

MOCK TEST PAPER 1
INTERMEDIATE GROUP – II

PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

SECTION – A: Enterprise Information Systems

Time Allowed – 1½ Hours

Maximum Marks: 50 Marks

PART I: MULTIPLE CHOICE QUESTIONS

Total Marks: 15 Marks

Question No(s). 1 to 5 carries 2 marks each.

A Mumbai-based Company called Unique Glass Global India Limited is India's leading integrated glass company engaged in production and delivery of next-generation glass products and solution to retail and institutional customers. It provides a huge variety of glass products to its customers as per their demand and customization which makes the company, a dominant player in the Automotive and Architectural glass segments. The company provides end-to-end solution across the entire value chain in both segments from manufacturing of float glass to glass processing, fabrication, and installation.

The company recently setup a Research & Development department to capture data about the buying habits and transactions patterns of the customers to build a trend pattern thereby leading to building of a big data driven marketing strategy.

The top management of company has further received a major supply contract in collaboration with a similar dealing business enterprise TruLiv Glass Ltd. The company may utilize the services of TruLiv Glass Ltd. as per need basis in case high demand occurs from its clients.

To make optimal use and quick sharing of data with its supply contract and employees, the company approached a cloud service provider for storage of its data so that it's not affected anytime with server failures. Now, the marketing personnel and salespersons of the company have the access to readily available data anytime anywhere and the company pays for the requisite services and is satisfied with the cloud services.

Attempt Q. No(s) 1 to 4 based on the above case scenario. Question no. 5 is independent.

1. The Unique Glass Global India Limited has tied up with TruLiv Glass Ltd. to consume its services as per need basis. What kind of risk management strategy is this?
 - (a) Tolerate the risk
 - (b) Terminate the risk
 - (c) Transfer the risk
 - (d) Treat the risk
2. Which technique has been adopted by the Research and Development Department of Unique Glass Global India Ltd.?
 - (a) Data Mining
 - (b) Predictive Analysis
 - (c) Machine Learning
 - (d) Artificial Intelligence

3. In case TruLiv Glass Ltd. fails to protect data of Unique Glass Global India Limited, which of the following Section of Information Technology Act, 2000 deals with its compensation?
 - (a) Section 41
 - (b) Section 43A
 - (c) Section 65
 - (d) Section 66
4. The Google Cloud frees the Unique Glass Global India Limited from the issues pertaining to failure of server and storage resources. Which of the following characteristics of Cloud computing does it represent?
 - (a) Virtualization
 - (b) Reliability
 - (c) Resiliency
 - (d) Scalability
5. During audit of ABC Ltd., an IS Auditor Mr. Amit sought the permission from the management to embed an audit software module with host application of the company so that he could continuously monitor the systems' transactions. Which audit tool does this refer to?
 - (a) Audit hooks
 - (b) System Control Audit Review File (SCARF)
 - (c) Integrated Test Facility (ITF)
 - (d) Continuous and Intermittent Simulation (CIS)

Question No(s). 6 to 10 carries 1 Mark each.

6. A manufacturing company is facing an issue of not being able to provide timely supply of its products to the customers. Mr. Anil, an IS Auditor of this company identified that the delay is due to the manual processing of certain processes involved in the company. He suggested that the company should adopt _____ to overcome this problem.
 - (a) Core Banking Systems
 - (b) Strategic Level Systems
 - (c) Business Process Automation
 - (d) Expert Systems
7. Mr. Sunil is a clerk in accounts department of LMS Global School. As a part of its expansion plan, the management of the school buys another piece of land and computer equipment on credit. From the following, identify the relevant voucher which shall be used by Mr. Sunil to record such transaction.
 - (a) Contra
 - (b) Receipt
 - (c) Journal
 - (d) Payment

8. Jayine Developers bagged the tender to develop the software for central library of SSN University. An auditor, Mr. Sushil who is a member of the software development team of Jayine Developers, is responsible to ensure that relevant controls are built into the new system. What kind of audit is involved in the afore-stated activity?
 - (a) Post implementation Audit
 - (b) Concurrent Audit
 - (c) General Audit
 - (d) Quality Audit
9. Mr. Mohan started its own Financial consultancy firm. As a new startup, he could not invest much, hence he decides to use Amazon Web Services (AWS) on pay per use basis so that it gets free with the back-end responsibilities of data storage, backup, security, and upgrades. Identify the instance of Cloud computing being used in this case.
 - (a) Database as a Service
 - (b) Desktop as a Service
 - (c) Network as a Service
 - (d) Storage as a Service
10. A cooperative bank established in year 2011 has the huge corpus. The bank decides to buy the shares of a US based housing group. Which type of the risk is involved in case the company buys the shares at the time the foreign exchange rates are varying frequently?
 - (a) Operational Risk
 - (b) Credit Risk
 - (c) Market Risk
 - (d) Strategic Risk

Part II: DESCRIPTIVE QUESTIONS

Question No. 1 is compulsory. Attempt any three out of remaining four questions.

