PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

SECTION – A: ENTERPRISE INFORMATION SYSTEMS

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

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

Question 1

(a) *Write a short note on Extraction- Transformation-Load (ETL).* **(3 Marks)**

(b) *What is virtual memory? How does it differ from secondary memory?* **(2 Marks)**

Answer

(a) Extraction-Transformation-Load (ETL)

- The concept of the data warehouse includes the process of **extraction** of data from one or more of the organization's databases, its **transformation** into an appropriate form using different techniques like smoothing, aggregation, normalization etc. and **loading** into the data warehouse which is itself another database for storage and analysis.

- For ETL to be performed on a data, a data warehouse should be designed so that it meets the following criteria:

  o It uses non-operational data which means that the data warehouse is using a copy of data from the active databases that the company uses in its day-to-day operations.

  o The data is time-variant which means a time-stamp is received whenever data is loaded into the data warehouse.

  o The data is to be standardized in case the data in a data warehouse comes from different sources and does not use the same definitions or units.

- For example, the Events table in Student Clubs database lists the event dates using the mm/dd/yyyy format (e.g. 01/10/2013) whereas a table in another database might use the format yy/mm/dd (e.g.13/01/10) for dates. For the data warehouse to match up dates, a standard date format would have to be agreed upon and all data loaded into the data warehouse would have to be transformed to use this standard format before its loading into the database for storage.

(b) Virtual Memory

- Virtual Memory is not a separate device but an imaginary memory area supported by some operating systems (for example, Windows) in conjunction with the hardware. If a computer lacks in required size of the Random-Access Memory (RAM) needed to run a program or operation, Windows uses virtual memory to compensate.

- Virtual memory is an allocation of temporary space on hard disk space to help RAM. When RAM runs low, virtual memory moves data from RAM to a space called a paging file. Moving data to and from the paging file frees up RAM to complete its work.

Differences between Virtual Memory and Secondary Memory are given below:

Virtual Memory	Secondary Memory
Virtual Memory is an imaginary memory area that combines computer's RAM with temporary space on the hard disk.	Secondary memory is a storage device having features of non-volatility (contents are permanent in nature), greater capacity (they are available in large size), and greater economy.
When RAM runs low, virtual memory moves data from RAM to a space called a paging file. Moving data to and from the paging file frees up RAM to complete its work.	The secondary memory is available in bigger sizes; thus program and data can be stored permanently.

Question 2

(a) The Goods and Service Tax (GST) rate in India for various goods and services is divided broadly under 4 categories, draw a flowchart to compute Goods and Service Tax for the goods manufactured as per table below.

Category (K)	Rate
A	5%
B	12%
C	18%
D	28%

(6 Marks)

