

**PAPER – 17 - STRATEGIC PERFORMANCE MANAGEMENT**

## PTP\_Final\_Syllabus 2012\_June 2015\_Set 3

---

The following table lists the learning objectives and the verbs that appear in the syllabus learning aims and examination questions:

	<b>Learning objectives</b>	<b>Verbs used</b>	<b>Definition</b>
<b>LEVEL C</b>	KNOWLEDGE  What you are expected to know	List	Make a list of
		State	Express, fully or clearly, the details/facts
		Define	Give the exact meaning of
	COMPREHENSION  What you are expected to understand	Describe	Communicate the key features of
		Distinguish	Highlight the differences between
		Explain	Make clear or intelligible/ state the meaning or purpose of
		Identity	Recognize, establish or select after consideration
	APPLICATION  How you are expected to apply your knowledge	Illustrate	Use an example to describe or explain something
		Apply	Put to practical use
		Calculate	Ascertain or reckon mathematically
		Demonstrate	Prove with certainty or exhibit by practical means
		Prepare	Make or get ready for use
		Reconcile	Make or prove consistent/ compatible
		Solve	Find an answer to
	ANALYSIS  How you are expected to analyse the detail of what you have learned	Tabulate	Arrange in a table
		Analyse	Examine in detail the structure of
		Categorise	Place into a defined class or division
		Compare and contrast	Show the similarities and/or differences between
		Construct	Build up or compile
		Prioritise	Place in order of priority or sequence for action
	SYNTHESIS  How you are expected to utilize the information gathered to reach an optimum conclusion by a process of reasoning	Produce	Create or bring into existence
		Discuss	Examine in detail by argument
		Interpret	Translate into intelligible or familiar terms
	EVALUATION  How you are expected to use your learning to evaluate, make decisions or recommendations	Decide	To solve or conclude
Advise		Counsel, inform or notify	
Evaluate		Appraise or asses the value of	
		Recommend	Propose a course of action

**Paper – 17 - Strategic Performance Management**

**This paper contains 10 questions, divide in three sections; Section A, Section B and Section C. In total 7 questions are to be answered.**

**From Section A, Question No. 1 is compulsory and answer any two questions from Section A (out of three questions – questions Nos. 2 to 4). From Section B, Answer any two questions (i.e. out of Question nos. 5 to 7). From Section C, Answer any two questions (i.e. out of question nos.8 to 10).**

**Students are requested to read the instructions against each individual question also. All workings must form part of your answer. Assumptions, if any, must be clearly indicated.**

**Section –A**

**[Question 1 is compulsory and answers any 2 from the rest]**

**1. Read the following case study and answer the following questions:**

Sahni Auto Industries is a manufacturer and exporter of Auto parts with an annual turnover of Rupees one thousand crores. It employs about 2,000 persons in its factory in Punjab and its other offices in India and abroad. The personnel Administration and Human resources Department of the company is headed by Mr. Amit Kapoor-the Chief Personnel Manager. Mr. Amit Kapoor, an Automobile Engineer joined the company 5 years ago as Product Development Manager. After a successful stint of 4 years as Product Development Manager, he was transferred to Personnel Administration and Human Resources Department as the Chief Personnel Manager as a part of Career development plan. Mr. Vikas, MBA in Human Resources from a renowned Business school, joined the company as Personnel Manager only 3 months back. He reports to Mr. Amit Kapoor-the Chief Personnel Manager. He handles all routine personnel and industrial relations matters.

One day, during informal discussion with Mr. Amit Kapoor, Mr. Vikas suggested him of linking Human Resources Management with Company's strategic goals and objectives to further improve business performance and also to develop Organizational culture that fosters more innovative ideas. He also advocated creating abundant 'Social Capital' on the ground that people tend to be more productive in an environment which has trust and goodwill embedded in it rather than which is highly hierarchical and formal. Mr. Amit Kapoor disagreed with Mr. Vikas and told him that the role of Human Resources Department was only peripheral to the business and all his suggestions about its strategic role were beyond the purview of Personnel Administration and Human Resources Department. After this, Mr. Vikas started having number of arguments with Mr. Amit Kapoor in several issues relating to personnel and industrial relations since he felt that a person with a degree in Human Resources Management was in a far better position to run Personnel Administration and Human Resources Department. Mr. Amit Kapoor - the Chief Personnel Manager had often shown his displeasure on Mr. Vikas's argumentative, tendency and had made it known to the General Manager. The General Manager called Mr. Amit Kapoor in his office to inform him that he has been elected for an overseas assignment. He further told him to find a suitable person as his successor; he even suggested Mr. Vikas as a possible candidate. Mr. Amit Kapoor, however, selected Mr. Balram, who was working as Training Manager in a Multinational Company for the last 5 years. Mr. Vikas soon started having arguments with Mr. Balram also over number of issues relating to industrial relations since he felt that he had no experience in handling industrial relations matters. Mr. Balram now realized that Mr. Vikas was trying to make things difficult for him. After a series of meetings with the General Manager, Mr. Balram eventually succeeded in convincing him to transfer Mr. Vikas to an office outside Punjab. On learning about his impending transfer, Mr. Vikas wrote a letter to the General Manager joining details of various instances, when Mr. Balram had shown his incompetence in handling

problematic situations. When asked for explanation by the General Manager, Mr. Balram had refuted almost all the allegations. The General Manager accepted his explanation and informed Mr. Vikas that most of his allegations against Mr. Balram were unwarranted and baseless. He further advised him to avoid confrontation with Mr. Balram. Mr. Vikas then wrote a letter to the Chairman repeating all the allegations against Mr. Balram. On investigation, the Chairman found most of the allegations were true. He then called all the three—the General Manager, the Chief Personnel Manager and the Personnel Manager in his office and implored them to forget the past and henceforth to work in coordination with each other in an environment of Trust and Goodwill.