1. (a) Define "Application Controls" in an information system. Give its two examples. **(3 Marks)**
 (b) Write a short note on "Cache Memory" of a computer system. **(2 Marks)**
2. (a) Data is a unique resource for any organization and is very often susceptible to disruption, damage, and theft. One such possibility of attack that could occur is during the transmission of data across telecommunication lines. Identify such attack and discuss its types. **(6 marks)**
 (b) Discuss various risks associated with the CASA (Current Account and Savings Account) process of a Core Banking System. **(4 Marks)**
3. (a) Every company involves several business processes which either directly or indirectly influence its financial status. Identify and discuss the specific business process that is involved in the recording and processing of the accounting events of the company. **(6 Marks)**
 (b) Differentiate between Hardware Virtualization and Storage Virtualization. **(4 Marks)**

4. (a) Data Mining tools like MS Excel, R-Language etc. are the frameworks that aim to find patterns, trends, and groupings among large sets of data. However, each of these tools follow certain underlying steps to achieve the aforesaid objective. Explain these steps that are involved in the process of Data Mining. **(6 Marks)**
- (b) Explain the term “Operational Risk” associated with Core Banking Systems (CBS) and its types. **(4 Marks)**
5. (a) e-businesses help companies explore new channels and new markets to beat competition as well as cut down the costs. These businesses sell their products and provide customer services to beat the market competition successfully and take the lead in their domain area. However, there are reasonable levels of risks that could occur in an e-business environment. Discuss them briefly. **(6 Marks)**
- (b) Elaborate the aspects that an auditor shall consider while auditing the processes of an Enterprise Resource Planning (ERP) system. **(4 Marks)**

SECTION – B: STRATEGIC MANAGEMENT

Time Allowed – 1½ Hours

Maximum Marks – 50

Question 1 and 2 are compulsory.

Attempt any **three** questions out of remaining **four** questions.

1. (A) One Earth Limited (OEL) operates as a diversified conglomerate with involvement in various sectors including FMCG, stationery, apparel, heavy engineering, and cement industries. Benefitting from a substantial free reserve of Rs. 75,000 crores, OEL has established a robust brand reputation, largely attributed to its dominant market positions in multiple sectors.

In the cement industry, OEL has maintained its industry leadership for the past two decades. The cement division's recent performance has been notably strong. A significant development in the industry landscape took place when two competitors, Raksha Products Limited and Strongman Cement Limited – initially ranked third and fourth in market share respectively – merged to form a new entity, Unnati Cement Ltd (UCL). As a result, UCL now secures the second position in terms of market share.

Amidst this backdrop, the Chairman of OEL convened a comprehensive meeting involving the Board, divisional heads, marketing leadership, and the Group CFO. The meeting's objectives encompassed devising concrete strategies for the cement division, exploring avenues for broader corporate expansion, and determining an interim dividend strategy in celebration of OEL's golden jubilee anniversary.

Mr. Hrishikesh Raj, the CEO of the cement division, articulated the industry's lag in modernization when compared to global standards. He highlighted the immense potential within emerging product categories such as high-strength Portland Pozzolana Cement (PPC), ready-mix products, and cement blocks. Anticipating a swift consumer attraction to these innovations, he proposed a modernization initiative demanding an investment of approximately Rs. 5,000 crores. This transformation is predicted to yield a 22% reduction in overhead costs post-modernization, along with a 10% reduction in wastage.

Analyzing the financial landscape of competitors, the CFO presented insights indicating that other players are unlikely to undertake expansion or upgrades for the next 7-8 years. In response, the Board greenlit the proposed modernization effort and earmarked an additional Rs. 1,000 crores to fortify the distribution channels.

Another proposal discussed during the meeting centered on OEL's diversification into the home appliances sector. The Board granted approval for this strategic expansion, allocating Rs. 6,500 crores to facilitate entry into this new market. Additionally, the Board endorsed the distribution of an interim dividend amounting to Rs. 50 per share as part of the celebrations marking OEL's golden jubilee year.

Based on the above Case Scenario, answer the Multiple-Choice Questions which are as follows:

1. What strategic level are the decisions to foray into the home appliances business and approve the interim dividend made on?
 - (a) Business Level
 - (b) Corporate Level
 - (c) Functional Level
 - (d) Operational Level

(1 Mark)
2. In the context of Michael Porter's Five Forces framework, the merger between Raksha Products Limited and Strongman Cement Limited leading to Unnati Cement Ltd (UCL) moving

to the second position in market share demonstrates:

- (a) Bargaining power of suppliers
- (b) Threat of new entrants
- (c) Intensity of industry rivalry
- (d) Bargaining power of buyers

(2 Marks)

3. What type of diversification strategy is OEL pursuing by entering the home appliances segment?

- (a) Horizontal diversification
- (b) Vertical integration
- (c) Concentric diversification
- (d) Conglomerate diversification

(1 Mark)

4. Which strategic management concept does Mr. Hrishikesh Raj emphasize when discussing the industry's lag in modernization?

