PAPER – 7 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

SECTION – A : INFORMATION TECHNOLOGY

*Question No. **1** is compulsory*

*Answer any **five** questions from the rest.*

Question 1

Answer the following in brief:

(a) Risks involved in implementing Business Process Automation.

(b) Major concerns relating to Mobile Computing.

(c) Explain briefly 'Terminals' in the telecommunications network.

(d) Differentiate between Data and Information.

(e) Differentiate between On-line Processing and Real-Time Processing. **(5 x 2 = 10 Marks)**

Answer

(a) Risks involved in implementing Business Process Automation (BPA) are as follows:

- ♦ **Risk to jobs:** Jobs that were earlier performed manually by several employees would post-automation would be mechanized, thereby posing a threat to jobs.

- ♦ **False sense of security:** Automating poor processes will not gain better business practices.

(b) Major concerns relating to Mobile Computing are as follows:

- Mobile computing has its fair share of security concerns as any other technology.

- Dangers of misrepresentation - Another problem plaguing mobile computing are credential verification.

- Power consumption: When a power outlet or portable generator is not available, mobile computers must rely entirely on battery power.

- Potential health hazards.

(c) **Terminals in the Telecommunication Network:** Terminals are the starting and stopping points in any telecommunication network environment. Any input or output device that is used to transmit or receive data can be classified as a Terminal Component. These include Video Terminals, Microcomputers, Telephones, Office Equipment, Telephone and Transaction Terminals.

(d) **Data:** Data is a raw and unorganized fact that needs to be processed. Data in itself is meaningless and obtained through observations and recordings. Data are used as the

input for a process that create information as an output. For example, data can be in the form of a number or statement such as a date or a measurement.

Information: When data is processed, organized, structured or presented in a given context so as to make it useful, it is called Information. Some examples of information include aggregating which summarizes data by such means as taking an average value of group of numbers.

(e) **Online Processing:** In this, data is processed immediately while it is entered, the user usually only must wait a short time for a response. For example: games, word processing, booking systems. Interactive or online processing requires a user to supply an input. Interactive or online processing enables the user to input data and get the results of the processing of that data immediately.

Real-Time Processing: Real Time processing is a subset of interactive or online processing. Input is continuously, automatically acquired from sensors which are processed immediately to respond to the input in as little time as possible. The system doesn't need a user to control it, it works automatically. Real time processing is used in warning systems on aircraft, alarm systems in hazardous zones, burglar alarms etc.

Question 2

(a) *What an enterprise has to do to manage its information in an appropriate manner? Also, mention any four operations that can be carried out with the help of Data Base Management System (DBMS).*   **(4 Marks)**

(b) *What is Android'? Discuss its significance.*   **(4 Marks)**

Answer

(a) Every enterprise needs to manage its information in an appropriate and desired manner. The enterprise must do the following for this:

   ♦   Knowing its information needs;

   ♦   Acquiring that information;

   ♦   Organizing that information in a meaningful way;

   ♦   Assuring information quality; and

   ♦   Providing software tools so that users in the enterprise can access information they require.

The operations that can be carried out with the help of Data Base Management System (DBMS):

   ♦   Adding new files to database,

- ♦ Deleting existing files from database,

- ♦ Inserting data in existing files,

- ♦ Modifying data in existing files,

- ♦ Deleting data in existing files, and

- ♦ Retrieving or querying data from existing files.

(b) Android: Android is a Linux-based operating system designed primarily for touch screen mobile devices such as smart phones and tablet computers. Android was built to enable developers to create compelling mobile applications that take full advantage of all a handset must offer. Android powers devices from some of the best handset and tablet manufacturers in the world, like Samsung, HTC, Motorola, Sony, Asus and more. Android devices come in all shapes and sizes, with vibrant high-resolution displays and cameras, giving the flexibility to choose the one that's just right for a user.

Significance of Android is discussed below:

- Android is an open source and the permissive licensing allows the software to be freely modified and distributed by device manufacturers, wireless carriers and enthusiast developers.

- Android provides access to a wide range of useful libraries and tools that can be used to build rich applications.

