

ISBN - 978-93-5586-387-4

Scanner Appendix

CA Inter Group - II
(Solutions of May - 2023)

Paper - 7 : Enterprise Information Systems and Strategic Management

Section – A : Enterprise Information Systems

Chapter - 1 : Automated Business Processes

7

*Diagrammatic Representation of
Business Processes*

2023 - May [2] (b)

Limitations of Flowcharts are as follows:

- (i) **Complex Logic:** Flowchart becomes complex where the problem logic is complex.
- (ii) **Modification:** Flow charts need to be re-drawn if modification is required in it.
- (iii) **Reproduction:** Since symbols in flow chart cannot be typed - reproduction of flow charts can be a problem .
- (iv) **Difficulty to link between conditions and creations:**
Sometimes it becomes difficult to establish the linkage between various conditions and the actions to be taken thereupon for a condition.

10

***Regulatory and Compliance Requirements:
Information Technology Act (IT Act)*****2023 - May [5] (a)****Six advantages of Cyber Laws under IT Act 2000 are:**

- Electronic information is a given valid and legal status.
- Opens scope for companies to carry out electronic commerce.
- Digital signatures and emails have been given legal validity.
- Corporates can do business of Certifying Authorities for issuing Digital signatures certificates.
- Allows Govt. to issue notification on the web thus improving e-governance.
- Allows corporates/any person to file form/application with Govt. in electronic form.

Chapter - 2 : Financial and Accounting Systems

2

***Integrated (ERP) and Non-Integrated Systems:
Integrated ERP Systems:*****2023 - May [1] {C} (a)****Three tier Architecture of Application Software:**

Three-Tier Architecture is a software design pattern and well established software architecture. It is client-server architecture in which functional process logic, data access, computer data storage & users. Its three tiers are:

Presentation Tier: Occupies Top level and displays information related to service available on website. It communicates with other tiers by sending results to browser & other tiers in network.

Application Tier: Called Middle Tier, Logic Tier, business Logic or Logic Tier, it is pulled from presentation & control application Functionality by performing detailed processing.

Database Tier: Houses of database servers where information is stored & retrieved. Data in this tier is kept independent of application servers on business logic and allows for updates without application tier charts being affected.

4

Business Process Modules and their integration with Financial and Accounting System:**2023 - May [3] (a)**

Financial Accounting Module is the most important module of overall ERP system and it connects all the modules to each other.

Six key Features of this module are :

- Tracking of flow of Financial data across organization in controlled manner & integrating all the information for effective strategic decision making.
- Creation of Organizational Structure.
- Financial Accounting Global Setting .
- General ledger Accounting.
- Tax Configuration & Creation & Maintenance of House of Banks.
- Account Payables.

Chapter - 3: Information Systems and Its Components

5

Component of Information System: Networking and Communication Systems**2023 - May [5] (Or) (b)**

The basic issues to be addressed by network model are as follows:

- (I) **Routing:** Process of deciding how to communicate the data from source to destination in a network.
- (ii) **Bandwidth:** Amt. of Data which can be sent across a network in given time.
- (iii) **Resilience:** Ability of a network to recover from any kind of error like connection failure, loss of data etc.
- (iv) **Contention:** Situation that arises when there is a conflict for some common resource in a network.

9***Classification of Information Systems Control:
Based on Nature of Information Systems
Resources*****2023 - May [5] (b)****Audit of Environmental Controls:**

Auditor is required to pay attention to following factors and Activities to audit environmental controls:

- (i) **Power Conditioning:** IS auditor should determine how frequently power conditioning equipment, such as UPS, line conditioners, surge protectors, are used, inspected and maintained.
- (ii) **Backup Power:** IS auditor should determine if backup power is available via electric generators or UPS and how frequently they are tested.
- (iii) **Water Detection:** IS auditor should determine if any water detectors are used in rooms where computers are used and also how frequently these are tested and monitored.
- (iv) **Cleanliness:** IS auditor should examine data centers to see how clean they are. IT equipment air filters and inside of IT components to be examined to see if there is an accumulation of dust/dirt.

10***Classification of Information Systems Control:
Based on Information Systems Functions*****2023 - May [2] (a)**

Operational management typically perform control over the functions as discussed below:

- (i) **Computer Operations:** The control over computer operations govern the activities that directly support the day-to-day execution of either test or production system on the hardware/ software platform available.