- (a) Benchmarking
- (b) Business Process Reengineering (BPR)
- (c) Competitive positioning
- (d) Market segmentation

(1 Mark)

5. Which of the following best describes OEL's overall corporate strategy in light of the above case scenario?

- (a) Cost leadership
- (b) Product differentiation
- (c) Market expansion and diversification
- (d) Focused niche strategy

(1 Mark)

(B) Imagine you are tasked with analyzing the competitive landscape for a new product launch. In this context, which of the following factors is not relevant to understanding the competitive landscape?

- (a) Identifying the competitor
- (b) Understanding the customer
- (c) Determining the strength of the competitors
- (d) Determining the weakness of the competitors

(2 Marks)

(C) Imagine you are part of a strategic planning team for a company. As you work on defining the company's identity and its current business scope, which of the following elements primarily concentrates on answering the question, "Who we are and what we do?"

- (a) Mission statement
- (b) Vision statement
- (c) Goals and Objectives
- (d) Purpose

(2 Marks)

(D) You have been appointed as a strategic manager at ABC Company, which is currently facing a situation where one of its products has entered the maturity stage of its Product Life Cycle (PLC). The company has made a deliberate decision to maintain its existing business operations and is

content with achieving incremental growth for this product aligns with which of the following strategies?

- (a) Expansion strategy
- (b) Stability strategy
- (c) Retrenchment strategy
- (d) Combination strategy

(2 Marks)

(E) A renowned coffee chain offers a loyalty program where customers earn points for every purchase, which can be redeemed for free drinks or snacks. This marketing technique is known as:

- (a) Augmented Marketing
- (b) Synchro Marketing
- (c) Social Marketing
- (d) Relationship Marketing

(1 Mark)

(F) Which is true for Hourglass Organization Structure?

- (a) Wide at the bottom and widest at the top.
- (b) Middle level managers are generalist and perform wide variety of tasks
- (c) Decision making is slow
- (d) Difficult to keep motivation level high among lower-level staff

(1 Mark)

(G) Which one is not a criterion for strategy audit as per Richard Rumelet?

- (a) Consistency
- (b) Complexity
- (c) Feasibility
- (d) Advantage

(1 Mark)

2. Sandeep group of companies is having a strong footprint in the areas of Aviation, Healthcare, Fast moving consumer goods, home appliances and electronic goods. Processes, Technology and Marketing capabilities are different for each business. However, each business operates among a group of rivals that produce competing products. In order to get ahead of competition and to contribute for sustained competitive advantages, company intends to improve customer services and in turn increase its market share. To achieve this, company is desirous to analyze its products, processes and service levels for each of its segments.

Company is studying various trade publications, understanding the taste and preferences of customers, meeting with suppliers and also using other relevant information available in public domain for each of its business operations. After studying as above, company wants to compare diverse range of practices and processes being followed by acknowledged leaders in the industry, measures its own productivity and identify the gaps. Instead of following bricks-and-mortar practices, company will be setting goals to be achieved for improvement in its product, processes and services, based on best practices being followed by the companies on a regular basis.

Identify the strategic tool to be used by Sandeep group of companies. Also explain in brief the common elements involved in using this tool.

(1 + 4 = 5 Marks)

- 3 (a) Redefinition of business is involved in both "Expansion" and "Retrenchment" strategy, however, method involved in their execution is completely different. Explain. **(5 Marks)**
- (b) Write short note on SWOT analysis. **(5 Marks)**

- 4 (a) ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer. Name the strategic level that this role belongs to and enlist the activities associated with it. **(5 Marks)**
- (b) What is strategic decision making? What tasks are performed by a strategic manager? **(5 Marks)**
- 5 (a) BudgetSmart Retailers, a renowned supermarket chain, faced fierce competition in the grocery retail sector due to escalating operational expenses. Rising costs from rent, labor, and inventory management challenged their profitability amidst the emergence of discount stores and online competitors. To counter this, BudgetSmart Retailers optimized their supply chain through bulk procurement, revamped store layouts for cost efficiency and customer experience, embraced lean operational practices to minimize waste, and conducted comprehensive staff training to boost productivity and customer service efficiency.
- Identify and explain the strategy adopted by BudgetSmart Retailers to enhance the profitability. **(5 Marks)**
- (b) Modern marketing is highly promotion oriented. Discuss citing major direct promotional methods for products. **(5 Marks)**
- 6 (a) Distinguish between Operational Control and Management Control. **(5 Marks)**
- (b) Suraj Prakash and Chander Prakash are two brothers engaged in the business of spices. Both have different approaches to management. Suraj Prakash prefers the conventional and formal approach in which authority is used for explicit rewards and punishment. While, on the other hand, Chander Prakash believes in democratic participative management approach, involving employees to give their best.
- Analyse the leadership style followed by Suraj Prakash and Chander Prakash. **(5 Marks)**