

(ALL CA INTERMEDIATE BATCHES)

DATE: 16.01.2021

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. (i) Ans. a
 - (ii) Ans. d
 - (iii) Ans. c
 - (iv) Ans. b
 - (v) Ans. b
 2. Ans. a
 3. Ans. b
 4. Ans. b
 5. Ans. a
 6. Ans. b
 7. Ans. d
 8. Ans. b
 9. Ans. b
 10. Ans. c
 11. Ans. d
- {1 M Each}

Answer 2:

When risks are identified and analyzed, it is not always appropriate to implement controls to counter them. Some risks may be minor, and it may not be cost effective to implement expensive control processes for them. Risk management strategy is explained below:

- **Tolerate/Accept the risk:** One of the primary functions of management is managing risk. Some risks may be considered minor because their impact and probability of occurrence is low. In this case, consciously accepting the risk as a cost of doing business is appropriate, as well as periodically reviewing the risk to ensure its impact remains low.
 - **Terminate/Eliminate the risk:** It is possible for a risk to be associated with the use of a technology, supplier, or vendor. The risk can be eliminated by replacing the technology with more robust products and by seeking more capable suppliers and vendors.
 - **Transfer/Share the risk:** Risk mitigation approaches can be shared with trading partners and suppliers. A good example is outsourcing infrastructure management. In such a case, the supplier mitigates the risks associated with managing the IT infrastructure by being more capable and having access to more highly skilled staff than the primary organization. Risk also may be mitigated by transferring the cost of realized risk to an insurance provider.
 - **Treat/mitigate the risk:** Where other options have been eliminated, suitable controls must be devised and implemented to prevent the risk from manifesting itself or to minimize its effects.
 - **Turn back:** Where the probability or impact of the risk is very low, then management may decide to ignore the risk.
- {1 M Each for correct 5 points}

Answer 3:

(a) Operating System protection can be achieved using following steps.

- **Automated terminal identification** : This will help to ensure that a specified session could only be initiated from a certain location or computer terminal.
- **Terminal log-in procedures** : A log-in procedure is the first line of defence against unauthorized access as it does not provide unnecessary help or information, which could be misused by an intruder. When the user initiates the log-on process by entering user-id and password, the system compares the ID and password to a database of valid users and accordingly authorizes the log-in.
- **Access Token** : If the log on attempt is successful, the Operating System creates an access token that contains key information about the user including user-id, password, user group and privileges granted to the user. The information in the access token is used to approve all actions attempted by the user during the session.
- **Access Control List** : This list contains information that defines the access privileges for all valid users of the resource. When a user attempts to access a resource, the system compares his or her user-id and privileges contained in the access token with those contained in the access control list. If there is a match, the user is granted access.
- **Discretionary Access Control** : The system administrator usually determines; who is granted access to specific resources and maintains the access control list. However, in distributed systems, resources may be controlled by the end-user. Resource owners in this setting may be granted discretionary access control, which allows them to grant access privileges to other users.
- **User identification and authentication** : The users must be identified and authenticated in a fool-proof manner. Depending on risk assessment, more stringent methods like Biometric Authentication or Cryptographic means like Digital Certificates should be employed.
- **Password management system** : An operating system could enforce selection of good passwords. Internal storage of password should use one-way hashing algorithms and the password file should not be accessible to users.
- **Use of system utilities** : System utilities are the programs that help to manage critical functions of the operating system e.g. addition or deletion of users. This utility should not be accessible to a general user. Use and access to these utilities should be strictly controlled and logged.
- **Duress alarm to safeguard users** : If users are forced to execute some instruction under threat, the system should provide a means to alert the authorities.
- **Terminal time out** : Log out the user if the terminal is inactive for a defined period. This will prevent misuse in absence of the legitimate user.
- **Limitation of connection time** : Define the available time slot. Do not allow any transaction beyond this time.

{2 M}

{2 M}

{2 M}

Answer:

(b) Major advantages of Database Management System (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 reduces significantly 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.
- ◆ **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.
- ◆ **Achieving program/data independence** : In a DBMS, data does not reside in applications, but data base 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 need.