(b) Information systems have set high hopes to companies for their growth as it reduces processing speed and helps in cutting cost. Being an auditor of ABC manufacturing company, discuss the key areas that should pay attention to while evaluating Managerial controls by top management. *(4 Marks)*
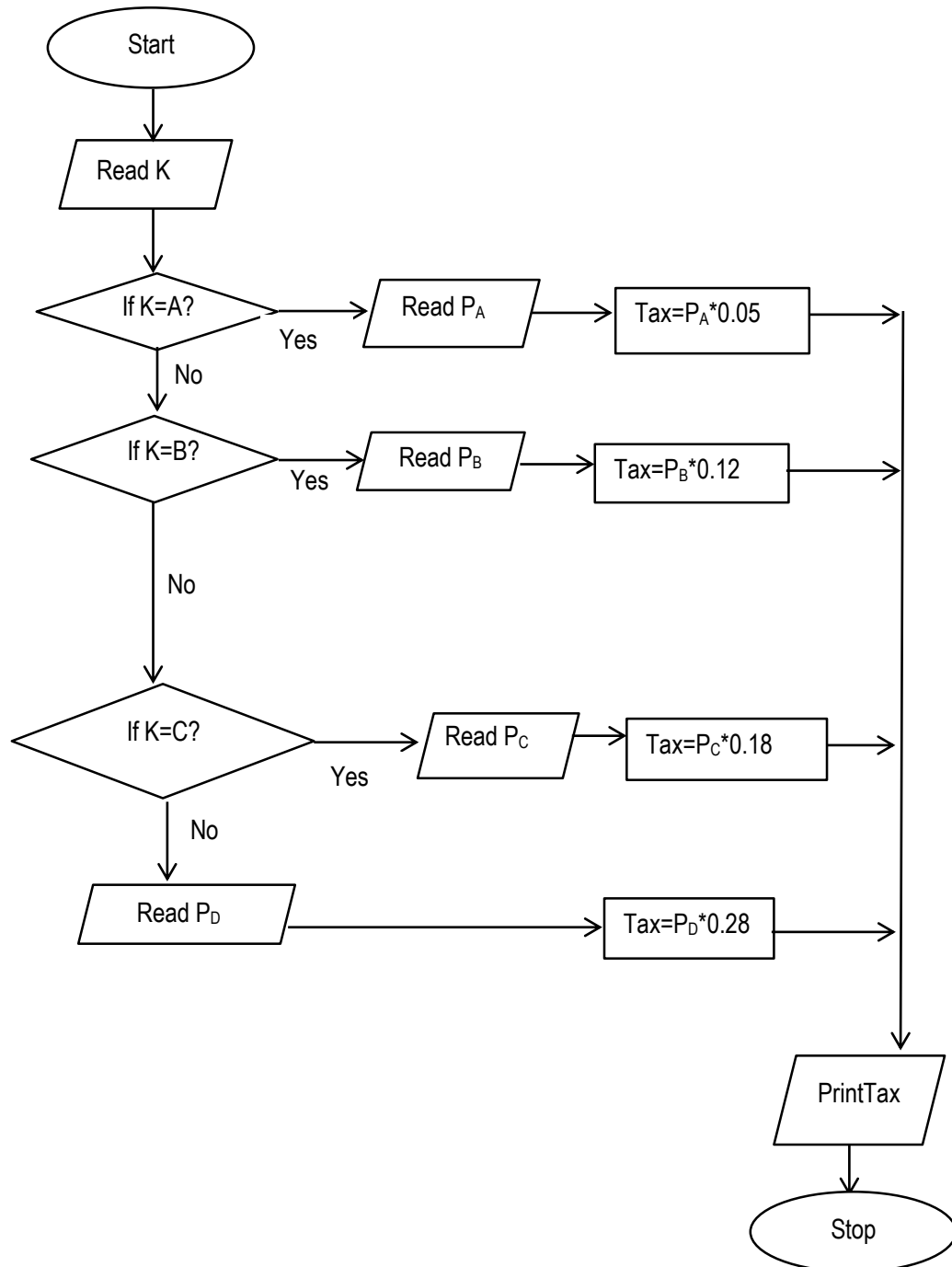
Answer

(a) Abbreviations used in flowchart are as follows:

K: category for various goods and services

P_A, P_B, P_C, P_D: Price of goods manufactured under categories A, B, C and D respectively.

Tax: Goods and Services tax

This flowchart is based on the assumption that the Price value (P_A, P_B, P_C, P_D) may vary depending upon the category of Goods manufactured (A, B, C and D) respectively.

