PAPER – 6 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

SECTION – A : INFORMATION TECHNOLOGY

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

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

Question 1.

Answer all the following questions in brief:

(a) What is importance of Address bus on a mother board?

(b) Explain the difference between 'Static RAM' and 'Dynamic RAM'.

(c) What do you mean by 'Partitioned Database'?

(d) Describe the functions of layers in TCP/IP protocol.

(e) What is the difference between Off-line and Real time Data Warehouse?

(5x2=10 Marks)

Answer

(a) **Address Bus:** The address bus is a set of wires on the mother board that connects the CPU and RAM and carries the addresses of the memory locations where data can be retrieved or stored. Number of parallel wires in the address bus determines the maximum number of memory locations the CPU can address. For example, a 32 bit address bus can address upto 4 GB of memory locations.

(b) **Static RAM:** Static RAM is lot faster, larger and more expensive than Dynamic RAM. It does not need to be continually refreshed. The data remained stored in it as long as power remains on. Because of its speed, SRAM is used mainly in a special area of memory called cache.

   Dynamic RAM: Dynamic RAM is most common type of main memory. It is dynamic because each memory cell quickly loses its charge so it must be refreshed hundreds of times each second to prevent data from being lost. The power consumption by DRAM is less than that of a SRAM. The most Dynamic RAM in use is Rambus DRAM.

(c) **Partitioned Database:** It is a type of distributed database where processing of application programs and data can be performed at more than one site. In a partitioned data base, the data base is divided into parts or segments that are appropriate for respective sites so that only those segments are distributed without costly replication of the entire data.

(d) **TCP/IP Protocol Layers:** TCP/IP protocol suit has four layers and each layer performs specific function so that packet can be moved to next layer in TCP/IP protocol suit. These layers are given below:

   (i) **Application layer**: It provides services directly to the user such as email.

    (ii) **Transport layer**: It provides end-to-end communication between applications and verifies correct packets arrival.

    (iii) **Internet layer**: It provides packet routing for error checking, addressing and integrity.

    (iv) **Network Interface layer**: It provides an interface to the network hardware and device drivers. This can also be called Data link layer.

(e) **Offline Data Warehouse**: These are data warehouses in which updation of data from the operational systems are done on a regular interval of time such as daily, weekly or monthly. The data in such a warehouse are stored in an integrated reporting-oriented data structure.

    Real time Data Warehouse: In this data warehouse, data are updated on a transaction or event basis, every time an operational system performs a transaction such as an order, delivery or a booking etc.

Question 2.

(a) *Describe any four important functions of an Operating System.*   *(4 Marks)*

(b) *What do you mean by OMR? Explain its working principle.*   *(4 Marks)*

Answer

(a) The operating system may be defined as an integrated system of programs which supervises the operation of the CPU, controls the input/output functions of the computer system, translates the programming languages into the machine languages and provides various support services.

There are six basic functions that an operating system can perform. These are:-

    (i) **Schedule Jobs**: Operating systems can determine the sequence in which jobs are executed, using priorities established by the organization.

    (ii) **Manage Hardware and Software Resources**: Operating systems cause the user's application program to be executed by loading it into primary storage and then cause the various hardware units to perform as specified by the application.

    (iii) **Maintain System Security**: They may require users to enter a password - a group of characters that identifies users as being authorized to have access to the system.

    (iv) **Enable Multiple User Resource Sharing**: They can handle the scheduling and execution of the application programs for many users at the same time, a feature called multiprogramming.

    (v) **Handle Interrupts**: An interrupt is a technique used by the operating system to temporarily suspend the processing of one program in order to allow another program to be executed. Interrupts are issued when a program requests an operation that does not require the CPU, such as input or output, or when the program exceeds some predetermined time limit.

(vi) **Maintain Usage Records***:* Operating systems can keep track of the amount of time used by each user for each system unit - the CPU, secondary storage, and input and output devices.

(b) **OMR:** Optical Mark Recognition is a technique most commonly used for scoring test marks. This technology can also be used for such applications as order writing, Payroll, inventory control, insurance, questionnaires, etc.