Question 3

(a) What is meant by 'Centralized Computing' (CC) and 'Decentralized Computing' (DC) in a network computing system'? In what manner the CC is considered better than the DC?

(4 Marks)

(b) What is meant by an Intrusion Detection System? Discuss its various types.   *(4 Marks)*

Answer

(a) Centralized Computing (CC): Centralized Computing is computing done at a central location, using terminals that are attached to a central computer. The computer itself may control all the peripherals directly if they are physically connected to the central computer, or they may be attached via a terminal server.

Decentralized Computing (DC): Decentralized Computing is the allocation of resources, both hardware and software, to each individual workstation, or office location. A collection of decentralized computers systems are components of a larger computer network, held together by local stations of equal importance and capability. These systems can run independently of each other.

Centralized Computing is considered better than Decentralized Computing because of the following reasons:

- Centralized Computing offers greater security over decentralized systems because all the processing is controlled in a central location.

- In addition, if one terminal breaks down, the user can simply go to another terminal and log in again, and all their files will still be accessible. Depending on the system, they may even be able to resume their session from the point they were at before, as if nothing had happened.

(b) **Intrusion Detection System (IDS):** An Intrusion Detection System is a device or software application that monitors network or system activities for malicious activities or policy violations and produces reports to a Management Station. The goal of intrusion detection is to monitor network assets to detect anomalous behavior and misuse.

The types of IDS are as follows:

- **Network Intrusion Detection (NID):** Network Intrusion Detection System is placed on a network to analyze traffic in search of unwanted or malicious events on the wire between hosts. Referred to as "packet-sniffers"; network intrusion detection devices intercept packets traveling along various communication mediums and protocols, usually TCP/IP and deals with data transmitted from host to host. NNID is a type of NID. The advantage of NNID is its ability to defend specific hosts against packet-based attacks in these complex environments where conventional NID is ineffective.

- **Host-based Intrusion Detection (HID):** Host-based Intrusion Detection systems are designed to monitor, detect, and respond to user and system activity and attacks on a given host. HID is concerned with what occurs on the hosts themselves. Host-based intrusion detection is best suited to combat internal threats because of its ability to monitor and respond to specific user actions and file accesses on the host. In other words, HID detects insider misuse while NID detects outsider misuse.

- **Hybrid Intrusion Detection:** Hybrid Intrusion Detection systems offer management of and alert notification from both network and host-based intrusion detection devices. Hybrid solutions provide the logical complement to NID and HID - central intrusion detection management.

Question 4

(a) *Explain briefly the phases of Decision Support System.*   *(4 Marks)*

(b) *What are 'Knowledge Management Systems'? Explain its types.*   *(4 Marks)*

Answer

(a) The Decision Support System (DSS) consists of four phases:

- **Intelligence -** Searching for conditions that call for decision.

- **Design -** Inventing, developing and analyzing possible alternative actions of the solution.
- **Choice -** Selecting a course of action among those.
- **Implementation** - Adopting the selected course of action in decision situations.

(b) **Knowledge Management Systems (KMS):** These refer to any kind of IT system that stores and retrieves knowledge, improves collaboration, locates knowledge sources, mines repositories for hidden knowledge, captures and uses knowledge, or in some other way enhances the knowledge management process. KMS treats the knowledge component of any organization's activities as an explicit concern reflected in strategy, policy, and practice at all levels of the organization.

There are two broad types of knowledge—**Explicit** and **Tacit**.

- ♦ **Explicit knowledge:** Explicit knowledge is that which can be formalized easily and therefore is easily available across the organization. Explicit knowledge is articulated, and represented as spoken words, written material and compiled data. This type of knowledge is codified, easy to document, transfer and reproduce. For example – Online tutorials, Policy and procedural manuals.

- ♦ **Tacit knowledge:** Tacit knowledge, on the other hand, resides in a few often-in just one person and hasn't been captured by the organization or made available to others. Tacit knowledge is unarticulated and represented as intuition, perspective, beliefs, and values that individuals form based on their experiences. It is personal, experimental and context-specific. It is difficult to document and communicate the tacit knowledge. For example – hand-on skills, special know-how, employee experiences.

