportunities for the lower levels diminish significantly. **{2 M}**

Answer:

(b) To achieve differentiation, following are the measures that could be adopted by an organization to incorporate:

1. Offer utility for the customers and match the products with their tastes and preferences.
2. Elevate the performance of the product.
3. Offer the promise of high quality product/service for buyer satisfaction.
4. Rapid product innovation.
5. Taking steps for enhancing image and its brand value.
6. Fixing product prices based on the unique features of the product and buying capacity of the customer.

(1 M for any 5 point)

Answer 12:

(a) Mission statement is an answer to the question "Who we are and what we do" and hence has to focus on the organisation's present capabilities, focus activities and business makeup. An organisation's mission states what customers it serves, what need it satisfies, and what type of product it offers. It is an expression of the growth ambition of the organisation. **{1 M}**

A company's mission statement is typically focused on its present business scope— "who we are and what we do"; mission statements broadly describe an organizations present capabilities, customer focus activities and business makeup.

The following points must be considered while writing a mission statement of a company.

(i)   To establish the special identity of the business - one that typically distinct it from other similarly positioned companies.

(ii)   Needs which business tries to satisfy, customer groups it wishes to target and the technologies and competencies it uses and the activities it performs.

(iii)   Good mission statements should be unique to the organisation for which they are developed.

(iv)   The mission of a company should not be to make profit. Surpluses may be required for survival and growth, but cannot be mission of a company.

(1 M Each for 4 point)

Answer:

(b)   Importance of Strategic Management: Strategic Management is very important for the survival and growth of business organizations in dynamic business environment. Other major benefits of strategic management are as follows:

- It helps organizations to be more proactive rather than reactive in dealing with its future. It facilitates the organisations to work within vagaries of environment and remains adaptable with the turbulence or uncertain future. Therefore, they are able to control their own destiny in a better way.

- It provides better guidance to entire organization on the crucial point – what it is trying to do. Also provides framework for all major business decisions of an enterprise such a decision on businesses, products, markets, organization structures, etc.

- It facilitates to prepare the organization to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them.

- It serves as a corporate defence mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments.

- Over a period of time, strategic management helps organizations to evolve certain core competencies and competitive advantages that assist in the fight for survival and growth.

(1 M Each for 5 point)

—**—