Working Principle of OMR: In all Optical Mark Readers (OMR), the printed marks and/or characters are scanned by some type of photo-electric device, which recognises characters by absorption or reflectance of light on the document (characters to be read are non-reflective). Reflected light patterns are converted into electrical impulses which are transmitted to the recognition logic circuit. These logic circuits are compared with the characters the machine has been programmed to recognise, and if found valid, are then recorded for input to the CPU. If no suitable comparison is possible, then the document may be rejected.

Question 3.

(a) Discuss the important features of Index sequential file organisation method. *(4 Marks)*

(b) What are the functions of Data Manipulation language used in DBMS? *(4 Marks)*

Answer

(a) **Indexed Sequential File Organisation**: The indexed sequential file organisation or indexed sequential access method (ISAM), is a hybrid between sequential and direct access file organisations. The records within the file are stored sequentially but direct access to individual records is possible through an index. It is a method of storing data for fast retrieval. In an ISAM system, data is organized into records which are composed of fixed length fields. Records are stored sequentially, originally to speed access on a tape system. A secondary set of hash tables known as *indexes* contain "pointers" into the tables, allowing individual records to be retrieved without having to search the entire data set. The key improvement in ISAM is that the indexes are small and can be searched quickly; allowing the database to then access only the records it needs. To locate a record, the cylinder index is searched to find the cylinder address, and then the track index for the cylinder is searched to locate the track address of the desired record. Following are the features of Index sequential file organization:

- It permits the efficient and economical use of sequential processing technique when the activity ratio is high.

- It allows direct access of records in a relatively efficient way when the activity ratio is low.

- Access to the records is slower than direct file.

- Relatively expensive hardware and software may be required.

- Less efficient in the use of storage space than other alternatives.

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(b) **Data Manipulation Language (DML):** DML is a Database Language used by database users to retrieve, insert, delete and update data in a database.

Following are the functions of Data Manipulation Language (DML):

· They provide the data manipulation techniques like deletion, modification, insertion, replacement, retrieval, sorting and display of data or records.

· They facilitate use of relationships between records.

· They enable the user and application program to be independent of the physical data structure and database structure maintenance by allowing to process data on a logical and symbolic basis rather than on a physical location basis.

· They provide for independence of programming languages by supporting several high level procedural languages like COBOL, PL/1 and C++.

Question 4.

Write the important characteristics of a Client-Server technology. (8 Marks)

Answer

Characteristics of Client/Server Technology

1. It consists of a client process and a server process that can be distinguished from each other.

2. The client portion and the server portion can operate on separate computer platforms.

3. Either the client or the server platform can be upgraded without having to upgrade the other platform.

4. The server is able to service multiple clients concurrently.

5. The system includes some sort of networking capability.

6. A significant portion of the application logic resides at the client end.

7. Action is usually initiated at the client end and not the server end.

8. A user-friendly graphical user interface (GUI) generally resides at the client end.

9. A structured query language (SQL) capability is available to client server system.

10. Database server provides data protection and security.

Question 5.

What do you mean by the term flowchart? Draw a program flowchart to find the sum of first 50 odd numbers. (2+6=8 Marks)

Answer

Flowchart: A flowchart is a diagram that shows sequence of steps required to solve a particular problem. It is a logical flow of steps which shows sequence of operations of a

program by using symbols and inter-connectivity lines. It is like a blueprint that shows the general plan and essential details of the proposed structure. It allows the programmer to compare different approaches and alternatives on paper and often shows inter-relationships that are not immediately apparent.