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Alternate Presentation

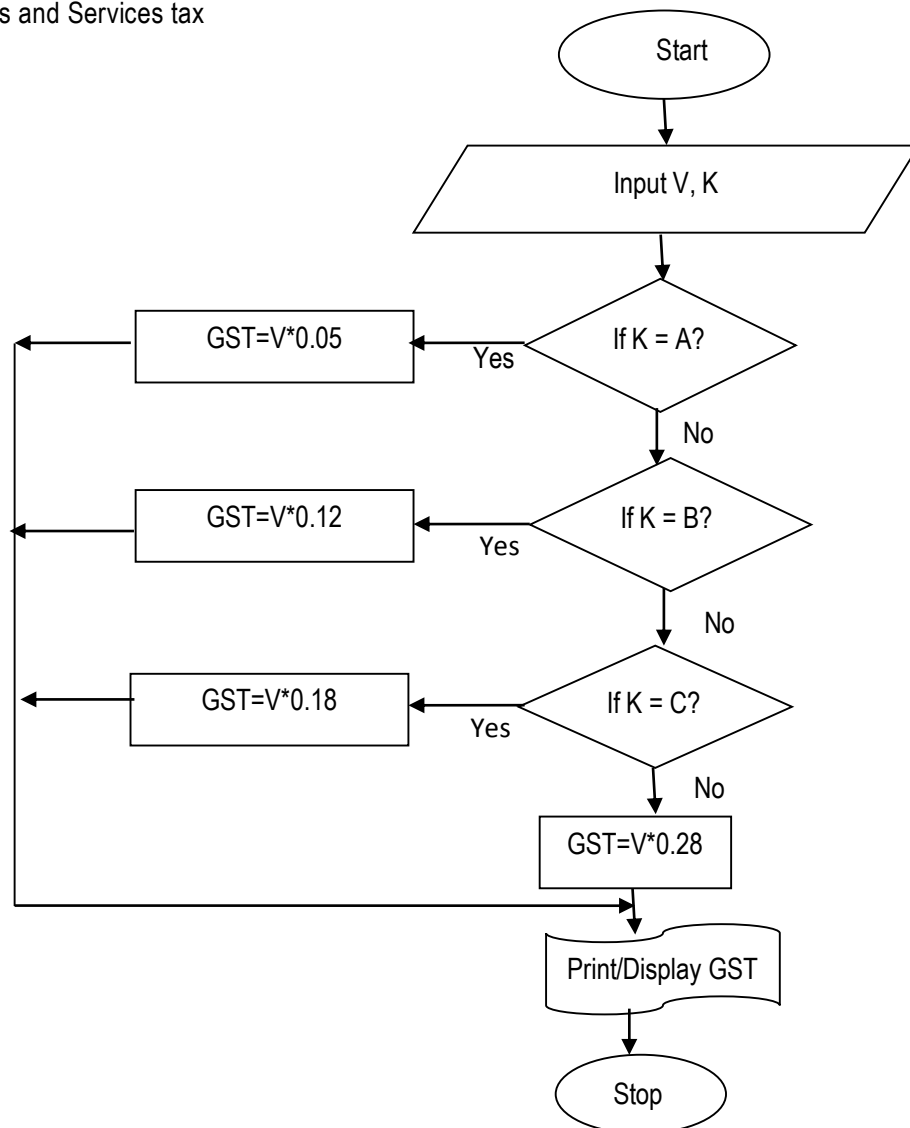This flowchart is based on the assumption that the Price value V is same for all the Goods manufactured (A, B, C and D) irrespective of their category.

Abbreviations used in flowchart are as follows:

K: Category for various goods and services

V: Price of goods manufactured.

GST: Goods and Services tax

(b) The key areas that auditors should pay attention to while evaluating Managerial controls are as follows:

(i) Planning: Auditors need to evaluate whether top management has formulated a high-quality information system's plan that is appropriate to the needs of an organization or not. A poor-quality information system is ineffective and inefficient leading to losing of its competitive position within the marketplace.

(ii) Organizing: Auditors should be concerned about how well top management acquires and manages staff resources.

(iii) Leading: Generally, the auditors examine variables that often indicate when motivation problems exist or suggest poor leadership – for example, staff turnover statistics, frequent failure of projects to meet their budget and absenteeism level to evaluate the leading function. Auditors may use both formal and informal sources of evidence to evaluate how well top managers communicate with their staff.

(iv) Controlling: Auditors should focus on subset of the control activities that should be performed by top management – namely, those aimed at ensuring that the information systems function accomplishes its objectives at a global level. Auditors must evaluate whether top management's choice to the means of control over the users of IS services is likely to be effective or not.

Question 3

(a) Explain the concept of green computing. How will you develop a sustainable green computing plan? **(6 Marks)**

(b) From traditional digital payment methods, India is moving towards newer methods of digital payments. In light of the above statement, briefly explain following new methods.

(i) BHIM   (ii) USSD **(4 Marks)**

Answer

(a) Green Computing

- **Green Computing** or **Green IT** refers to the study and practice of environmentally sustainable computing or IT. It is the study and practice of establishing/ using computers and IT resources in a more efficient and environmentally friendly and responsible way.

- The objective of Green computing is to reduce the use of hazardous materials, maximize energy efficiency during the product's lifetime, and promote the recyclability or biodegradability of defunct products and factory waste.

- Green computing's practices include the implementation of energy-efficient Central Processing Units (CPUs), servers and peripherals as well as reduced resource consumption and proper disposal of electronic waste (e-waste).

