

(GI-1, GI-2, GI-3, GI-4, VI-1 &amp; SI-1)

DATE: 04.09.2019

MAXIMUM MARKS: 100

TIMING: 3¼ Hours

## EIS &amp; SM

## SECTION – A : ENTERPRISE INFORMATION SYSTEMS AND MANAGEMENT

Q. No. 1 &amp; 2 is Compulsory,

Answer any three questions from the remaining four questions

## Answer 1:

- |     |        |         |
|-----|--------|---------|
| 1.  | Ans. c | } {1 M} |
| 2.  | Ans. b |         |
| 3.  | Ans. d |         |
| 4.  | Ans. d |         |
| 5.  | Ans. c |         |
| 6.  | Ans. a | } {2 M} |
| 7.  | Ans. d |         |
| 8.  | Ans. d |         |
| 9.  | Ans. a |         |
| 10. | Ans. d |         |
| 11. | Ans. a |         |
| 12. | Ans. b |         |

## 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 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.

} {1 M}

**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 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 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.

} {1 M}

} {1 M}

- 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) (i)****Advantages of DBMS**

Major advantages of DBMS are given 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 over and over again. Minimizing redundancy can therefore significantly reduce the cost of storing information on hard drives and other 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. The chances of making a mistake increase if the same data needs to be changed at several different places than making the change in one place.
- ◆ **Program and File consistency:** Using a DBMS, file formats and programs are standardized. This makes the data files easier to maintain because the same rules and guidelines apply across all types of data. The level of consistency across files and programs also makes it easier to manage data when multiple programmers are involved.
- ◆ **User-friendly:** DBMS makes the data access and manipulation easier for the user. DBMS also reduce the reliance of users on computer experts to meet their data needs.
- ◆ **Improved security:** DBMSs allow multiple users to access the same data resources which could lead to risk to an enterprise if not controlled. Security constraints can be defined i.e. Rules can be built to give access to sensitive data. Some sources of information should be protected or secured and only viewed by select individuals. Using passwords, database management systems can be used to restrict data access to only those who should see it.
- ◆ **Achieving program/data independence:** In a DBMS, data does not reside in applications but data bases program & 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 has to think of only the logic required to retrieve the data in the way a user needs.

**{1/2 M  
Each x  
8 = 4M}**

**(ii) Disadvantages of a DBMS**

There are basically two major downsides to using DBMSs. One of these is cost (both system and user training), and the other is the threat to data security. These are given as under:

- ♦ **Cost:** Implementing a DBMS system can be expensive and time-consuming, especially in large enterprises. Training requirements alone can be quite costly. }{1 M}
- ♦ **Security:** Even with safeguards in place, it may be possible for some unauthorized users to access the database. If one gets access to database, then it could be an all or nothing proposition. }{1 M}

**Answer:**

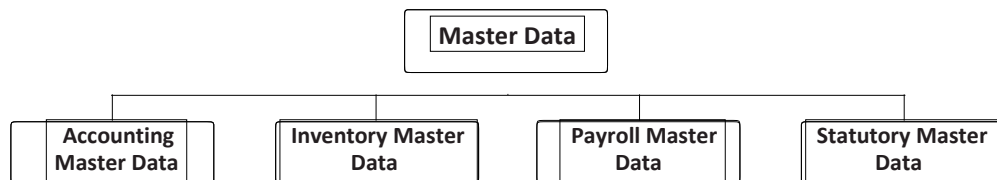
**(b) Advantages of Flowcharts (Any Four)**

- (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 Four 1 Mark for every correct point}

**Answer 4:**

- (a) Master Data:** As defined above, master data is relatively permanent data that is not expected to change again and again. It may change, but not again and again. In accounting systems, there may be following type of master data.