The required flowchart to find the sum of first 50 odd numbers is drawn below:
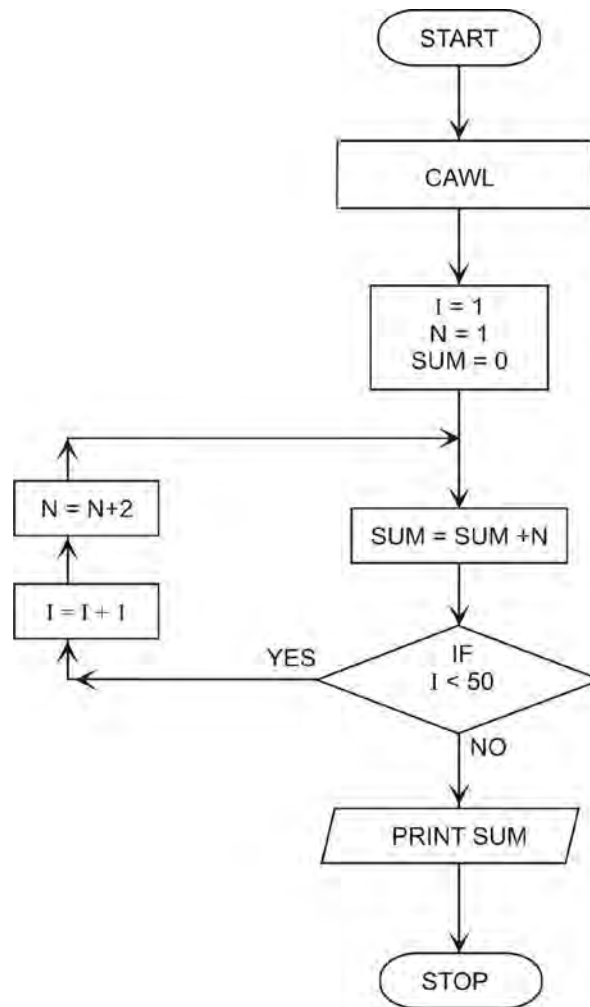
Abbreviation:-

CAWL - Clear All Working Locations

Question 6.

(a)   Explain the functions of Communication Software.   *(4 Marks)*

(b)   Explain, how an Electronic Data Interchange works?   *(4 Marks)*

Answer

(a) Various Functions of Communication Software: Communication software manages the flow of data across a network. It performs the following functions:

(1) **Access Control**: Linking and disconnecting different devices; automatic dialing and answering telephones; restricting access to unauthorised users; establishing parameters such as speed, mode and direction of transmission.

(2) **Network Management**: Polling devices to see whether they are ready to send/receive data; queuing input and output; determining system priorities; routing messages and logging network activity, use, and errors.

(3) **Data and File transmission**: Controlling the transfer of data, files and messages among various devices.

(4) **Error detection and control**: Ensuring that the data sent was indeed the data received.

(5) **Data Security**: Protecting data during transmission from unauthorized access.

(b) Electronic Data Interchange: EDI is computer-to-computer communication using a standard data format to exchange business information electronically between independent organizations.

To make EDI works, the following steps are required:

· Select communication software;

· Select standards for each document that are to be exchanged with trading partner;

· Import an application file that defines the fields and records in the application;

· Define a map that shows how the fields in the application correspond to the elements in the standards;

· Define partner profile that tells the system how transactions will be addressed, what they will contain and how to respond to error; and

· Finally, test the system with sample documents.

Question 7

*Answer any **four** questions :*

(a) *What is URL? Explain its format with suitable example.*

(b) *Explain the meaning of Web casting.*

(c) *What is program debugging? Explain it briefly.*

(d) *Write the features of Synchronous transmission.*

(e) *Explain the concept of Object Oriented Programming.*   *(4 ´ 2 = 8 Marks)*

Answer

(a) **URL**: It stands for Uniform Resource Locator that is used to address and access individual web pages and internet resources. The format of a URL is Protocol/Internet address/Web page address. For example - http://www.icai.org/exam.htm.

(b) **Web casting**: It is a web based technology, which allows users to passively receive broadcast information rather than actively search the web for information. It allows users to choose from a menu of sources, specifying what kind of information is needed. Once selected, the information is automatically forwarded to the user, e.g. Internet News Services.