- (ii) **Network Operations:** Data may be lost or corrupted through component failure. To avoid such situation, proper functioning of network operations, monitoring performance of network communication channels, network devices & files are required.
- (iii) **File Library:** This includes the management of not only machine - readable storage media like magnetic, tapes, cartridges, optical disks of an organization but also its fixed storage media.
- (iv) **Documentation:** This involves that documentation librarians ensure that documentation is stored securely; only authorized personnel gain access to documentation.
- (v) **Help Desk:** This assists end - users to employ and end users hardware and software such as micro-computers, spread sheet packages, database management package etc.
- (vi) **Management of Outsourced Operations:** This has the responsibility for carrying out day- to day monitoring of the outsourcing contract.

Chapter - 4 : E-Commerce, M-Commerce and Emerging Technologies

11***Computing Technologies: Cloud Computing***

2023 - May [4] (b)

Public Cloud : It is a cloud infrastructure provisioned for open use by general public.

Characteristics of Public Cloud:

- (i) **Highly Scalable:** Resources in public cloud are large in number and service provides make sure that all requests are granted.
- (ii) **Affordable:** Cloud is offered public on pay - as - you -go basis, so user has to pay only for what she/he is using.
- (ii) **Less Secure:** It is less secure as it is offered by third party who has full control over cloud.
- (iv) **Highly Available:** It is highly available because anybody from any part of the world can access -public cloud with permissions.

13***Computing Technologies: Green Computing*****2023 - May [3] (b)**

Green Computing /Green It is the study and practice of environmentally sustainable computing or It.

Green Computing Best Practice / Steps:

- (I) Develop a sustainable Green Computing plan
- (ii) Recycle
- (iii) Make environmentally sound decisions
- (iv) Reduce paper Consumption
- (v) Conserve Energy

Explaining Recycle:

- Dispose e- waste according to central, State & local regulations.
- Discard used /unwanted electronic equipment in a convict responsible manner or computers emit harmful emissions.
- Offer safe end - of- life management & recycling options when products are unusable.
- Recycle computers through manufacturer's recycling services.

Chapter - 5 : Core Banking Systems**2*****Component and Architecture of CBS:
Overview*****2023 - May [1] {C} (b)****ATM Channel Server:**

ATM Channel Server contains details of ATM account holders. When the Central Database is busy with central end of day activities or for any other reason, the file containing the account balance of the customer is sent to the ATM switch. Such file is called Positive Balance File (PBF). This ensures continuity of ATM operations and also confirms that the central data base is always up-to date.

5***Risk Associated with CBS*****2023 - May [4] (a)****Some IT risks related to CBS that the banks should consider are as follows:**

Particulars	Description
Ownership of Data/ Process	Data resides at the Data center Establish clear ownership.
Authorization Process	If process is not robust , it can lead to unauthorized access to customer information .
Maintaining response time	Maintaining interfacing software and ensuring optimum response time and up time can be challenging.
User Identify Management	Some Banks may have more than 5000 users interacting with the CBS at once, which can be major issues.
Access Controls	Bank environments are subject to all types of attach, thus a strong access control system is a crucial part of a bank's overall security plan.
Change Management not easy	It reduces the risk associated with change, however it requires changes at application & data level of database which can be complex.

Section – B : Strategic Management**Chapter - 2 : Dynamics of Competitive Strategy****5*****Competitive Advantage*****2023 - May [7] (b)****Sustainability of Competitive Advantage:****Four major characteristics of resources & capabilities:**

- (i) **Durability:** Period over which a competitive advantage can be sustained. It depends on rate at which firm's resources & capabilities deteriorate. In Industries where rate of product innovation is fast, product patents are likely to become obsolete.
- (ii) **Transferability:** Ability of rivals to attack position of Competitive advantage. It relies on their gaining access to necessary resources & capabilities.
- (iii) **Imitability:** Ability of Competitors to easily & quickly build resources and capabilities on which a firm's competitive advantage is based.
- (iv) **Appropriability:** Ability of firm's owners to appropriate returns on its resources base. Even where resources and capabilities are capable of offering sustainable advantage, there is an issue as to who receives returns on these resources.

13***Different Levels of Strategies*****2023 - May [7] (a)****Corporate Strategies:**

- Corporate Strategies are formulated by the top managers.
- Such Strategies are formulated for whole organization.
- These include the determination of the plans for expansion and growth, vertical & horizontal integration, diversification take overs & mergers and so on.

Business Level Strategies:

- These are formulated by the business level managers.
- Business level managers help in translating the general statement of directions intent that come from the corporate level into concrete strategies for individual.
- These strategies are concerned with individual businesses also called SBUs.

Functional level Strategies :

- These are formulated by the functional level managers .
- These managers are responsible for specific functions or operations such as human resources, purchasing, product development and so on.
- Help in implementation of corporate & business level strategies.