}{2 M}

- a. **Accounting Master Data** – This includes names of ledgers, groups, cost centers, accounting voucher types, etc. E.g. Capital Ledger is created once and not expected to change frequently. Similarly, all other ledgers like, sales, purchase, expenses and income ledgers are created once and not expected to change again and again. Opening balance carried forward from previous year to next year is also a part of master data and not. {1 M}
- b. **Inventory Master Data** – This includes stock items, stock groups, godowns, inventory voucher types, etc. Stock item is something which bought and sold for business purpose, a trading goods. E.g. If a person is into the business of dealing in white goods, stock items shall be Television, Fridge, Air Conditioner etc. For a person running a medicine shop, all types of medicines shall be stock items for him/her. {1 M}
- c. **Payroll Master Data** – Payroll is another area connecting with Accounting Systems. Payroll is a system for calculation of salary and recoding of transactions relating to employees. Master data in case of payroll can be names of employees, group of employees, salary structure, pay heads, etc. These data are not expected to change frequently. E.g. Employee created in the system will remain as it is for a longer period of time, his/her salary structure may change but not frequently, pay heads associated with his/ her salary structure will be relatively permanent. {1 M}
- d. **Statutory Master Data** – This is a master data relating to statute/law. It may be different for different type of taxes. E.g. Goods and Service Tax (GST), Nature of Payments for Tax Deducted at Source (TDS), etc. This data also shall be relatively permanent. We don't have any control on this data as statutory changes are made by Government and not by us. In case of change in tax rates, forms, categories, we need to update/change our master data. {1 M}

**Answer:**

**(b) ARCHITECTURE OF NETWORKED SYSTEMS**

**Architecture** is a term to define the style of design and method of construction, used generally for buildings and other physical structures. In e-commerce, it denotes the way network architectures are build.

E-commerce runs through network-connected systems. Networked systems can have two type of architecture namely.

- (i) Two tier, and
- (ii) Three tier.

**Two Tier Client Server** In a Two-tier network, client (user) sends request to Server and the Server responds to the request by fetching the data from it. The Two-tier architecture is divided into two tiers- Presentation Tier and Database Tier. {2 M}

**Three - Tier architecture** is a software design pattern and well-established software architecture. Its three tiers are the **Presentation Tier, Application Tier** and **Data Tier**. Three-tier architecture is a client-server architecture in which the functional process logic, data access, computer data storage and user interface are developed and maintained as independent modules on separate platforms. {2 M}

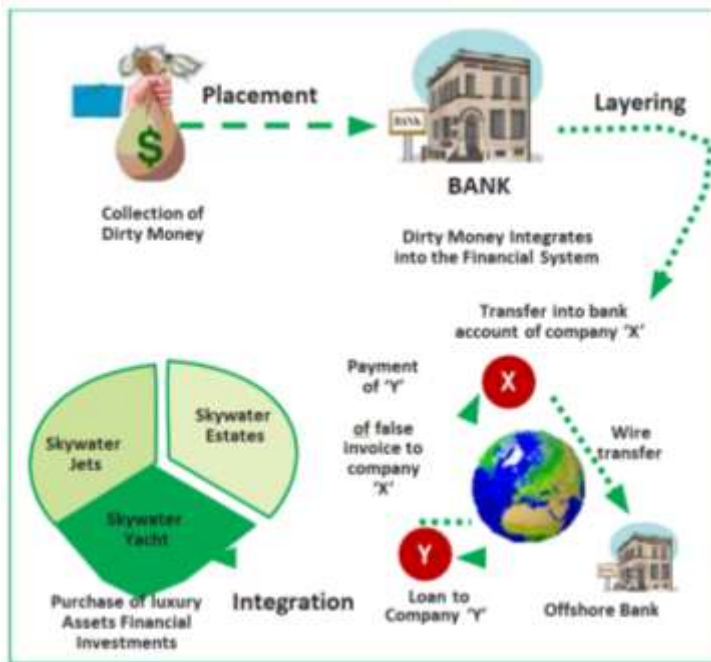
**Answer 5:**

**(a) Three stages of Money Laundering**

**1. Placement**

The first stage involves the **Placement** of proceeds derived from illegal activities. {1 M}

– the movement of proceeds, frequently currency, from the scene of the crime to a place, or into a form, less suspicious and more convenient for the criminal



2. **Layering**  
**Layering** involves the separation of proceeds from illegal source using complex transactions designed to obscure the audit trail and hide the proceeds. The criminals frequently use shell corporations, offshore banks or countries with loose regulation and secrecy laws for this purpose. Layering involves sending the money through various financial transactions to change its form and make it difficult to follow. Layering may consist of several banks to bank transfers or wire transfers between different accounts in different names in different countries making deposit and withdrawals to continually vary the amount of money in the accounts changing the money's currency purchase high value items (boats, houses cars, diamonds) to change the form of money-making it hard to trace. { 1 M }
  