(c) **Program Debugging**: It is a process of finding errors in program and rectifying them by using diagnostic routine before putting the program into use. There is a real necessity to debug a program, i.e. to cleanse it from errors. Towards this purpose, the programmers device a set of test data transactions to test the various alternative branches in the program. The results got from the computer are compared with one derived manually prior to computer processing. If the results do not match for any reasons, the programmer then verifies the flowchart and coding sheet to hunt for the bugs. This process is called program debugging.

(d) **Features of Synchronous transmission:**

- The bits are transmitted at fixed rate.

- The transmitter and receiver both use the same clock signals for synchronisation.

- It allows characters to be sent without start-stop bit.

- It allows data to be sent as multi-word block.

- Synchronisation bit is placed at the beginning and end of each block.

- Timing is determined by MODEM.

- It is faster but more expensive transmission.

(e) **Object Oriented Programming**: An object is a predefined set of program code that after having been written and tested, will always behave the same way so that it can be used for other applications. In object-oriented programming, these objects are combined and the small amount of code necessary for finishing the program is written. Rather than writing a program line by line, the programmer selects objects by pointing to a representative icon and then linking these objects together. Objects can be modified, reused and copied. When an object is updated, all programs using that object are automatically updated.

SECTION – B : STRATEGIC MANAGEMENT

*Question number **8** is compulsory.*

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

Question 8.

Read the following case and answer the questions given at the end:

Godrej, still managed by a family board, is a 113-year-old brand and has a great brand value. But younger generation's reaction has been - "it's my parents' or my grandparents' brand". Hence the Group launched a rebranding exercise in 2008, the most visible part being a new logo, uniform across all group companies. It has well diversified businesses – cyclical, (property: owning 3000 acres in Mumbai's Vikhroli alone, Ahmedabad, Pune and Kalyan), stable (fast moving consumer goods), rural (Agrovat stores) and urban (organised retail stores - Nature's Basket, domestic appliances and furniture). The group sells fatty acids to tyre manufacturers; animal feed to 1,00,000 farmers; and premium wine in Mumbai and Delhi. Its customers range from five-year olds (nutrine), ageing man (hair dye), to housewives (soaps & locks), IT companies (renting sprawling spaces), to Government of India (like rockets for Chandrayan), and to 50,000 barbers (Godrej dye). But it abstains in new-age, sunrise industries like health care and information technology.

Godrej Consumer Products Limited (GCPL) has adopted a '3 by 3' strategy, sticking to emerging markets in three regions - Asia, Africa and Latin America as their culture, tastes and even skin colours are quite similar to India and in three categories - personal care, hair-care and insecticides. Since 2005, GCPL has made seven acquisitions, including its biggest acquisition of Indonesia's Megasari Group for ₹1200 crore, in 2010. "Acquisitions overseas add status and pedigree to brand-owners in the domestic market" says an expert. Prashant Goenka (Emami) questions "'When Indian companies such as Dabur, Godrej and Marico can make it big in international markets, why can't Emami?" Anil Chug (Wipro) says, "by having a presence in multiple markets our risk assessment is neutralized". Marico's Harish opines- "the global play has helped Marico expand its footprint and given it another avenue for growth."

Recently Godrej's top honchos toured the hinterlands, an indicator of the renewed focus on consumer. To reach out to new customers, especially in rural India, it has gone in for destructive innovation. The group has been manufacturing refrigerators for more than 50 years, but its penetration has been only 18%. It found out that people do not need a 180 litre fridge due to space and cost constraints. It came out with 'Chotukool' - a square 45 litre minifridge priced at just ₹3,250. Another example of destructive innovation is the launch of 'U & Us' - a 'by appointment' design studio where customers co-design their furniture as customers see furniture as an extension of their personality. Thus Godrej group is transiting from manufacturing-oriented to consumer oriented.

Questions:

(i)   What are the strengths of Group Godrej ?   *(3 Marks)*

(ii)   What are the weaknesses of Group Godrej ?   *(3 Marks)*

(iii)   What is the Group Godrej' s perception with regard to innovation and consumers now?