Note: It is possible to answer the question as "What are Knowledge Level Systems? Explain its types". The answer in such a case is as follows:

Knowledge-Level Systems: Knowledge-Level Systems support discovery, processing and storage of knowledge and data workers. These further control the flow of paper work and enable group working. The users of these systems include knowledge and data workers who are selected, recruited and trained in a special manner than the non-knowledge workers. The knowledge resides in the heads of knowledge workers and these are the most precious resource an organization possesses.

These are mainly of two types:

- **Office Automation Systems:** The Office Automation Systems (OAS) is an amalgamation of hardware, software, and other resources used to smooth the progress of communications and augment efficiency. Office automation refers to the use of computer and software to digitally generate, collect, store, manipulate, and relay office information needed for accomplishing basic tasks and goals.

- **Knowledge Management Systems (KMS):** These refer to any kind of IT system that stores and retrieves knowledge, improves collaboration, locates knowledge sources, mines repositories for hidden knowledge, captures and uses knowledge, or in some other way enhances the knowledge management process. KMS treats the knowledge component of any organization's activities as an explicit concern reflected in strategy, policy, and practice at all levels of the organization.

Question 5

(a) *What are the phases of Program development life cycle?*   *(4 Marks)*

(b) *List out the application areas of Grid Computing.*   *(4 Marks)*

Answer

(a) The primary objectives of Program Development phase are to produce or acquire and to implement high-quality programs. The Program Development Life Cycle comprises the following major phases:

- **Planning:** Techniques like Work Breakdown Structures (WBS), Gantt Charts and PERT (Program Evaluation and Review Technique) Charts can be used to monitor progress against plan.

- **Design:** A systematic approach to program design, such as any of the structured design approaches or object-oriented design is adopted.

- **Coding:** Programmers must choose a module implementation and integration strategy, a coding strategy and a documentation strategy.

- **Testing:** Testing ensures that a developed or acquired program achieves its specified requirements. Majorly three types of testing Unit Testing, Integration Testing and Whole-of-Program Testing are used.

- **Operation and Maintenance:** Management establishes formal mechanisms to monitor the status of operational programs so maintenance needs can be identified on a timely basis. Three types of maintenance that can be used are Repair maintenance, Adaptive Maintenance and Perfective Maintenance.

- **Control:** The purpose of the control phase during software development or acquisition is to monitor progress against plan and to ensure software released for production use is authentic, accurate, and complete.

(b) Application Areas of Grid Computing are as follows:

- Civil engineers collaborate to design, execute, and analyse shake table experiments.

- An insurance company mines data from partner hospitals for fraud detection.

- An application service provider offloads excess load to a compute cycle provider.

- An enterprise configures internal & external resources to support e-Business workload.

- Large-scale science and engineering are done through the interaction of people, heterogeneous computing resources, information systems and instruments, all of which are geographically and organizationally dispersed.

Question 6

(a) *Draw a flow chart to incorporate for the following steps:*

L 1	*N =1*
L 2	*PRINT N*
L 3	*N=N x (N+1)*
L 4	*STOP when N exceeds 100*
L 5	*GOTO L2*

Note that in step L3, 'x' denotes multiplication sign. **(4 Marks)**

(b) *List the output for the above program.* **(2 Marks)**

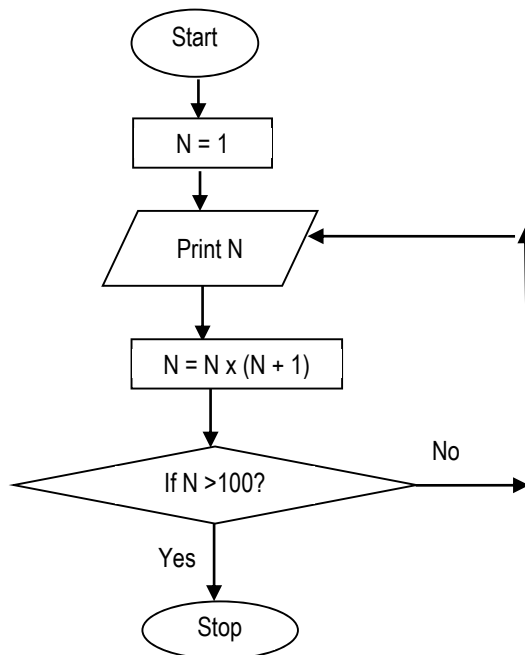(c) *List the output if the above program is modified in the step L 1 as N =0* **(2 Marks)**