{1/2 M Each for correct 8 points}

Answer 4:

- (a) Some examples of Internal Controls in bank’s branch are as below:
- Work of one staff member is invariably supervised/ checked by another staff member, irrespective of the nature of work (Maker-Checker process). {2 M}
 - 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. {2 M}
 - All books are to be balanced periodically. Balancing is to be confirmed by an authorized 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, traveller’s cheques and other such security forms are in the custody of at least two officials of the branch. {2 M}

Answer:

- (b) Stages of Money Laundering are as follows:
- i. **Placement** : The first stage involves the Placement of proceeds derived from illegal activities - 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. {1 M}
 - ii. **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 purchasing high value items to change the form of money- making it hard to trace. **{2 M}**
- iii. **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. **{1 M}**

Answer 5:

- (a) In Accounting Information System, the data is stored in following two ways:
- A. **Master Data** : 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. **{1 M}**
- **Accounting Master Data** : This includes names of ledgers, groups, cost centres, accounting voucher types, etc. E.g. Capital Ledger is created once and not expected to change frequently. **{2 M}**
 - **Inventory Master Data** : This includes stock items, stock groups, godowns, inventory voucher types, etc. Stock item is something which is bought and sold for business purpose, trading goods. For a person running a medicine shop, all types of medicines shall be stock items for him/her. **{2 M}**
 - **Payroll Master Data** : 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. **{2 M}**
 - **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). In case of change in tax rates, forms, categories, we need to update/change our master data. **{2 M}**
- All business process modules must use common master data.
- B. **Non-Master Data** : It is a data which is expected to change frequently, again and again and not a permanent data. E.g. Amounts recorded in each transaction shall be different every time and expected to change again and again. Date recorded in each transaction is expected to change again and again and will not be constant in all the transactions. **{1 M}**

Answer:

- (b) Various risks associated with technology while implementing ERP are as following:
- **Software Functionality** : ERP systems offer a myriad of features and functions, however, not all organizations require those many features. Implementing all the functionality and features just for the sake of it can be disastrous for an organization. **{1 M}**
 - **Technological Obsolescence** : With the advent of more efficient technologies every day, the ERP system also becomes obsolete as time goes on. **{1 M}**

- **Enhancement and Upgrades** : ERP Systems are not upgraded and kept up-to-date. Patches and upgrades are not installed and the tools are underutilised. } {1 M}
- **Application Portfolio Management** : These processes focus on the selection of new business applications and the projects required delivering them. } {1 M}

Answer 6:

(a) Various components of e-Commerce transaction are as follows:

- (i) **User:** This may be individual / organization or anybody using the e-commerce platforms. As e-commerce, has made procurement easy and simple, just on a click of button, e-commerce vendors need to ensure that their products are not delivered to wrong users. }
- (ii) **E-commerce Vendors:** This is the organization / entity providing the user, goods/services asked for. E-commerce vendors further needs to ensure Suppliers and Supply Chain Management, Warehouse operations, Shipping and returns, e- Commerce catalogue and product display, Marketing and loyalty programs, Showroom and offline purchase, different ordering Methods, Guarantees, Privacy Policy and Security etc. for better, effective and efficient transaction. }
- (iii) **Technology Infrastructure:** The computers, servers, database, mobile apps, digital libraries, data interchange enabling the e-commerce transactions.
 - **Computers, Servers and Database** : These are the backbone for the success of the venture. Big e-commerce organization invest huge amount of money/time in creating these systems.
 - **Mobile Apps** : A mobile app is a software application programmed to run specifically on a mobile device. Smartphone's and tablets have become a dominant form of computing, with many more smartphones being sold than personal computers.
 - **Digital Library** : A Digital Library is a special library with a focused collection of digital objects that can include text, visual material, audio material, video material, stored as electronic media formats, along with means for organizing, storing, and retrieving the files and media contained in the library collection.
 - **Data Interchange:** Data Interchange is an electronic communication of data. For ensuring the correctness of data interchange between multiple players in e-commerce, business specific protocols are being used. There are defined standards to ensure seamless / exact communication in e-commerce.
- (iv) **Internet/Network** : This is the key to success of e-commerce transactions. Internet connectivity is important for any e-commerce transactions to go through. The faster net connectivity leads to better e-commerce. At a global level, it is linked to the countries capability to create a high-speed network. }
- (v) **Web portal** : This shall provide the interface through which an individual/ organization shall perform e-commerce transactions. Web Portal is an application through which user interacts with the e-commerce vendor. The front end through which user interacts for an e-commerce transaction. These web portals can be accessed through desktops/laptops/PDA/hand-held computing devices/mobiles and now through smart TVs also. }

- (vi) **Payment Gateway** : Payment gateway represents the way e-commerce vendors collect their payments. This assures the seller of receipt of payment from the buyer of goods/services from e-commerce vendors. Presently numerous methods of payments by buyers to sellers are being used, including Credit / Debit Card Payments, Online bank payments, Vendors own payment wallet, Third Party Payment wallets, Cash on Delivery (CoD) and Unified Payments Interface (UPI).

