Management Strategy

Summer-2023

MODEL SOLUTIONS – DISCLAIMER

INTRODUCTION

The Model Solutions are provided to students for clear understanding of relevant subject and it helps them to prepare for their examinations in organized way.

These Model Solutions are prepared only for the guidance of students that how they should attempt the questions. The solutions are not meant for assessment criteria in the same pattern mentioned in the Model Solution. The purpose of Model Solution is only to guide the students in their future studies for appearing in examination.

The students should use these Model Solutions as a study aid. These have been prepared by the professionals on the basis of the International Standards and laws applicable at the relevant time. These solutions will not be updated with changes in laws or Standards, subsequently. The laws, standards and syllabus of the relevant time would be applicable. PIPFA is not supposed to respond to individual queries from students or any other person regarding the Model Solutions.

DISCLAIMER

The Model Solutions have been developed by the professionals, based on standards, laws, rules, regulations, theories and practices as applicable on the date of that particular examination. No subsequent change will be applicable on the past papers solutions.

Further, PIPFA is not liable in any way for an answer being solved in some other way or otherwise of the Model Solution nor would it carry out any correspondence in this regard.

PIPFA does not take responsibility for any deviation of views, opinion or solution suggested by any other person or faculty or stake holders. PIPFA assumes no responsibility for the errors or omissions in the suggested answers. Errors or omissions, if noticed, should be brought to the notice of the Executive Director for information.

If you are not the intended recipient, you are hereby notified that any dissemination, copying, distributing, commenting or printing of these solutions is strictly prohibited.

Q.1. i **List of controls**

1. Physical controls such as locks to prevent unauthorized access to the hardware.
2. Use of strong passwords
3. Denial of access after 3 unsuccessful attempts to enter the system
4. Encryption of data
5. Installation of firewalls
6. Availability of audit trails
7. Regular review of activity logs
8. Training of employees to inform them of the threats and importance of following the specified procedure for averting such risks.

Q.1. ii **Measures to avert compromise of passwords**

1. Make it mandatory to use strong passwords by making it compulsory to use various types of characters in the password and specifying a minimum length of the password.
2. Make it mandatory to change the passwords at regular intervals.
3. Last 5 passwords may not be allowed to be repeated.
4. Advising the employees and other users not to share their passwords under any circumstances.
5. Advising the employees to not to input their password in front of any person.
6. Advising the employees not to use predictable passwords such as those carrying their names, date of birth or telephone number.

Q.1. iii **Measures to ensure confidentiality of information**

1. Information should be stored in encrypted form.
2. Secure Socket Layer (SSL) should be deployed.
3. Policy of role-based access should be followed.

Q.1. iv **Measures that may be taken with regard to online privacy**

1. A comprehensive privacy policy should be available.
2. Information regarding the policy should be available to all stakeholders.
3. Information should only be collected with the consent of the individuals.
4. Legal obligations with regard to privacy of data should be complied with.
5. Mechanism should be in place, to identify and take action against any violation of policy.

Total Marks 20

Q.2. a The matters which should be considered while deciding about outsourcing of IT function are as follows:

1. Is there any alternative way of resolving the issue of retention of employees?
2. The primary objective of outsourcing and whether these would be achievable.
3. How would FIL ensure that the vendor's performance is satisfactory?
4. How would FIL ensure the confidentiality of its information and what controls would it design for the vendor and its staff.
5. How will FIL ensure that the vendor updates its systems and procedures according to the needs of business?
6. Contingency plan in case the vendor fails to perform satisfactorily.

Q.2. b The matters to be considered for technical evaluation are as follows:

1. Evaluate the vendor's expertise, experience, qualification of its staff and financial soundness of the vendor.
2. Which hardware and software etc. the vendor would use.
3. What controls would vendor employ to ensure confidentiality of data and accuracy of the data processing and output.
4. What assurances the vendor would provide as regards confidentiality and integrity of operations.
5. Disaster recovery plans of the vendor.

Total Marks 10

Q.3. The three levels of business plans which an organization makes are as follows:

Strategic Plans
These are the plans which are aimed at achieving the objectives of an organization, and mostly include the long-term plans. These include matters such as prospective acquisitions and mergers, acquisition and use of new technology, introducing new products, entering new segments of business, entering new geographical markets, choosing between various marketing strategies, etc.

Tactical Plans
These are short and medium term plans which are mostly aimed at achieving medium term objectives. These are prepared to tackle issues arising out of the internal activities of the organizations or external factors such as actions taken by the competitors, rules introduced by the regulators, etc. Examples of such plans are Budgets for internal planning, measures to be taken to counter schemes launched by the competitors, etc.

Operational Plans
These include detailed plans, mostly of routine activities. These are mostly prepared by lower management and cover matters such as production planning, distribution activities, plan of sales visits, etc.