3. **Integration**  
**Integration** involves conversion of illegal proceeds into apparently legitimate business earnings through normal financial or commercial operations. Integration creates the illusion of a legitimate source for criminally derived funds and involves techniques as numerous and creative as those used by legitimate businesses. For e.g. false invoices for goods exported, domestic loan against a foreign deposit, purchasing of property and comingling of money in bank accounts. { 1 M }
  
- III. **Anti-Money laundering (AML) using Technology**  
 Negative publicity, damage to reputation and loss of goodwill, legal and regulatory sanctions and adverse effect on the bottom line are all possible consequences of a bank's failure to manage the risk of money laundering. Banks face the challenge of addressing the threat of money laundering on multiple fronts as banks can be used as primary means for transfer of money across geographies. The challenge is even greater for banks using CBS as all transactions are integrated. With regulators adopting stricter regulations on banks and enhancing their enforcement efforts, banks are using special fraud and risk management software to prevent and detect fraud and integrate this as part of their internal process and daily processing and reporting. { 2 M }

**IV. Financing of Terrorism**

Money to fund terrorist activities moves through the global financial system via wire transfers and in and out of personal and business accounts. It can sit in the accounts of illegitimate charities and be laundered through buying and selling securities and other commodities, or purchasing and cashing out insurance policies. Although terrorist financing is a form of money laundering, it doesn't work the way conventional money laundering works. The money frequently starts out clean i.e. as a 'charitable donation' before moving to terrorist accounts. It is highly time sensitive requiring quick response.

{1 M}

**Answer:**

**(b) Cloud computing**, simply means the use of computing resources as a service through networks, typically the Internet. The Internet is commonly visualized as clouds; hence the term "cloud computing" for computation done through the Internet. With Cloud Computing, users can access database resources via the Internet from anywhere, for as long as they need, without worrying about any maintenance or management of actual resources. Besides these, databases in cloud may be highly dynamic and scalable. In fact, it is a very independent platform in terms of computing.

**I. Characteristics of Cloud Computing**

The following is a list of characteristics of a cloud-computing environment. Not all characteristics may be present in a specific cloud solution. However, some of the key characteristics are given as follows:

- ♦ **Elasticity and Scalability:** Cloud computing gives us the ability to expand and reduce resources according to the specific service requirement. For example, we may need a large number of server resources for the duration of a specific task. We can then release these server resources after we complete our task.
- ♦ **Pay-per-Use:** We pay for cloud services only when we use them, either for the short term (for example, for CPU time) or for a longer duration (for example, for cloud-based storage or vault services).
- ♦ **On-demand:** Because we invoke cloud services only when we need them, they are not permanent parts of the IT infrastructure. This is a significant advantage for cloud use as opposed to internal IT services. With cloud services there is no need to have dedicated resources waiting to be used, as is the case with internal services.
- ♦ **Resiliency:** The resiliency of a cloud service offering can completely isolate the failure of server and storage resources from cloud users. Work is migrated to a different physical resource in the cloud with or without user awareness and intervention.
- ♦ **Multi Tenancy:** Public cloud service providers often can host the cloud services for multiple users within the same infrastructure. Server and storage isolation may be physical or virtual depending upon the specific user requirements.
- ♦ **Workload Movement:** This characteristic is related to resiliency and cost considerations. Here, cloud-computing providers can migrate workloads across servers both inside the data center and across data centers (even in a different geographic area) This migration might be necessitated by cost (less expensive to run a workload in a data center in another country based on time of day or power requirements) or efficiency considerations (for example, network bandwidth). A third reason could be regulatory considerations for certain types of workloads.

{Any  
Four  
Point  
Each 1  
M x 4 =  
4 M}

**Answer 6:****(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 entity's 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.
- (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.