Answer

(a) Let us define the variable first:

N: Number

The desired flowchart is as follows:

(b) The output for the above program is as follows:

> 1
>
> 2
>
> 6
>
> 42

(c) The output of the above program in case N is initialized as 0 will be -

> 0, 0, 0, 0, 0 …………………………… (infinite loop)

Question 7

Write short notes on any four of the following:

(a) Value Chain Automation

(b) Hardware Virtualization

(c) m-commerce

(d) Principle of Least Privilege

(e) Vehicle Tracking System **(4 x 2=8 Marks)**

Answer

(a) Value Chain Automation: Value chain refers to separate activities which are necessary to strengthen an organization's strategies and are linked together both inside and outside the organization. It is defined as a chain of activities that a firm operating in a specific industry performs to deliver a valuable product or service for the market. Value Chain Analysis is a useful tool for working out how we can create the greatest possible value for our customers. IT helps us identify the ways in which we create value for our customers and then helps us think through how we can maximize this value: whether through superb products, great services, or jobs well done.

For example: Value chain of a manufacturing organization comprises of Primary and Supportive activities. The primary ones are inclusive of inbound logistics, operations, outbound logistics, marketing and sales, and services. The supportive activities relate to procurement, human resource management, technology development and infrastructure. The six business functions of the value chain are Research and development; Design of products, services, or processes; Production; Marketing and sales; Distribution and Customer service.

(b) Hardware Virtualization: Hardware Virtualization refers to the creation of a virtual machine that acts like a real computer with an operating system. Software executed on these virtual machines is separated from the underlying hardware resources. For example, a computer that is running Microsoft Windows may host a virtual machine that looks like a

computer with the Linux operating system; based software that can be run on the virtual machine.

The basic idea of Hardware virtualization is to consolidate many small physical servers into one large physical server so that the processor can be used more effectively.

(c) m-Commerce: M-commerce (mobile commerce) is the buying and selling of goods and services through wireless handheld devices such as cellular telephone and personal digital assistants (PDAs). Known as next-generation e-commerce, m-commerce enables users to access the Internet without needing to find a place to plug in. It involves new technologies, services and business models. In other words, it is about the explosion of applications and services that are becoming accessible from Internet-enabled mobile devices.

(d) Principle of Least Privilege: This is a fundamental principle of information security, which refers to give only those privileges to a user account, which are essential to that user's work. Any other privileges, such as installing new software, should be blocked. The principle applies also to a personal computer user, who usually does work in a normal user account, and opens a privileged, password protected account (that is, a super user) only when the situation absolutely demands it. When applied to users, the terms Least User Access or Least-privileged User Account (LUA) are also used, referring to the concept that all user accounts always should run with as few privileges as possible, and launch applications with as few privileges as possible.

(e) Vehicle Tracking System: A lot of applications have been developed that allow entity to track their goods while in transit. Few applications are high end, allowing owner of goods to check the temperature of cold stored goods while in transit. It has features such as GPS based location, GPRS connection based real-time online data-logging and reporting, route accuracy on the fly while device is moving, real-time vehicle tracking, geo-fencing, SMS & e-mail notifications, over-the-air location query support, on-board memory to store location inputs during times when GPRS is not available or cellular coverage is absent.