Total Marks 06

Q.4. Strategic Alliance is an arrangement in which two or more companies join hands for achieving their objectives and for their mutual benefit.

Examples

1. Airline may form alliance to allow their customers to use air-routes of other air-lines, where they do not consider it advisable to run their own planes on such routes.

2. A company in Pakistan may form an alliance with a company in another country to market its products there.

3. A company producing ladies' garments can form alliance with a company producing handbags, for making joint marketing efforts.

Total Marks   05

Q.5. **Internal factors**

1. Change of ownership

2. Change of senior management

3. Decision regarding acquisition and mergers

4. Decision to make strategic alliance

5. Re-organizations

6. Downsizing

7. Decision to shift focus to other segments, geographical areas

External factors

1. Social and cultural reasons

2. Change in political environment

3. Change in economic environment

4. Change in technology

5. Change in legal environment

6. Legal changes such as introduction of new laws or significant changes in existing law

Total Marks   08

Q.6. **Vision statement** represents a desired future state which an organization expects to achieve over time. Whereas Mission statement specifies the existing state of the business of the company i.e. what the business is, what the purpose of the business is and what the organization is or would be striving to achieve.

Mission Statement is expected to serve the following purposes:

1. Provides a basis for consistent strategic planning
2. Helps in developing corporate objectives
3. Gives a common purpose for all stakeholders within the organization
4. Help establish ethical outlook of the organization
5. Inspire employees
6. Helps external stakeholders to understand the organization culture and outlook

Total Marks   08

Q.7. In cloud accounting, all accounting functions are performed but the data and the software is on remote servers maintained by various large organizations who have the resources and knowhow to provide cloud accounting services.

Advantages of Cloud Accounting

Data is stored in encrypted form and is therefore more secure.
Data and programs are stored on remote servers and therefore user can access it from anywhere and any computer.

Total Marks   05

Q.8. The important measures that should be considered in finalizing the Architectural firm should be as follows:

1. Past projects undertaken by the architect. This would give a good idea of the approach of the Architect and whether the firm is able to incorporate the latest techniques of designing in its projects.
2. Feedback be taken from reputed existing and past clients of the firm to find out about the performance of the firm during contract implementation.
3. Qualification and experience of the architects and other professionals working for the firm. The length of their association with the firm should also be kept in perspective.
4. Registration of the firm with professional bodies such as associations of Architects.
5. Financial soundness of the firm to ensure that the firm has necessary resources to carry out the assignment throughout the life of the project.
6. If the main office of the firm is situated far from Islamabad, what resources the firm have or would be able to make available in Islamabad.
7. There should be clarity in the fee quoted by the architect and the method of its calculation and the schedule of its payment.
8. The draft agreement that would be signed should also be studied and agreed before finalizing any name.
9. The responsibility of the firm with regard to documentation and for getting approval from the concerned authorities should be clearly agreed upon.

Total Marks   12

Q.9. <u>**Benefits of using database instead of spreadsheets**</u>

1. Records are stored in a database in a more efficient and appropriate manner.
2. Adding or deleting a record to/from a database is much easier and less time consuming.
3. The data stored in various spreadsheets can easily be integrated.
4. Database offers a more secure quick way of data processing.
5. Search features in a database are far better than those in the spreadsheet.
6. Database can be more easily linked to the general ledger system.
7. Data can be more easily transferred from and into the spreadsheets.
8. The risk in emailing important data would be avoided.
9. Better data validation checks could be more easily incorporated.
10. Better security controls can be implemented on data contained in a database, such as logging of users' actions.

Total Marks 12

Q.10. <u>**Strategic information system reports**</u>
1. Report on competitor's activities
2. Report on market share
3. Report on prospective acquisition
4. Report regarding new technological developments
5. Report on foreign markets for expansion purpose

<u>**Tactical information system**</u>
1. Report of slow moving items
2. Report of Quality Control Department
3. Report on training needs
4. Report on security breaches
5. Business Continuity Plan

<u>**Operational information system**</u>
1. Sales Report
2. Production Report
3. Inventory Report
4. Overtime Report
5. Maintenance Expense Report

Total Marks 06

Q.11.
a Human resource is one of the most important assets which an organization possesses. To retain them and keep them motivated, it is imperative that they are objectively evaluated and process of evaluation is transparent.

KPIs play a very important role in informing the employees as to what are management's expectations from them. When the evaluation is carried out on the basis of KPIs which had been communicated at an early stage, the employees remain motivated as they are able to assess their own performance more objectively

Q.11. **<u>Key characteristics of KPIs</u>**

b
1. These should be easy to measure.
2. These should be realistic / attainable, as setting unrealistic KPIs would demotivate the employee rather than motivating him.
3. These should clearly specify the time frame in which it has to be achieved.
4. These should be relevant i.e. KPI of each employee should be with regard to his own performance or the performance of the team he is leading.
5. These should be aligned with the objectives of the organization.

Total Marks   08

****