The steps to develop a sustainable Green Computing plan are as follows:

- Involve stakeholders to include checklists, recycling policies, recommendations for disposal of used equipment, government guidelines and recommendations for purchasing green computer equipment in organizational policies and plans;

- Encourage the IT community for using the best practices and encourage them to consider green computing practices and guidelines.

- On-going communication about and campus commitment to green IT best practices to produce notable results.

- Include power usage, reduction of paper consumption, as well as recommendations for new equipment and recycling old machines in organizational policies and plans; and

- Use cloud computing so that multiple organizations share the same computing resources thus increasing the utilization by making more efficient use of hardware resources.

(b) (i) BHIM (Bharat Interface for Money)

- **BHIM (Bharat Interface for Money)** is a Mobile App developed by National Payments Corporation of India (NPCI) based on UPI (Unified Payment Interface). It facilitates e-payments directly through banks and supports all Indian banks which use that platform.

- It is built on the Immediate Payment Service infrastructure and allows the user to instantly transfer money between the bank accounts of any two parties.

- BHIM works on all mobile devices and enables users to send or receive money to other UPI payment addresses by scanning QR code or using account number with Indian Financial Systems Code (IFSC) code or MMID (Mobile Money Identifier) Code for users who do not have a UPI-based bank account.

(ii) Unstructured Supplementary Service Data (USSD)

- Unstructured Supplementary Service Data (USSD) is a revolutionary idea where to make payments through mobiles, there is neither need for internet nor any smart phone.

- USSD banking or *99# Banking is a mobile banking based digital payment mode and can be easily used with any normal feature phone.

- USSD banking is as easy as checking of mobile balance. S/he can use this service for many financial and non-financial operations such as checking

balance, sending money, changing Mobile Banking Personal Identification Number (MPIN) and getting Mobile Money Identifier (MMID).

Question 4

(a) Explain the stages of Money Laundering. **(6 Marks)**

(b) Define the Mortgage Loan. Briefly explain the types of Mortgage Loan. **(4 Marks)**

Answer

(a) The stages of Money Laundering are as follows:

(i) Placement: The first stage involves the Placement of proceeds derived from illegal activities - the movement of proceeds, frequent currency from the scene of the crime to a place, or into a form, less suspicious and more convenient for the criminal.

(ii) Layering: It involves the separation of proceeds from illegal source using complex transactions designed to obscure the audit trail and hide the proceeds. The criminals frequently use shell corporations, offshore banks or countries with loose regulation and secrecy laws for this purpose. Layering involves sending the money through various financial transactions to change its form and make it difficult to follow. Layering may consist of several banks to bank transfers or wire transfers between different accounts in different names in different countries making deposit and withdrawals to continually vary the amount of money in the accounts changing the money's currency purchasing high value items (boats, houses cars, diamonds) to change the form of money-making it hard to trace.

(iii) Integration: It involves conversion of illegal proceeds into apparently legitimate business earnings through normal financial or commercial operations. Integration creates the illusion of a legitimate source for criminally derived funds and involves techniques as numerous and creative as those used by legitimate businesses. For example- false invoices for goods exported, domestic loan against a foreign deposit, purchasing of property and comingling of money in bank accounts.

(b) Mortgage Loan

- A **Mortgage loan** is a secured loan which is secured on the borrower's property by marking a lien on the property as collateral for the loan. If the borrower stops paying, then the lender has the first charge on the property.

- Mortgages are used by individuals and businesses to make large real estate purchases without paying the entire value of the purchase up front. Over the period of many years, the borrowers repay the loan amount along with interest until there is no outstanding.

Types of Mortgage Loan are as follows:

- **Home Loan:** This is a traditional mortgage where customer has an option of selecting fixed or variable rate of interest and is provided for the purchase of property.

- **Top Up Loan:** Here the customer already has an existing loan and is applying for additional amount either for refurbishment or renovation of the house.

- **Loans for Under Construction Property:** In case of under construction properties the loan is disbursed in tranches / parts as per construction plan.

Question 5

(a) *Using the automation technique in modem era of business, the business gets well developed with a great customer satisfaction of its services and products in which the customer-oriented supply chain plays a major role. List down the name of all the benefits of Automating Business processes by explaining any four benefits.*   *(6 Marks)*

(b) *Write a short note on (i) Digital Library (ii) Payment Gateway*   *(4 Marks)*

OR

Cloud based applications are now taking over Installed applications. What are the major differences between Cloud based Applications and Installed Applications? Explain any four.