SECTION –B: STRATEGIC MANAGEMENT

Question No. **8** *is compulsory*

Answer any **five** *questions from the rest.*

Question 8

(a) *Explain the need of environmental scanning for a business organization.*   **(3 Marks)**

(b) *What are the three elements of a strategic vision?*   **(3 Marks)**

(c) *State the reasons in which a company thinks for going to divestment strategy.*   **(3 Marks)**

(d) *Give various methods for evaluating the worth of a business.*   **(3 Marks)**

(e) *Discuss with example the relevance of experience curve in strategic management.*   **(3 Marks)**

Answer

(a) Organisations function within a dynamic environment. They scan environment to determine developments and forecast influencing factors. Through the process, organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions. Scanning helps the managers to decide the future path of the organization. It is required to identify the threats and opportunities existing in the environment.

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

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

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

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

(c) Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU. Divestment is usually a part of rehabilitation or restructuring plan.

A divestment strategy may be adopted due to various reasons:

　　i.　When a turnaround has been attempted but has proved to be unsuccessful.

　　ii.　A business that had been acquired proves to be a mismatch and cannot be integrated within the company.

　　iii.　Persistent negative cash flows from a particular business create financial problems for the whole company.

    iv.   Severity of competition and the inability of a firm to cope with it.

    v.   Technological upgradation is required if the business is to survive but where it is not possible for the firm to invest in it.

    vi.   A better alternative may be available for investment.

(d) Various methods for determining a worth of a business can be grouped into three main approaches which are as follows:

    (i)   **Net worth or stockholders' equity:** Net worth is the total assets minus total outside liabilities of an organisation.

    (ii)   **Future benefits to owners through net profits:** These benefits are considered to be much greater than the amount of profits. A conservative rule of thumb is to establish a business's worth as five times the annual profit.

    (iii)   **Market-determined business worth:** This, in turn, involves three methods. First, the firm's worth may be based on the selling price of a similar company. The second approach is called the price-earnings ratio method whereby the market price of the firm's equity shares is divided by the annual earnings per share and multiplied by the firm's average net income for the preceding years. The third approach can be called the outstanding shares method whereby one has to simply multiply the number of shares outstanding by the market price per share and add a premium.

(e) Experience curve is similar to learning curve which explains the efficiency gained by workers through repetitive productive work. Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.

The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.

Question 9

(a) State with reasons which of the following statement is correct or incorrect:

    (i) Expansion strategy is a highly versatile strategy.

    (ii) Forward and backward integration forms part of horizontally integrated diversification.

                                                                     (2 x 2 = 4 Marks)

(b) The Government as a segment of environment may be regarded both as an aid and as an impediment to business. Discuss.   *(3 Marks)*

Answer

(a) **(i)** **Correct**: Expansion is a promising and popular strategy that tends to be equated with dynamism, vigor, promise and success. It is often characterised by significant reformulation of goals and directions, major initiatives and moves involving investments, exploration and onslaught into new products, new technology and new markets, innovative decisions and action programmes and so on. Expansion includes diversifying, acquiring and merging businesses.

   (ii) **Incorrect**: Forward and backward integration forms part of vertically integrated diversification and not horizontally integrated diversification. In vertically integrated diversification, firms opt to engage in businesses that are vertically related to the existing business of the firm and remains vertically within the same process.

(b) Governments enact laws, regulations and formulate policies for overall benefit of business and society. Government as a segment creates business environment that aims at growth. While some of the actions of the Government may not be considered positive by some of the selected businesses, they are invariably for overall good of society and nation. For example, stringent environmental laws directed to reduce pollution may increase costs for some businesses but are necessary for general wellbeing. Accordingly, actions of the government are not to be seen as impediments but rather as aid.

Question 10

What do you understand by Total Quality Management (TQM)? TQM is quite different from Traditional Management Practices. Justify. **(7 Marks)**

Answer

TQM or Total Quality Management is a people-focused management system that aims at continual increase in customer satisfaction at continually lower real cost. There is a sustained management commitment to quality and everyone in the organisation and the supply chain is responsible for preventing rather than detecting defects.

TQM is a total system approach (not a separate area or program) and an integral part of high-level strategy. It works horizontally across functions and departments, involves all employees, top to bottom, and extends backward and forward to include the supply chain and the customer chain. TQM stresses learning and adaptation to continual change as keys to organizational success.