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



- (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 in 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}



## SECTION – B : STRATEGIC MANAGEMENT

Q. No. 7 &amp; 8 is Compulsory,

Answer any three questions from the remaining four questions

## Answer 7: (ATTEMPT ANY 15 QUESTIONS)

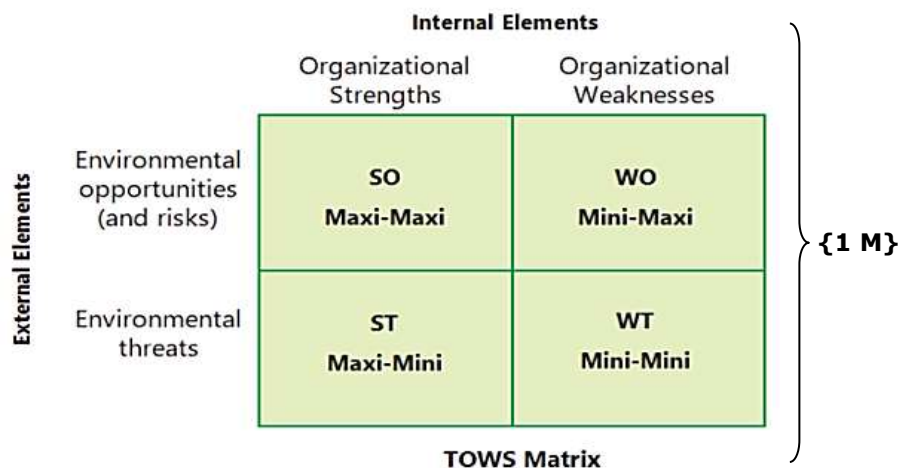
1. Ans. c
  2. Ans. b
  3. Ans. c
  4. Ans. a
  5. Ans. d
  6. Ans. b
  7. Ans. d
  8. Ans. d
  9. Ans. b
  10. Ans. d
  11. Ans. a
  12. Ans. b
  13. Ans. d
  14. Ans. c
  15. Ans. a
- {1 M each}

## Answer 8:

Yes, strategy is partly proactive and partly reactive. In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined 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 visualized and what actually happens. Strategies need to be attuned or modified in the light of possible environmental changes. 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.

## Answer 9:

(a) Through SWOT analysis organisations identify their strengths, weaknesses, opportunities and threats. While conducting the SWOT Analysis managers are often not able to come to terms with the strategic choices that the outcomes demand. Heinz Wehrich developed a matrix called TOWS matrix by matching strengths and weaknesses of an organization with the external opportunities and threats. The incremental benefit of the TOWS matrix lies in systematically identifying relationships between these factors and selecting strategies on their basis. The matrix is outlined below:



The TOWS Matrix is tool for generating strategic options. Through TOWS matrix four distinct alternative kinds of strategic choices can be identified.

**SO (Maxi-Maxi):** SO is a position that any firm would like to achieve. The strengths can be used to capitalize or build upon existing or emerging opportunities. Such firms can take lead from their strengths and utilize the resources to build up the competitive advantage.

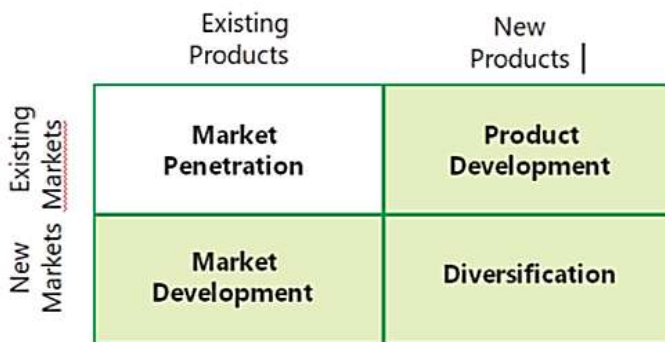
**ST (Maxi-Mini):** ST is a position in which a firm strives to minimize existing or emerging threats through its strengths.

**WO (Mini-Maxi):** The firm needs to overcome internal weaknesses and make attempts to exploit opportunities to maximum.

**WT (Mini-Mini):** WT is a position that any firm will try to avoid. A firm facing external threats and internal weaknesses may have to struggle for its survival. WT strategy is a strategy which is pursued to minimize or overcome weaknesses and as far as possible, cope with existing or emerging threats.

**Answer:**

**(b)** The Ansoff’s product market growth matrix (proposed by Igor Ansoff) is an useful tool that helps businesses decide their product and market growth strategy. With the use of this matrix, a business can get a fair idea about how its growth depends upon its markets in new or existing products in both new and existing markets. The Ansoff’s product market growth matrix is as follows:



**Ansoff’s Product Market Growth Matrix**

Based on the matrix, Aurobindo may segregate its different products. Being in pharmaceuticals, development of new products is result of extensive research and involves huge costs. There are also social dimensions that may influence the decision of the company. It can adopt penetration, product development, market development or diversification simultaneously for its different products.