Chapter - 3 : Strategic Management Process**2*****Strategic Planning*****2023 - May [9] (a)**

Strategic Planning is the process of determining firm's objectives, resources required to attain objectives, policies to manage acquisition, use and disposition of resources.

Key characteristics of Strategic Planning:

- Shapes the organization and its resources
- Assesses the impact of environmental variables
- Takes holistic view of the entire organization
- It is a senior management responsibility

Chapter - 4 : Corporate Level Strategies**3*****Typologies of Strategies : Growth / Expansion Strategy*****2023 - May [8] (a)**

- (i) If HPPL and HLP join hands and make new entity named Health N Hygiene Pharma Ltd, then this type of strategies deal will be called a Merger.
- (ii) In case, HLP is sold out to HPPL & HLP ceased to exist, then this type of strategies deal will be called on Acquisition .

(iii) **Differences between Mergers & Acquisitions are :**

Merger:

- Merger is when two or More organizations join together to expand their business operations.
- In this usually a new entity is formed.

Acquisition:

- Acquisition is when one organization takes over other organization and controls all its business operations
- In this one organization that is taken over ceases to exist.

Chapter - 5 : Business Level Strategies

1

***Porter's Five Forces Model:
Competitive Analysis***

2023 - May [8] (b)

Buyers of an industry's products or services can exert considerable pressure on existing firms to secure lower prices or better services.

This leverage is particularly evident when:

- Buyers have full knowledge of the sources of product.
- They spend a lot of money on the industry's product.
- The industry's product is not perceived as critical to buyer's need.
- Buyers are more concentrated than firms supplying the product.

They can easily switch to the substitutes available.

Chapter - 6 : Functional Level Strategies

9

Research and Development Strategy

2023 - May [10] (b)

The following guidelines can be used to help make this decision:

- If rate of technical progress is slow, the rate of market growth is moderate and there are significant barriers to possible new entrants, then in- house R & D is the preferred solution.
- If technology is changing rapidly and the market is growing slowly, there generally major effort in R&D may be very risks because it may lead to the development of an ultimately obsolete technology or one for which there is no market.

- If technology is changing slowly, but the market is growing quickly, there generally is not enough time for in-house developments.
- If both technical progress and market growth are fast, R & D expertise should be obtained through acquisition of a well-established firm in the industry.

Chapter - 7 : Organisation and Strategic Leadership

9

Strategic Leadership

2023 - May [6] {C}

- (a) Leadership style employed by Ramesh is Transactional where as Suresh follows Transformational leadership style.
- (b) **Transactional leadership style** may be appropriate in static environmental in mature industries, and in organizations that are performing well.
Transformational leadership style may be appropriate in turbulent environments, in industries at the very start or end of their life cycles, in poorly performing organizations where there is a need to inspire a company to embrace major changes.
- (c) Transactional leader believes in using the authority of its office to exchange rewards, such as pay and status . They prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievements and non- achievement.
- Transformational leaders offer excitement, vision, intellectual stimulation and personal satisfaction . They inspire involvement in a mission, giving followers a 'dream' or 'vision' of a higher calling so as to elicit more dramatic changes in organizational performances.

2023 - May [10] (Or) (b)

The leadership roles, I will have to play as a Manager in pushing for good strategy execution are:

- (I) Staying on top of what is happening, closely monitoring progress, solving out issues, and learning what obstacles lie in the path of good execution.

- (ii) Promoting a culture of esprit de corps that mobilizes and energizes organizational members to execute strategy in a component fashion and perform at a high level.
- (iii) Keeping the organization responsive to changing conditions, alert for new opportunities bubbling with innovative ideas developing competitively valuable competencies & capabilities.
- (iv) Exercising ethical leadership and insisting that the company conduct its affairs like a model corporate citizen.
- (v) Pushing corrective actions to improve strategy execution and overall strategic performance.

Chapter - 8 : Strategy Implementation and Control

2

Strategic Change

2023 - May [10] (a)

The changes in environmental forces often require businesses to make modifications in their existing business and bring out new strategies.

- It is a complex process of modifying existing strategies or implementing new strategic due to changes in external environment.
- It is focused on areas like: new markets, products, services and new ways of choosing business.

Following steps are taken in initiate strategic change:

- (i) **Recognize the need for change:** The first step is to diagnose which facets of the present corporate culture are strategy supportive and which are not.
- (ii) **Create a shared vision to manage change:** Objectives of both individuals and organization should coincide. There should be no conflict between them. They have to convince all those concerned that the change in business culture is not superficial on cosmetic.
- (iii) **Institutionalize the change:** This is basically an action stage which requires implementation of changed strategy. Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of thinking things.