(3 Marks)

(iv)   Why do firms go global?   *(6 Marks)*

Answer

(i)   The strengths of the Godrej group are:

    a.   Godrej is more than 113 year old brand and enjoys trust and has great brand value.

    b.   The group is into well diversified businesses. The businesses are both cyclical and stable in nature. The group also has presence in both rural and urban markets with different product offerings.

    c.   Godrej owns 3000 acres of land in Vikhroli, a developing suburb in Mumbai.

    d.   Godrej is growing internationally and is concentrating on emerging markets of three regions – Africa, Latin America and Asia.

(ii)   The weaknesses of the group are:

    a.   Lacks a significance presence in new-age, sun-rise industries like health care and information technology.

    b.   Godrej is managed by a family board. Unlike professional management the family considerations may play a role in the decisions of the company.

    c.   Godrej has made some aggressive acquisitions in recent times. How these are assimilated will be crucial for its business.

(iii) The group is transiting from being manufacturing oriented to consumer oriented. The company is focusing on customers and innovation. A business must understand what its customers want and keep innovating new products to satisfy the identified wants. If a company fails to do this, it will get extinct. For innovation Godrej has adopted destructive innovation. The capacity to innovate is a fundamental source of competitive advantage.

(iv)   There are many reasons the companies go global:

    a.   Need to grow is fundamental. Firms having surplus resources or capabilities developed at home may deploy them abroad for expansion.

    b.   To increase the returns through higher margins or lower costs through scale of operations.

    c.   Firms facing stiff domestic competition often decide to go international in search of green pastures.

    d.   Due to imposition of trade barriers by an importing state, the exporters from abroad decide to build manufacturing plants in the importing nation.

e. Taking advantage of the liberalization initiatives of various governments across the world.

f. Lucrative opportunities may exist in form of businesses in managerial or financial difficulty.

g. International presence spread local risk

h. Development of Institutions to support and facilitate international business.

Question 9

(a) State with reasons which of the following statements is correct or incorrect.

(i) Not-for-profit organizations are not required to have a strategy.

(ii) Control systems run parallel with strategic levels.   *(2 ´ 2 = 4 Marks)*

(b) Fill in the blanks in the following statements with the most appropriate word:

(i) "In the factory, we make cosmetics. In the drugstore, we sell _____.

(ii) Product Life Cycle portrays the distinct _____in the sales history of a product.

(iii) Vision is always _____oriented.   *(3 ´ 1 = 3 Marks)*

Answer

(a) (i) Incorrect: Similar to commercial organizations, 'not-for-profit' organizations must also have a strategy. It is required to give it direction, focus and efficient utilization of resources. In many 'not-for-profit' organizations surpluses are important for their survival and growth.

(ii) **Correct:** There are three strategic levels – corporate, business and functional. Control systems are required at all the three levels. At the top level, strategic controls are built to check whether the strategy is being implemented as planned and the results produced by the strategy are those intended. Down the hierarchy management controls and operational controls are built in the systems. Operational controls are required for day-to-day management of business.

(b) (i) Hopes.

(ii) Stages.

(iii) Future.

Question 10

Explain the meaning of the following strategies and also give suitable examples:

(i) Forward Integration

(ii) Backward Integration

(iii) Horizontal Integration

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(iv) *Conglomerate Diversification*

(v) *Divestment,*

(vi) *Liquidation*

(vii) *Concentric Diversification* (7 ´ 1 = 7 Marks)

Answer

	Strategy	Meaning	Example
(i)	Forward Integration	Gaining ownership or increased control over the next level in the value chain (Manufacturing or intermediaries)	Reliance Industries (owning refineries) diversified into petrol pumps
(ii)	Backward Integration	Gaining ownership or increased control over the previous level in the value chain (Manufacturing or suppliers)	An automobile manufactures diversifying into tyre production.
(iii)	Horizontal Integration	Seeking ownership or increased control of a firm's competitors	ICICI Bank taking over Bank of Rajasthan
(iv)	Conglomerate Diversification	Adding new, unrelated products or services	Yash Birla Group (auto & engineering) decides to enter wellness, solar power and schools.
(v)	Divestment	Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU.	Godrej Group's withdrawal from the JV with Sara Lee from Africa
(vi)	Liquidation	Liquidation strategy is an extreme and unattractive strategy as it involves closing down a firm and selling its assets. It is considered as the last resort when all other options fail.	Those companies whose products are no more in demand sell all their assets.
(vii)	Concentric Diversification	In concentric diversification, the new business are added that are linked to the existing businesses through process, technology or marketing.	Kotak Mahindra Bank gets into insurance and asset management businesses.