Market penetration refers to a growth strategy where the business focuses on selling existing products into existing markets. It is achieved by making more sales to present customers without changing products in any major way. 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 the existing products of the company. Product development is 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. Diversification refers to a growth strategy where a business markets new products in new markets. It is a strategy by starting up or acquiring businesses outside the company's current products and markets.

As market conditions change overtime, a company may shift product-market growth strategies. For example, when its present market is fully saturated a company may have no choice other than to pursue new market.

{3 M}

**Answer 10:**

(a) Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU. For a multiple product company, divestment could be a part of rehabilitating or restructuring plan called turnaround.

{1 M}

A divestment strategy may be adopted due to various reasons:

- ◆ When a turnaround has been attempted but has proved to be unsuccessful.
- ◆ A business that had been acquired proves to be a mismatch and cannot be integrated within the company.
- ◆ Persistent negative cash flows from a particular business create financial problems for the whole company.
- ◆ Severity of competition and the inability of a firm to cope with it.
- ◆ Technological upgradation is required if the business is to survive but where it is not possible for the firm to invest in it.
- ◆ A better alternative may be available for investment.

{1 M  
for  
each  
valid  
point  
max 4  
mark}

**Answer:**

(b) 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.

{2<sup>1/2</sup> M}

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.

{2<sup>1/2</sup> M}

**Answer 11:**

- (a) Human resource management has been accepted as a strategic partner in the formulation of organization's strategies and in the implementation of such strategies through human resource planning, employment, training, appraisal and reward systems. The following points should be kept in mind as they can have a strong influence on employee competence: {1 M}
- i. Recruitment and selection: The workforce will be more competent if a firm can successfully identify, attract, and select highly competent applicants. {1 M}
  - ii. Training: The workforce will be more competent if employees are well trained to perform their jobs properly. {2 M}
  - iii. Appraisal of performance: The performance appraisal is to identify any performance deficiencies experienced by employees due to lack of competence. Such deficiencies, once identified, can often be solved through counselling, coaching or training. {1 M}
  - iv. Compensation: A firm can usually increase the competency of its workforce by offering pay, benefits and rewards that are not only attractive than those of their competitors but also recognizes merit.

**Answer:**

- (b) **Meaning of Supply Chain management:** The term supply chain refers to the linkages between suppliers, manufacturers and customers. Supply chains involve all activities like sourcing and procurement of material, conversion, and logistics. Planning and control of supply chains are important components of its management. Naturally, management of supply chains include closely working with channel partners – suppliers, intermediaries, other service providers and customers. Supply chain management is defined as the process of planning, implementing, and controlling the supply chain operations. It is a cross-functional approach to managing the movement of raw materials into an organization and the movement of finished goods out of the organization toward the end-consumer who are to be satisfied as efficiently as possible. It encompasses all movement and storage of raw materials, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption. Organizations are finding that they must rely on the chain to successfully compete in the global market. {2<sup>1/2</sup> M}
- Modern organizations are striving to focus on core competencies and reduce their ownership of sources of raw materials and distribution channels. These functions can be outsourced to other business organizations that specialize in those activities and can perform in better and cost effective manner. In a way organizations in the supply chain do tasks according to their core-competencies. Working in the supply chain improve trust and collaboration amongst partners and thus improve flow and management of inventory.
- Is logistic management same as supply chain management? Supply chain management is an extension of logistic management. However, there is difference between the two. Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfilment of orders, inventory management, supply/demand planning. Although these activities also form part of Supply chain management, the latter has different components. Logistic management can be termed as one of its part that is related to planning, implementing, and controlling the movement and storage of goods, services and related information between the point of origin and the point of consumption. {2<sup>1/2</sup> M}
- Supply chain management includes more aspects apart from the logistics function. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price. It reduces costs of organizations and enhances customer service.

**Answer 12:**

- (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.

{2 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. {1/2 M}
- (ii) **Clearly understanding existing decisions processes:** The step will involve compiling information and data on performance. {1/2 M}
- (iii) **Identify best processes:** Within the selected framework best processes are identified. These may be within the same organization or external to them. {1/2 M}
- (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. {1/2 M}
- (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. {1/2 M}
- (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. {1/2 M}

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