Total Quality Management is different from traditional management practices, requiring changes in organisational processes, beliefs and attitudes, and behaviours. 'Traditional management' means the way things are usually done in most organisations in the absence of a TQM focus. Some of the key differences are as follows:

i.   **Strategic Planning and Management:** Quality planning and strategic business planning is indistinguishable in TQM. Customer satisfaction, defect rates and process cycle times receive very high attention on TQM which is not the case in traditional management.

ii. **Changing Relationships with customers and suppliers:** Distinguishable, innovation is essential to meet and exceed customers' needs. In TQM quality is defined as product and services. Traditional management places customers outside of the enterprises and within the domain of marketing and sales.

iii. **Organizational Structure:** TQM is also distinguishable as it views enterprise as a system of interdependent processes. Every process contains sub-processes and is also contained within a higher process.

iv. **Organizational Change:** In TQM the environment in which the enterprise interacts is considered to be changing constantly. Management's job, therefore, is to provide the leadership for continual improvement and innovation in processes and systems, products, and services.

v.   **Teamwork:** In TQM, individuals cooperate in team structure such as quality circles, steering committees, and self-directed work teams. Departments work together toward system optimization through cross-functional teamwork.

vi. **Motivation and Job Design:** TQM managers provide leadership and motivation rather than overt intervention in the processes of their subordinates who are viewed as process managers rather than functional specialists.

Question 11

(a) *Discuss the broad areas in which Functional Strategies of a business organization is carried out.*   *(4 Marks)*

(b) *The strategic management process encompasses three phases. Explain.*   *(3 Marks)*

Answer

(a) Once higher level corporate and business strategies are developed, management need to formulate and implement strategies for each functional area. Functional strategies provide details to business strategy & governs as to how key activities of the business are to be managed. Functional area strategy include marketing, financial, production and human resource management are based on the functional capabilities of an organisation.

   i.   **Marketing:** Marketing is considered to be activities related to identifying the needs of customers and taking such actions to satisfy them in return of some consideration.

   ii. **Finance:** Financial strategies are related to several finance and accounting concepts considered to be central to strategy implementation.

   iii. **Production:** The strategy for production is related to the production system, operational planning and control, and research and development.

   iv. **Logistics:** Logistics integrates the flow of supplies into, through and out of an organization to achieve a level of service to ensure availability of right materials at right place, at right time in right quality and at right cost.

v.   **Research and Development:** R&D strategy is designed to match external opportunities to internal strengths to achieve organisational objectives.

vi. **Human Resource Development:** Human resource strategy is designed to develop employees, provide them suitable opportunities and proper working conditions so as to ensure their optimal contribution.

(b) The strategic management process is dynamic and continuous. The different stages are highly intertwined and are to be performed continuously, many a times in an overlapping manner. The three phases of strategic management process are as follows:

i.   **Strategy Formulation**: It contains activities directed towards selection of strategies to follow. For the purpose organisations need to conduct internal and external analysis, develop vision, mission and objective, generate alternative strategies and make strategy choices.

ii. **Strategy Implementation**: Strategy implementation is the managerial exercise of putting chosen strategies into action, i.e., making them work. It involves allocation of resources to new courses of action, adapting organization structure to handle new activities, training personnel as well as creating systems.

iii. **Strategy Evaluation**: Strategic evaluation involves measuring and evaluating performance. The goals achieved are compared with the desired goals to identify deviations and make necessary adjustments in strategies or in the efforts being put to achieve those strategies.

Question 12

(a) Assume that you are a manager making a business plan. Provide a checklist of the important factors to be considered for conducting an analysis to make such plan.

(4 Marks)

(b) Explain 'Mission' briefly. Discuss major elements of an effective corporate mission statement.   **(3 Marks)**

Answer

(a) Checklist of important factors to consider for situational analysis to create strategic plans are.

i.   **Environmental factors:** Consider external and internal environmental factors such as economic, political, sociological, suppliers, customers, etc.

ii. **Opportunity and issue analysis:** Identify current opportunities, main threats, the strengths of the business and any weaknesses that may affect the business performance.

iii. **Competitive situation:** Analyze main competitors of the organisation and their competitive advantages?

    iv.   **Distribution situation:** Review the distribution situation - how are the products moving through channels.

    v.   **Product situation:** The details about current products. The details about current product may be divided into parts such as the core product and any secondary or supporting services or products.