Answer

(a) The benefits of automating Business Processes are as follows:

- Quality and Consistency
- Time Saving
- Visibility
- Improved Operational Efficiency
- Governance and Reliability
- Reduced Turnaround Times
- Reduced Costs

These benefits are explained below:

- **Quality and Consistency:** Ensures that every action is performed identically - resulting in high quality, reliable results and stakeholders will consistently experience the same level of service.

- **Time Saving:** Automation reduces the number of tasks employees would otherwise need to do manually. It frees up time to work on items that add genuine value to the business, allowing innovation and increasing employees' levels of motivation.

- **Visibility:** Automated processes are controlled and they consistently operate accurately within the defined timeline. It gives visibility of the process status to the organization.

- **Improved Operational Efficiency:** Automation reduces the time it takes to achieve a task, the effort required to undertake it and the cost of completing it successfully. Automation not only ensures systems run smoothly and efficiently, but that errors are eliminated and that best practices are constantly leveraged.

- **Governance and Reliability:** The consistency of automated processes means stakeholders can rely on business processes to operate and offer reliable processes to customers, maintaining a competitive advantage.

- **Reduced Turnaround Times:** Eliminate unnecessary tasks and realign process steps to optimize the flow of information throughout production, service, billing and collection. This adjustment of processes distils operational performance and reduces the turnaround times for both staff and external customers.

- **Reduced Costs:** Manual tasks, given that they are performed one-at-a-time and at a slower rate than an automated task, will cost more. Automation allows us to accomplish more by utilizing fewer resources.

(b) (i) Digital Library

- A Digital Library is a special library with a focused collection of digital objects that can include text, visual material, audio material, video material, stored as electronic media formats (as opposed to print, microform, or other media), along with means for organizing, storing, and retrieving the files and media contained in the library collection.

- Digital libraries can vary immensely in size and scope, and can be maintained by individuals, organizations, or affiliated with established physical library buildings or institutions, or with academic institutions.

- The digital content may be stored locally or accessed remotely via computer networks. An electronic library is a type of information retrieval system.

(ii) Payment Gateway

- Payment gateway is the payment mode through which customers shall make payments. Payment gateway represents the way e-commerce / m-commerce vendors collects their payments.

- The payment gateway is the last and most critical part of e-commerce transactions. These assure seller of receipt of payment from buyer of goods/services from e-commerce vendors.

- Presently numerous methods of payments by buyers to sellers are being used, including Credit / Debit Card Payments, Online bank payments, Vendors own payment wallet, Third Party Payment wallets, like SBI BUDDY or PAYTM, Cash on Delivery (COD) and Unified Payments Interface (UPI).

OR

(b) Differences between Cloud based Applications and Installed Applications are given below:

Particulars	Installed Applications	Cloud Based Applications
Installation and Maintenance	As software is installed on hard disc of the computer used by user, it needs to be installed on every computer one by one. This may take lot of time. Also, maintenance and updating of software may take lot of time and efforts.	Installation on user computer is not required. Update and maintenance are defined responsibility of service provider.
Accessibility	As software is installed on the hard disc of the user's computer, user needs to go the computer only, i.e. the computer where software is installed, to use the software. It cannot be used from any computer.	As software is available through online access, to use the software a browser and an internet connection is needed. It can be used from any computer in the world. Access to the software becomes very easy. Also, it can be used 24 x 7.
Mobile Application	Using the software through mobile application is difficult in this case.	Mobile application becomes very easy as data is available 24x7. As technology evolves, mobile technology is becoming an industry norm that makes cloud based application future oriented.
Data Storage	Data is physically stored in the premises of the user, i.e. on the hard disc of the user's server computer. Hence user will have full control over the data.	Data is not stored in the user's server computer. It is stored on a web server. Ownership of data is defined in Service Level Agreement (SLA) that defines the rights, responsibilities and authority of both service provider and service user.
Data Security	As the data is in physical control of the user, user shall have the full physical control over the data and he/she can ensure that it is not accessed without proper access.	Data security is a challenge in case of cloud based application as the data is not in control of the user or owner of data. As time evolves; SLAs provides for details of back-up, disaster recovery alternatives being used by service provider.