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Question 11

(a) *Aurobindo, the pharmaceutical company wants to grow its business. Draw Ansoff's Product Market Growth Matrix to advise them of the available options.* *(4 Marks)*

(b) *To which industries the following development offers opportunities and threats? '*

The number of nuclear families, where husband and wife both are working, is fast increasing'. *(3 Marks)*

Answer

(a) The Ansoff's product market growth matrix (proposed by Igor Ansoff) is a 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 it markets in new or existing products in both new and existing markets.

The Ansoff's product market growth matrix is as follows:

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 current company products. 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.

(b) An opportunity is a favourable condition in the organisation's environment which enables it to strengthen its position. On the other hand a threat is an unfavourable condition in the organisation's environment which causes a risk for, or damage to, the organisation's position. Different developments in the environment can offer different opportunities and threats to businesses.

In the social environment, there is growth of nuclear families that is away from the joint family system. Often both husbands and wife are working. Having double income increases their spending capacity. Such developments bring direct opportunities to different businesses such as ready to eat food, eateries, fast to cook items, dish washers, washing machines, crèches for children and so on. Indirect opportunities exists for other lifestyle products. At the same time, such development also acts as threat to traditional raw food suppliers, kitty party organizers and so on.

Question12

'The growing use of the internet by businesses and consumers is changing the competitive scenario.' Identify the characteristics of the E-commerce environment doing so. (7 Marks)

Answer

The impact of the Internet and the rapidly emerging e-commerce environment is substantial and widespread. The advent of the Internet and online networks is changing everything. Growing use of the Internet by businesses and consumers reshapes the economic landscape and alters traditional industry boundaries. Characteristics of E-commerce environment changing competitive scenario are as under:

(a) The Internet makes it feasible for companies everywhere to compete in global markets. This is true especially for companies whose products are of good quality and can be shipped economically.

(b) There are new e-Commerce strategic initiatives of existing rivals and new entrants in form of e-commerce rivals. The innovative use of the Internet adds a valuable weapon to the competitive arsenal of rival sellers, giving them yet another way to jockey for market position and manoeuvre for competitive advantage.

(c) Entry barriers into the e-commerce world are relatively low. Relatively low entry barriers explain why there are already hundreds of thousands of newly formed e-commerce firms, with perhaps millions more to spring up around the world in years to come. In many markets and industries, entry barriers are low enough to make additional entry both credible and likely.

(d) Increased bargaining power of customers to compare the products, prices and other terms and conditions of rival vendors. Online buyers gain bargaining power because they confront far fewer obstacles to comparing the products, prices, and shipping times of rival vendors.

(e) Possibility for business organizations to locate the best suppliers across the world to gain cost advantage. The Internet makes it feasible for companies to reach beyond their

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borders to find the best suppliers and, further, to collaborate closely with them to achieve efficiency gains and cost savings. Organisations can extend their geographic search for suppliers and can collaborate electronically with chosen suppliers to systemise ordering and shipping of parts and components, improve deliveries and communicate speedily and efficiently.

(f) Internet and PC technologies are advancing rapidly, often in uncertain and unexpected directions. Such changes are often bringing in new opportunities and challenges.

(g) Faster diffusion of new technology and new idea across the world. Organisations in emerging countries and elsewhere can use the internet to monitor the latest technological developments and to stay abreast of what is transpiring in the developed markets.

(h) The e-commerce environment demands that companies move swiftly. In the exploding e-commerce world, speed is a condition of survival. New developments occur on one front and then on another occur regularly.