Answer:

- (b) The Service Model provided by vendor XYZ to ABC university is Infrastructure as a Service (IaaS).

Characteristics of Infrastructure as a Service (IaaS) of Cloud Computing are as follows:

- ◆ **Web access to the resources** : The IaaS model enables the IT users to access infrastructure resources over the Internet. When accessing a huge computing power, the IT user need not get physical access to the servers. {2 M}
- ◆ **Centralized Management** : The resources distributed across different parts are controlled from any management console that ensures effective resource management and effective resource utilization.
- ◆ **Elasticity and Dynamic Scaling** : Depending on the load, IaaS services can provide the resources and elastic services where the usage of resources can be increased or decreased according to the requirements.
- ◆ **Shared infrastructure** : IaaS follows a one-to-many delivery model and allows multiple IT users to share the same physical infrastructure and thus ensure high resource utilization. {2 M}
- ◆ **Metered Services** : IaaS allows the IT users to rent the computing resources instead of buying it. The services consumed by the IT user will be measured, and the users will be charged by the IaaS providers based on the amount of usage.

SECTION – B : STRATEGIC MANAGEMENT

Q. No. 7 & 8 is Compulsory,

Answer any three questions from the remaining four questions

Answer 7:

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

Answer 8:

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: {1 M}

		Internal Elements		{2 M}
		Organizational Strengths	Organizational Weaknesses	
External Elements	Environmental opportunities (and risks)	SO Maxi-Maxi	WO Mini-Maxi	
	Environmental threats	ST Maxi-Mini	WT Mini-Mini	
TOWS Matrix				

The TOWS Matrix is tool for generating strategic options. Through TOWS matrix four distinct alternative kinds of strategic choice can be identified. {2 M}

Aggressive Strategy – 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.

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

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

Defensive Strategy - 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 9:

(a) 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. {2 M}

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.

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. {3 M}

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.

Answer:

(b) As the decisions taken by Rohit Seth have organisation wide impact, involves large commitments and have implication on the future, he is at the top level in organisational hierarchy. These characteristics also indicate that he is taking strategic decisions in the organisation. The major dimensions of strategic decisions are as follows:

- ◆ Strategic decisions require top-management involvement: Strategic decisions involve thinking in totality of the organization. Hence, problems calling for strategic decisions require to be considered by the top management.
- ◆ Strategic decisions involve commitment of organisational resources: For example, Strategic decisions to launch a new project by a firm requires allocation of huge funds and assignment of a large number of employees.
- ◆ Strategic decisions necessitate consideration of factors in the firm’s external environment: Strategic focus in organization involves orienting its internal environment to the changes of external environment.
- ◆ Strategic decisions are likely to have a significant impact on the long- term prosperity of the firm: Generally, the results of strategic implementation are seen on a long-term basis and not immediately.
- ◆ Strategic decisions are future oriented: Strategic thinking involves predicting the future environmental conditions and how to orient for the changed conditions.
- ◆ Strategic decisions usually have major multifunctional or multi-business consequences: As they involve organization in totality they affect different sections of the organization with varying degree.

}{1 M for correct 5 points}

Answer 10:

(a)

Divestment Strategy:	Liquidation Strategy:
Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit center or SBU.	It involves closing down a firm and selling its assets.
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. Option of a turnaround may even be ignored if it is obvious that divestment is the only answer.	Liquidation becomes only option in case of severe and critical conditions where either turnaround and divestment are not seen as solution or have been attempted but failed..
Efforts are made for the survival of organization.	Liquidation as a form of retrenchment strategy is considered as the most extreme and unattractive.
Survival of organization helps in retaining personnel, at least to some extent.	There is loss of employment with stigma of failure.