Performance	A well written installed application shall always be faster than web application, reason being data is picked from local server without internet.	Access is dependent on speed of internet. Slow internet slows access to information and may slow operations.
Flexibility	It shall have more flexibility and controls as compared to web application. It is very easy to write desktop applications that take advantage of the user's hardware (such as: scanners, cameras, Wi-Fi, serial ports, network ports, etc.). Installed applications have this dis-advantage of higher Capital Expenditure (CAPEX) in comparison to cloud based application.	The success of cloud based applications is that they allow flexibility against both Capital Expenditure (CAPEX) and Operating Expense (OPEX) to the user. User can scale up operations as per need.

SECTION –B: STRATEGIC MANAGEMENT

*Question No. **6** is compulsory*

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

Question 6

Mohan has joined as the new CEO of XYZ Corporation and aims to make it a dominant technology company in the next five years. He aims to develop competencies for managers for achieving better performance and a competitive advantage for XYZ Corporation. Mohan is well aware of the importance of resources and capabilities in generating competitive advantage.

Discuss the four major characteristics of resources and capabilities required by XYZ Corporation to sustain the competitive advantage and its ability to earn profits from it.

(5 Marks)

Answer

XYZ Corporation is aiming to transform into a dominant technology company under the leadership of Mohan, the new CEO. He aims to develop competencies for managers for achieving better performance and a competitive advantage for the corporation. Mohan is also well aware of the importance of resources and capabilities in generating and sustaining the competitive advantage. Therefore he must focus on characteristics of resources and capabilities of the corporation.

The sustainability of competitive advantage and a firm's ability to earn profits from it depends, to a great extent, upon four major characteristics of resources and capabilities which are as follows:

1. **Durability:** The period over which a competitive advantage is sustained depends in part on the rate at which a firm's resources and capabilities deteriorate. In industries where the rate of product innovation is fast, product patents are quite likely to become obsolete. Similarly, capabilities which are the result of the management expertise of the CEO are also vulnerable to his or her retirement or departure. On the other hand, many consumer brand names have a highly durable appeal.

2. **Transferability:** Even if the resources and capabilities on which a competitive advantage is based are durable, it is likely to be eroded by competition from rivals. The ability of rivals to attack position of competitive advantage relies on their gaining access to the necessary resources and capabilities. The easier it is to transfer resources and capabilities between companies, the less sustainable will be the competitive advantage which is based on them.

3. **Imitability:** If resources and capabilities cannot be purchased by a would-be imitator, then they must be built from scratch. How easily and quickly can the competitors build the resources and capabilities on which a firm's competitive advantage is based? This is

the true test of imitability. Where capabilities require networks of organizational routines, whose effectiveness depends on the corporate culture, imitation is difficult.

4. **Appropriability:** Appropriability refers to the ability of the firm's owners to appropriate the returns on its resource base. Even where resources and capabilities are capable of offering sustainable advantage, there is an issue as to who receives the returns on these resources.

Question 7

(a) *Strategy execution is an operations-oriented activity which involves a good fit between strategy and organizational capabilities, structure, climate & culture. Enumerate the principal aspects of strategy execution process which are used in most of the situations.*

(5 Marks)

(b) *X Pvt. Ltd. had recently ventured into the business of co-working spaces when the global pandemic struck.. This has resulted in the business line becoming unprofitable and unviable, and a failure of the existing strategy. However, the other businesses of X Pvt. Ltd. are relatively less affected by the pandemic as compared to the recent co-working spaces. Suggest a strategy for X Pvt. Ltd. with reasons to justify your answer.* **(5 Marks)**

Answer

(a) Implementation and execution are an operations-oriented activity aimed at shaping the performance of core business activities in a strategy-supportive manner. To convert strategic plans into actions and results, a manager must be able to direct organizational change, motivate people, build and strengthen company's competencies and competitive capabilities, create a strategy-supportive work culture, and meet or beat performance targets. Good strategy execution involves creating strong "fits" between strategy and organizational capabilities, structure, climate & culture.

In most situations, strategy-execution process includes the following principal aspects:

1. **Developing budgets** that steer ample resources into those activities critical to strategic success.

2. **Staffing the organization with the needed skills and expertise**, consciously building and strengthening strategy-supportive competencies and competitive capabilities and organizing the work effort.

3. **Ensuring that policies and operating procedures facilitate rather than impede** effective execution.