(i) E-commerce technology opens up a host of opportunities for reconfiguring industry and company value chains. Using the internet to link the orders of customers with the suppliers of components enables just-in-time delivery to manufacturers, slicing inventory costs and allowing production to match demand.

(j) The Internet can be an economical means of delivering customer service. Organisations are discovering ways to deliver service in a centralised manner – online or through telephone. Thus curtailing the need to keep company personnel at different locations or at the facilities of major customers.

(k) The capital for funding potentially profitable e-commerce businesses is readily available. In the Internet age, e-commerce businesses have found it relatively easy to raise capital. Venture capitalists are quite willing to fund start-up enterprises provided they have a promising technology or idea, an attractive business model, and a well thoughtout strategic plan

(l) The needed e-commerce resource in short supply is human talent-in the form of both technological expertise and managerial know-how. While some e-commerce companies have their competitive advantage lodged in patented technology or unique physical assets or brand-name awareness, many are pursuing competitive advantage based on the expertise and intellectual capital of their personnel and on their organizational competencies and capabilities.

Question 13

Distinguish between the following:

(a) *Top-Down and Bottom-Up Strategic Planning.* *(4 Marks)*

(b) *The Three Levels of Strategy Formulation.* *(3 Marks)*

Question 13

(a) **Top-Down and Bottom-Up Strategic Planning**

Strategic planning determines where an organization is going over the next year or more and the ways for going there. The process is organization-wide, or focused on a major function such as a division or other major function. As such strategic planning is a top level management function. The flow of planning can be from corporate to divisional level or vice-versa. There are two approaches for strategic planning - top down or bottom up.

Top down strategic planning describes a centralized approach to strategy formulation in which the corporate centre or head office determines mission, strategic intent, objectives and strategies for the organization as a whole and for all parts. Unit managers are seen as implementers of pre-specified corporate strategies.

Bottom up strategic planning is the characteristic of autonomous or semi-autonomous divisions or subsidiary companies in which the corporate centre does not conceptualize its strategic role as being directly responsible for determining the mission, objectives, or strategies of its operational activities. It may prefer to act as a catalyst and facilitator, keeping things reasonably simple and confining itself to perspective and broader strategic intent.

(b) 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.

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.

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.

Question 14

Write short notes on the following:

(a) *Network structure*   *(4 Marks)*

(b) *Elements of Marketing Mix*   *(3 Marks)*

Answer

(a) A newer and somewhat more radical organizational design, the network structure is an example of what could be termed a "non-structure" by its virtual elimination of in house business functions. Many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.

The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so. Under such conditions, there is usually a strong need for innovation and quick response. Instead of having salaried employees, it may contract with people for a specific project or length of time. Long-term contracts with suppliers and distributors replace services that the company could provide for itself through vertical integration. Electronic markets and sophisticated information systems reduce the transaction costs of the marketplace, thus justifying a "buy" over a "make" decision. Rather than being located in a single building or area, an organization's business functions are scattered worldwide.

The organization is, in effect, only a shell, with a small headquarters acting as a "broker", electronically connected to some completely owned divisions, partially owned subsidiaries, and other independent companies. In its ultimate form, the network organization is a series of independent firms or business units linked together by computers in an information system that designs, produces, and markets a product or service.

(b) Marketing mix forms an important part of overall competitive marketing strategy. The marketing mix is the set of controllable marketing variables that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything that the firm can do to influence the demand for its product. These are usually referred to as 4Ps - product, price, place and promotion.

Product stands for the "goods-and-service" combination the company offers to the target market. Price stands for the amount of money customers have to pay to obtain the product. Place stands for company activities that make the product available to target consumers. One of the most basic marketing decision is choosing the most appropriate channel to reach target customer. Promotion stands for activities that communicate the merits of the product and persuade target consumers to buy it. It includes - Personal Selling, Advertising, Publicity and Sales promotion

The traditional concept of 4Ps is also expanded further with more Ps such as, people, physical evidence and process. Under the dynamics of market all the Ps are extremely important so as to build and sustain a competitive advantage over the rivals.