4

Strategic Control**2023 - May [9] (b)****Strategic Control:**

- It is an important process that keeps organization on its designed path.
- It involves evaluating strategy as it is formulated and implement.
- It is directed towards identifying problems & changes in premises and making necessary adjustments.

There are four types of strategic control:

Premise Control	A Strategic is Formed on the basis of certain assumptions on premises about the environment.
Strategic Surveillance	Strategic Surveillance is unfocused. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.
Special Alert Control	At times unexpected events may force organizations to reconsider their strategy, sudden changes in government natural calamities, unexpected merges by competitors, industrial disasters an immediate and intense review of strategy.
Implementation Control	Managers implement the strategy by converting major plans into concrete, sequential actions that form incremental steps. It is directed toward assessing the need for changes in overall strategy in results.

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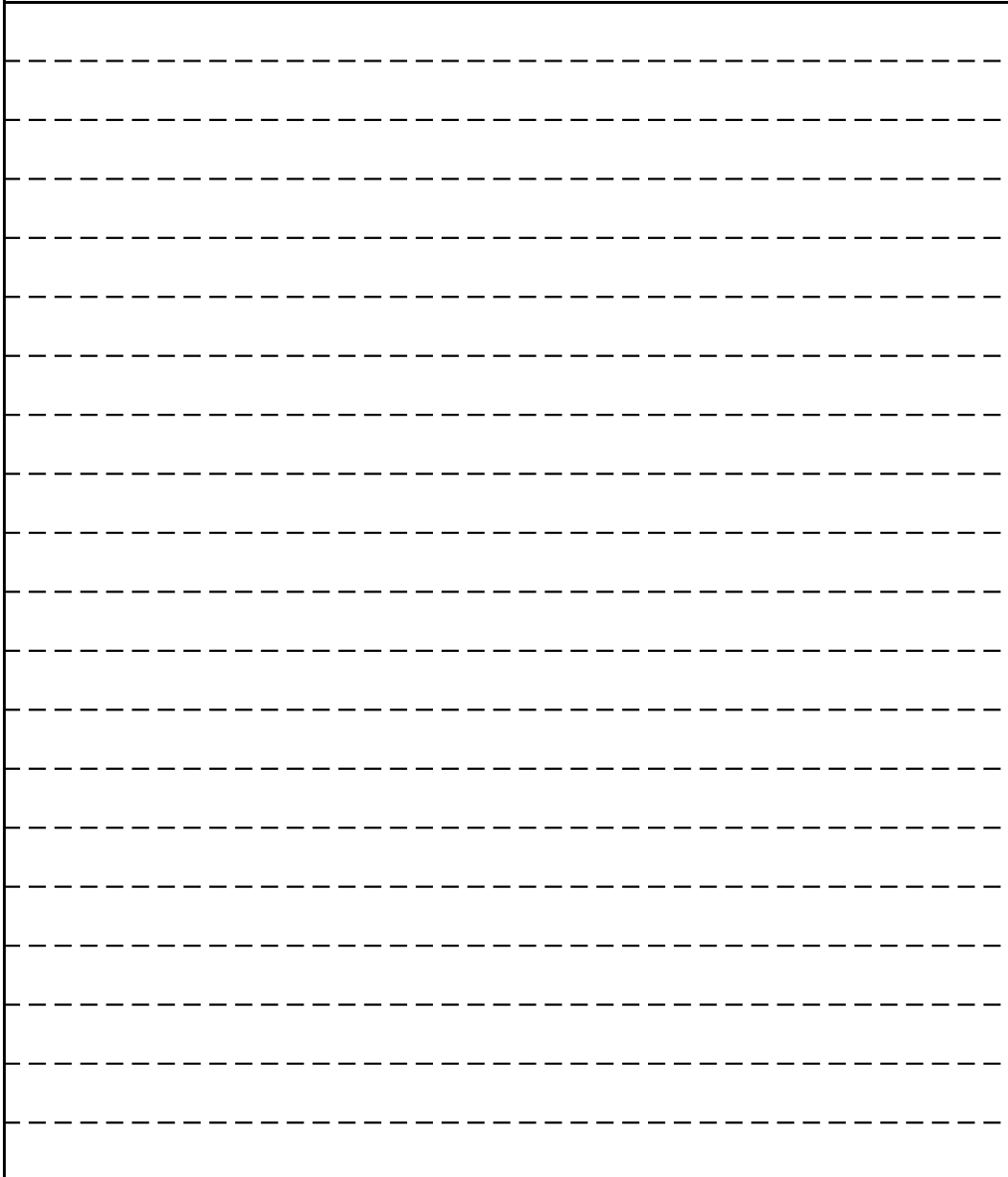
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