4. **Using the best-known practices** to perform core business activities and pushing for continuous improvement.

5. **Installing information and operating systems** that enable company personnel to better carry out their strategic roles day in and day out.

6. **Motivating people** to pursue the target objectives energetically.

7. **Creating a company culture and work climate conducive** to successful strategy implementation and execution.

8. **Exerting the internal leadership needed to drive implementation forward and keep improving strategy execution.** When the organization encounters stumbling blocks or weaknesses, management has to see that they are addressed and rectified quickly.

(b) It is advisable that divestment strategy should be adopted by X Pvt. Ltd.

In the given situation where the business of co-working spaces became unprofitable and unviable due to Global pandemic, the best option for the company is to divest the loss making business.

Retrenchment may be done either internally or externally. Turnaround strategy is adopted in case of internal retrenchment where emphasis is laid on improving internal efficiency of the organization, while divestment strategy is adopted when a business turns unprofitable and unviable due to some external factors. In view of the above, the company should go for divestment strategy.

Further, divestment helps address issues like:

1. Persistent cash flows from loss making segment could affect other profit-making segments, which is the case in the given scenario.

2. Inability to cope from the losses, which again is uncertain due to pandemic.

3. Better investment opportunity, which could be the case if X Pvt. Ltd. can invest the money it generates from divestment.

Question 8

(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) Spacetek Pvt. Ltd. is an IT company. Although there is cut throat competition in the IT sector, Spacetek deals with distinctive niche clients and is generating high efficiencies for serving such niche market. Other rival firms are not attempting to specialize in the same target market. Identify the strategy adopted by Spacetek Pvt. Ltd. and also explain the advantages and disadvantages of that strategy.   **(5 Marks)**

Answer

(a) The role of Chief Executive Officer pertains to Corporate level.

The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.

The role of Chief Executive Officer is to:

1. oversee the development of strategies for the whole organization;

2. defining the mission and goals of the organization;

3. determining what businesses, it should be in;

4. allocating resources among the different businesses;

5. formulating, and implementing strategies that span individual businesses;

6. providing leadership for the organization;

7. ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and

8. managing the divestment and acquisition process.

(b) Spacetek Pvt. Ltd. company has adopted *Focus strategy* which is one of the Michael Porter's Generic strategies. Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product-line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.

Advantages of Focus Strategy

1. Premium prices can be charged by the organizations for their focused product/services.

2. Due to the tremendous expertise about the goods and services that organizations following focus strategy offer, rivals and new entrants may find it difficult to compete.

Disadvantages of Focus Strategy

1. The firms lacking in distinctive competencies may not be able to pursue focus strategy.

2. Due to the limited demand of product/services, costs are high which can cause problems.

3. In the long run, the niche could disappear or be taken over by larger competitors by acquiring the same distinctive competencies.

Question 9

(a) *Core competencies provide edge to a business over its competitors. Discuss. Also, briefly state the three areas in which major core competencies are identified.* **(5 Marks)**

(b) *Sanya Private Limited is an automobile company. For the past few years, it has been observed that the progress of the company has become stagnant.. When scrutinized, it was found that the planning department was performing fairly well but the plans could not be implemented due to improper use of resources, undesirable tendencies of workers and non-conformance to norms and standards. You are hired as a Strategic Manager. Suggest the elements of process of control to overcome the problem.* **(5 Marks)**

Answer

(a) A core competence is a unique strength of an organization which may not be shared by others. Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses. An organization's combination of technological and managerial know-how, wisdom and experience are a complex set of capabilities and resources that can lead to a competitive advantage compared to a competitor.

According to C.K. Prahalad and Gary Hamel, major core competencies are identified in following three areas:

1. **Competitor differentiation:** The Company can consider having a core competence if the competence is unique and it is difficult for competitors to imitate. This can provide a company an edge compared to competitors. It allows the company to provide better products and services to market with no fear that competitors can copy it.

2. **Customer value:** When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the skills needed to provide fundamental benefits. The service or the product has to have real impact on the customer as the reason to choose to purchase them. If customer has chosen the company without this impact, then competence is not a core competence and it will not affect the company's market position.

3. **Application of competencies to other markets:** Core competence must be applicable to the whole organization; it cannot be only one particular skill or specified area of expertise. Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as core competence if it is not fundamental from the whole organization's point of view. Thus, a core competence is a unique set of skills and expertise, which will be used throughout the organization to open up potential markets to be exploited.