}{1 M}

}{2 M}

}{1 M}

}{1 M}

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 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 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. } {3 M}

Answer 11:

- (a) Soft Cloth Ltd. is facing internal as well as external challenges. The external environment is in economic recession and the organization is facing cash crunch. The company needs to work on retrenchment / turnaround strategy. The strategy is suitable in case of issues such as: } {3 M}
- ◆ Persistent negative cash flow.
 - ◆ Uncompetitive products or services
 - ◆ Declining market share
 - ◆ Deterioration in physical facilities
 - ◆ Overstaffing, high turnover of employees, and low morale
 - ◆ Mismanagement
- The company may consider to substantially reduce the scope of its activity. This is done through an attempt to find out the problem areas and diagnose the causes of the problems. Next, steps are taken to solve the problems. } {2 M}
- These steps result in different kinds of retrenchment strategies. If the organization chooses to focus on ways and means to reverse the process of decline, it adopts turnaround strategy. If it cuts off the loss-making units, divisions, or SBUs, curtails its product line, or reduces the functions performed, it adopts a divestment strategy. If none of these actions work, then it may choose to abandon the activities totally, resulting in a liquidation strategy. }

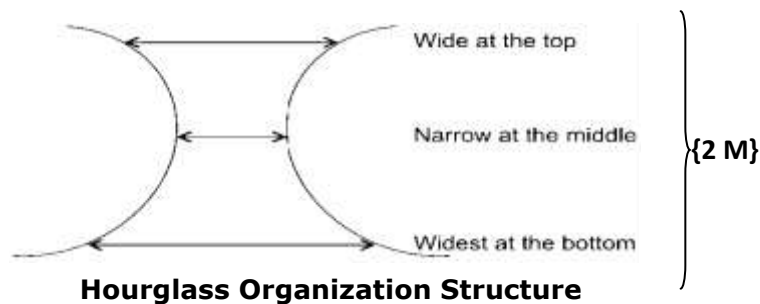
Answer:

- (b) Promotion stands for activities that communicate the merits of the product and persuade target consumers to buy it. Strategies are needed to combine individual methods such as advertising, personal selling, and sales promotion into a coordinated campaign. Modern marketing is highly promotional oriented. } {1 M}
- Ronit needs to cover four major direct promotional methods or tools – personal selling, advertising, publicity and sales promotion. They are briefly explained as follows:
- (i) Personal Selling: Personal selling is one of the oldest forms of promotion. It involves face-to-face interaction of sales force with the prospective customers and provides a high degree of personal attention to them. In personal selling, oral communication is made. It may initially focus on developing a relationship, an end up with efforts for making a sale. Personal selling suffers from a very high costs as sales personnel attend one customer at a time. } {1 M}
- (ii) Advertising: Advertising is a non-personal, highly flexible and dynamic promotional method. The media for advertisings are several such as pamphlets, brochures, newspapers, magazines, hoardings, display boards, }

- radio, television and internet. Choice of appropriate media is important for effectiveness of the message. The media may be local, regional, or national. The type of the message, copy, illustration are a matter of choice and creativity. Advertising may be directed towards consumers, middlemen or opinion leaders. Advertising is likely to succeed in promoting the sales of an organization but its effectiveness in respect to the expenditure cannot be directly measured. Sales is a function of several variables out of which advertising is only one. } {1 M}
- (iii) Publicity: Publicity is also a non-personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organizations skillfully seek to promote themselves and their product with negligible cost. Publicity is communication of a product, brand or business by placing information about it in the media. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases. These releases must be of interest to the public. } {1 M}
- (iv) Sales promotion: Sales promotion is an omnibus term that includes all activities that are undertaken to promote the business but are not specifically included under personal selling, advertising or publicity. Activities like discounts, contests, money refunds, installments, kiosks, exhibitions and fairs constitute sales promotion. All these are meant to give a boost to the sales. } {1 M}

Answer 12:

- (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. 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. } {2 M}



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. } {1 M}

Answer:

- (b) Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results associated with incremental steps and actions. } {1 M}

Strategic implementation control is not a replacement to operational control. Strategic implementation control, unlike operational controls continuously monitors the basic direction of the strategy. The two basic forms of implementation control are:

- (i) Monitoring strategic thrusts: Monitoring strategic thrusts help managers to determine whether the overall strategy is progressing as desired or whether there is need for readjustments. **{2 M}**
- (ii) Milestone Reviews. All key activities necessary to implement strategy are segregated in terms of time, events or major resource allocation. It normally involves a complete reassessment of the strategy. It also assesses the need to continue or refocus the direction of an organization. **{2 M}**

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