(b) 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.

Mission should contain elements of long-term strategy as well as desired outcomes. They should contain basic values and the philosophy of the organizations that is perceived by the senior managers who write them. A good mission statement should be of precise, clear, feasible, distinctive and motivating. It should indicate major components of strategy.

Question 13

Distinguish between the following:

(a) Operational Control and Management Control.   *(4 Marks)*

(b) Inbound logistics and outbound logistics.   *(3 Marks)*

Answer

(a) The basic purpose of management control is the achievement of enterprise goals – short range and long range – in a most effective and efficient manner. On the other hand, the thrust of operational control is on individual tasks or transactions. Operational control require systematic evaluation of performance predetermined standards.

The major differences between management control and operational control are as follows:

	Attribute	Management control	Operational control
1.	Basic question	"Are we moving in the right direction"?	"How are we performing"?
2.	Aim	Proactive, continuous questioning of the basic direction of strategy,	Proper allocation and use of organisational resources
3.	Main concern	Steering the organisation's future direction.	Day to day functioning
4.	Focus	External environment	Internal environment
5.	Time horizon	Long term	Short term
6.	Exercise of control	By top management through middle and lower	Mainly by executive or middle level management

		level support.	on the direction of top management.
7.	Main techniques.	Environmental scanning, information gathering, questioning and review.	Budgets, schedules, standards.

(b) Inbound logistics are the activities concerned with receiving, storing and distributing the inputs to the product/service. This includes materials handling, stock control, transport etc. On the other hand, Outbound logistics collect, store and distribute the product to customers. For tangible products this would be warehousing, materials handling, transport, etc. In the case of services, it may be more concerned with arrangements for bringing customers to the service if it is a fixed location (e.g. sports events).

Question 14

Write a Short note on the following:

(a) Family Managed Enterprises Challenges & issues. **(4 Marks)**

(b) The Balanced Scorecard approach. **(3 Marks)**

> *OR*

Value Chain Analysis **(3 Marks)**

Answer

(a) A very large number of business enterprises are family-managed enterprises in India. These are of all sizes – big, medium and small. Being owned and managed by a family of kith and kin such businesses should ideally have good cooperation. However, they often face a number of challenges and issues. These are given below:

    i.   Key decisions are made by members of the family. These decisions may not be in interest of minority owners. The family interest influence the managerial decisions and activities of the enterprise.

    ii.   Personal conflicts in the family matters tend to distort their behaviour in managing the enterprise and thereby damage its functioning.

    iii.   Succession is often a tricky and conflicting issue.

(b) **Balanced scorecard approach:** Measuring company performance requires setting both financial and strategic objectives and tracking their achievement. Unless a company is in deep financial difficulty, such that its very survival is threatened, company managers are well advised to put more emphasis on achieving strategic objectives than on achieving financial objectives whenever a trade-off has to be made. The surest path to sustained future profitability quarter after quarter and year after year is to relentlessly pursue strategic outcomes that strengthen a company's business position and, ideally, give it a growing

competitive advantage over rivals. What ultimately enables a company to deliver better financial results from operations is the achievement of strategic objectives that improve its competitiveness and market strength.

OR

Value chain analysis: Value chain analysis was originally introduced as an accounting analysis to shed light on the 'value added' of separate steps in complex manufacturing processes, in order to determine where cost improvements could be made and/or value creation improved. It is an analytical tool used to identify and isolate the various economic value adding activities, namely primary activities involving consumable resources refers to inbound logistic, operation (production process), outbound logistics, marketing and sales and services; and support activities consisting of usable resources such as firm's infrastructure, human resource management, technology development and procurement.

Value chain offers an excellent means by which managers can find the strengths and weaknesses of each activity vis-a-vis its competitors. Therefore, competitive advantages are created and sustained only when the firm is able to perform the critical functions either at lower cost or better than competitors.