(b) Sanya Private Limited deteriorating performance due to poor implementation of plans that is improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards, all point towards weak controls in the organization. Implementation of plans cannot assure results unless strong and sufficient controls are put in place. The management of the company should focus diligently on developing controls especially in the identified problem areas.

The process of control has the following elements:

(a) Objectives of the business system which could be operationalized into measurable and controllable standards.

(b) A mechanism for monitoring and measuring the performance of the system.

(c) A mechanism (i) for comparing the actual results with reference to the standards (ii) for detecting deviations from standards and (iii) for learning new insights on standards themselves.

(d) A mechanism for feeding back corrective and adaptive information and instructions to the system, for effecting the desired changes to set right the system to keep it on course.

Above elements of control would ensure a proper check on improper use of resources, undesirable tendencies of the workers, and non-conformance to norms and standards and ensure a result oriented implementation of plans.

Question 10

(a) *Moonlight Private Limited deals in multi-products and multi-businesses. It has its own set of competitors. It seems impractical for the company to provide separate strategic planning treatment to each one of its product or businesses. As a strategic manager, suggest the type of structure best suitable for Moonlight Private Limited and state its benefits.* *(5 Marks)*

(b) *Elucidate:*

Expanded Marketing Mix *(5 Marks)*

OR

Matrix Structure

Answer

(a) It is advisable for Moonlight Private Limited to follow the strategic business unit (SBU) structure.

Moonlight Private Limited has a multi-product and multi-business structure where, each of these businesses has its own set of competitors. In the given case, Strategic Business Unit (SBU) structure would best suit the interests of the company.

SBU is a part of a large business organization that is treated separately for strategic management purposes. It is separate part of large business serving product markets with readily identifiable competitors. It is created by adding another level of management in a divisional structure after the divisions have been grouped under a divisional top management authority based on the common strategic interests.

Very large organizations, particularly those running into several products, or operating at distant geographical locations that are extremely diverse in terms of environmental factors, can be better managed by creating strategic business units, just as is the case for Moonlight Private Limited. SBU structure becomes imperative in an organization with increase in number, size and diversity.

Benefits of SBUs:

1. Establishing coordination between divisions having common strategic interest.

2. Facilitate strategic management and control.

3. Determine accountability at the level of distinct business units.

4. Allow strategic planning to be done at the most relevant level within the total enterprise.

5. Make the task of strategic review by top executives more objective and more effective.

6. Help to allocate resources to areas with better opportunities.

Thus, an SBU structure with its set of advantages would be most suitable for the company with the given diverse businesses having separate identifiable competitors, but a common organizational goal.

(b) Expanded Marketing Mix:

Typically, all organizations use a combination of 4 Ps in some form or the other that is product, price, place, and promotion. However, the above elements of marketing mix are not exhaustive. There are a few more elements that may form part of an organizational marketing mix strategy as follows:

1. **People**: all human actors who play a part in delivery of the market offering and thus influence the buyer's perception, namely the firm's personnel and the customer.

2. **Physical evidence**: the environment in which the market offering is delivered and where the firm and customer interact.

3. **Process**: the actual procedures, mechanisms and flow of activities by which the product/ service is delivered.

OR

In matrix structure, functional and product forms are combined simultaneously at the same level of the organization. Employees have two superiors, a product / project manager and a functional manager. The "home" department - that is, engineering, manufacturing, or marketing - is usually functional and is reasonably permanent. People from these functional units are often assigned temporarily to one or more product units or projects.

The product units / projects are usually temporary and act like divisions in that they are differentiated on a product-market basis. The matrix structure may be very appropriate when organizations conclude that neither functional nor divisional forms, even when combined with horizontal linking mechanisms like strategic business units, are right for the implementation of their strategies. Matrix structure was developed to combine the stability of the functional structure with flexibility of the product form. It is very useful when the external environment (especially its technological and market aspects) is very complex and changeable.

A matrix structure is most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication. It may result in higher overhead costs due to more management positions.

The matrix structure is often found in an organization when the following three conditions exist:

1.   Ideas need to be cross-fertilized across projects or products;

2.   Resources are scarce; and

3.   Abilities to process information and to make decisions need to be improved.