**Required:**

- (a) Identify and discuss the major issues raised in the case.
- (b) Comment on the recruitment of the two Chief Personnel Managers.
- (c) Would you justify Mr. Vikas's argumentative tendency with the Chief Personnel Managers? Give reasons for your answer.
- (d) Do you agree with suggestion offered by Mr. Vikas to link Human Resources Management with the company's strategic goals? If yes, suggest prominent areas where Human Resources Department can play role in this regard. **[6+4+5+5]**

2. (a) R Enterprise is considering replacing or repairing a particular machine, which has just broken down. Last year this machine costed ₹ 20,000 to run and maintain. These costs have been increasing in real terms in recent years with the age of the machine. A further useful life of 5 years is expected, if immediate repairs of ₹ 19,000 are carried out. If the machine is not repaired it can be sold immediately to realize about ₹ 5,000 (Ignore loss/gain on such disposal).

Alternatively, the company can buy a new machine for ₹ 49,000 with an expected life of 10 years with no salvage value after providing depreciation on Straight line basis. In this case, running and maintenance costs will reduce to ₹ 14,000 each year and are not expected to increase much in real terms for a few years at least. R Enterprise regards a normal return of 10% p.a. after tax as a minimum requirement on any new investment. Considering Capital Budgeting Techniques, which alternative will you choose? Take corporate tax rate of 50% and assume that depreciation will be accepted for tax purpose also.

Given cumulative present value of Re 1 p.a. at 10% for 5 years ₹ 3.791, 10 years ₹ 6.145

- (b) The following information relates to budgeted operation of Division X of a manufacturing company

Particulars	Amount (₹)
Sales: (50,000 units of ₹ 8)	4,00,000
Less: Variable Cost @ ₹ 6 per unit	3,00,000
Contribution Margin	1,00,000
Less: Fixed Costs	75,000
Divisional Profit	25,000

The amount of divisional investment is ₹ 1,50,000 and the minimum desired rate of return on the investment is the cost of capital of 20%.

- (i) Calculate divisional expected ROI
- (ii) Calculate divisional expected RI
- (iii) Comment on the results of (i) and (ii)
- (iv) The divisional manager has the opportunity to sell 10,000 units at ₹ 7.50 per unit. Variable cost per unit would be the same as budgeted, but fixed costs would increase by ₹ 5,000. Additional investment of ₹ 20,000 would also be required. If

## PTP\_Final\_Syllabus 2012\_June 2015\_Set 3

the manager accepts the special order, by how much and in what direction would his residual Income change?

(c) State the objectives of Transfer Pricing.

(d) Discuss about the Limitations of the Value Chain Analysis

[6+6+3+5]

3 (a) Discuss the role of the Management Accountant in Activity Based Management (ABM).

(b) State the Importance of the Product Life Cycle Costing.

(c) The Parker Flower Shops promises its customers delivery within four hours on all flower orders. All flowers are purchased on the prior day and delivered to parker by 8.00 the next morning. Parker's daily demand for roses are as follows :

Dozens of Roses	7	8	9	10
Probability	0.1	0.2	0.4	0.3

Parker purchases roses for ₹ 10.00 per dozen and sells them for ₹30.00. All unsold roses are donated to a local hospital. You are required to calculate the dozens of roses should order by Parker in the evening to maximize the profits and Optimal expected profits.

[7+7+6]

4. (a) Discuss the parameters to measure the performance of Public Undertakings.

(b) A radio manufacturer produces 'x' sets per week at total cost of ₹  $X^2 + 78x + 2500$ . He is a monopolist and the demand function for his product is  $x = \frac{(600 - P)}{8}$ , when the price is 'p' per set. Show that maximum net revenue is obtained when 29 sets are produced per week. What is the monopoly price?

(c) A monopolist has demand curve  $x = 106 - 2p$  and average cost curve (AC) =  $5 + x/50$ . The total revenue is (R) =  $xp$ , determine the most profitable output and maximum profit.

(d) (i) Distinguish between Total Quality Management (TQM) and Business Process Re-Engineering (BPR).

OR

(ii) Discuss the objectivity of the Divisional Profitability.

[6+5+5+4]

### Section – B

[Answer any 2 questions]

5. (a) State the Technological and Operational factors of E-commerce.

(b) Discuss about the Data Availability.

[6+4]

6. (a) Describe about the Long Short Term Memory of Recurrent Artificial Neural Networks Topologies.

(b) Describe about the different types of On-Line Analytical Processing.

[5+5]

7. Define the following terms in the context of Supply chain Management:

(a) Capacity Strategy, (b) Lead Time/ Cycle Time, (c) Preventative Maintenance, (d) Specifications.

[2.5 x4]

### Section C

[Answer any 2 questions]

## PTP\_Final\_Syllabus 2012\_June 2015\_Set 3

---

8. (a) "Risk Management Process refers to the process of measuring or assessing risk and then developing strategies to manage risk. In the risk management, some steps are taken up to minimize the risk"- Discuss the steps taken to minimize the risk.  
(b) List the objectives of Generally Accepted Cost Accounting Principles [GACAP]. **[5+5]**
9. (a) Describe about the Partial Adjustment Process under the Corporate Bankruptcy Prediction Models.  
(b) Discuss the benefits of Risk Mapping. **[ 6+4]**
- 10 (a) Explain about the Risk Retention.  
(b) Discuss the steps to be taken for preventing the Corporate Failures. **[6+4]**