

General Comments

This examination paper is designed to test candidates' ability to demonstrate their understanding and application of the following key syllabus areas:

- Strategic decision making and scenario planning, in particular gap analysis.
- The evaluation of strategic options and strategic options generation.
- The evaluation of the impact and influence of the external environment on an organisation and its strategy.
- Suppliers' and customers' influence upon the strategy process and recommendations on how organisations should interact with them, in particular customer portfolio analysis and customer profitability.
- The approaches required for business/government relations and relations to civil society, in particular the demonstration of an understanding of Corporate Social Responsibility.
- The evaluation of strategies in response to competition.
- Stakeholder management.
- The evaluation and recommendation of appropriate control measures and the problems associated with performance measurement.
- Change management.
- The evaluation of the nature of competitive environments, distinguishing between simple and complicated competitive environments.

This examination, as usual, tested a wide range of syllabus areas. The Question 1 scenario was designed to test a number of key skills including both quantitative and qualitative analysis. Most candidates made a good start to this question, demonstrating a sound knowledge of gap analysis and Ansoff's product/market growth matrix. However, it was disappointing that many candidates are still not able to apply these and other models to a scenario based question. In part (a)(ii), many candidates could describe and draw the model accurately, but failed to provide suitable examples for the scenario organisation. The most disappointing aspect of candidates' answers to question 1, was the poor attempt at the numerical management accounting elements of the question, namely requirements (b)(i) and (c). Few candidates correctly calculated the effect of the three proposed initiatives on the current net sales revenue gap, despite this being a straightforward calculation. Many candidates ignored the need to calculate a discount rate and many used an incorrect rate. It was quite disappointing to see how many candidates made such a poor attempt at this simple calculation. For question 1(c), this calculation was more complex and required many individual calculations to be undertaken. Most candidates were able to calculate correctly the cost generating activities for each supermarket, but then failed to calculate more basic elements of the Customer Account Profitability calculation, such as the cost of sales percentage. This is a basic error, which is not expected at this level. It was also very worrying to see how many candidates could not distinguish between absolute 'Profit' and the relative measure of 'Profitability'. This fundamental error led many candidates into drawing the wrong conclusions regarding the profitability of each supermarket. It is strongly recommended that candidates improve their basic management accounting skills and practise more quantitative analysis questions.

It was encouraging to see good demonstration of the application of knowledge of key syllabus areas by some candidates in the Section B questions, as would be expected at this level. The Section B questions were answered well by many candidates, and there was evidence of good levels of application of knowledge in Question 2 and Question 5. However, it was again evident in some answers that there was a serious lack of knowledge and understanding of some of the fundamental Business Strategy syllabus areas, particularly in Question 4. There are still some candidates who fail to apply their knowledge as required in the question and instead re-write everything they know about a particular model (in particular, the re-writing of the Mendelow matrix in question 3(b) and a description of Porter's Diamond in Question 5. This is not acceptable at this level.

It is important that candidates review the question requirements carefully and answer only the question set. For example, many candidates in Question 3(a) merely rewrote the facts from

the scenario, instead of undertaking a 'Discussion' as instructed in the question requirement. An understanding of the verbs used in each question requirement and the associated depth of discussion and analysis is an important aspect in providing a sufficient answer. Similarly in Question 1(c), many candidates failed to undertake any analysis of the calculations provided, despite the question requirement clearly stating 'Analyse'. Candidates will fail to be awarded marks if they do not attempt each aspect of the question requirement.

SECTION A – 50 MARKS
ANSWER THIS QUESTION

Question 1(a)(i)

Briefly explain what is meant by ‘gap analysis’ in the context of strategic analysis.

(4marks)

Rationale

This requirement tests candidates’ knowledge of scenario planning and in particular the syllabus content of ‘gap analysis’.

Suggested Approach

This question is designed to be an ‘easy start’ to the examination, with a short knowledge based question on a popular and straightforward aspect of the syllabus. Candidates are expected to explain gap analysis in the context of strategic analysis and to identify that gap analysis includes the evaluation of strategies to close the gap. A diagram is NOT necessary to pass this question.

Marking Guide

Marks

Definition of a gap, up to

2

Recognition of the role in strategic analysis, up to

2

Maximum marks awarded

4

Examiner’s Comments

This should have been an easy start for candidates and the answers to this question were generally satisfactory. Most candidates defined gap analysis correctly and most also recognised the importance of focusing on appropriate strategies to close the gap. Most candidates provided a diagram to illustrate their answer, which was appropriate, but those candidates who did not provide a diagram were not penalised.

Common Errors

- Insufficient emphasis upon closing the gap
- Diagram with limited additional discussion

Question 1(a)(ii)

Briefly explain the use of the Ansoff product/market growth strategies model in strategic planning, providing examples relevant to AA to illustrate your explanation.

(6 marks)

Rationale

This requirement tests the syllabus content “Strategic options generation” and in particular the application of the Ansoff product/market growth model.

Suggested Approach

This question examines the candidates’ understanding and application of the Ansoff product/market growth model. Candidates are also expected to demonstrate their understanding of the model further by providing relevant examples for the scenario organisation, AA. Candidates are expected to provide relevant alternative product/market examples to those already provided in the scenario material. Candidates do not have to provide a diagram of the Ansoff product/market model to be awarded full marks.

Marking Guide

Marks

For explanation of the axes and categories (inc. Diagram if given)	2
For explanation of the USE of the matrix in strategic planning	2
For examples relevant to AA, (4 at ½ mark each)	2

Maximum marks awarded

6

Examiner’s Comments

Most candidates demonstrated a sound knowledge of the model and many provided a correct description of each category and were able to draw the model accurately. However, many answers went little further than this. Many candidates did not sufficiently address the requirement of explaining how the model is used in strategic planning, nor did they provide relevant examples to AA. Many candidates merely restated the three initiatives outlined in the scenario rather than providing alternative examples. Candidates must be aware that if they are asked to discuss or provide a model then they must be able to apply this to the given scenario. Few marks are awarded for basic knowledge demonstration, as in this case, where only 2 of the available 6 marks were awarded for the explanation/presentation of the Ansoff model.

Common Errors

- Focus upon presentation and description of the model rather than its application
- No/few relevant examples provided

Question 1(b)(i)

Calculate the effect of the three initiatives (identified at the board meeting) on the full year net sales revenue gap.

(4 marks)

Rationale

This requirement tests the learning outcome of “Discuss and apply both qualitative and quantitative techniques in support of the strategic decision making function” and is designed to examine candidates’ ability to use basic management accounting information to analyse the financial effect of the three proposed initiatives.

Suggested Approach

This question requires the candidate to firstly calculate the current net sales revenue gap from the figures in the Financial performance table provided in the question. The candidate is then provided with information relating to three initiatives designed to increase forecast sales revenue. It is important for candidates to recognise that for the first two initiatives, the information provided relates to gross sales revenue, therefore the candidate must calculate an average discount rate in order to identify the effect upon NET sales revenue. It was also expected that candidates calculate the effect of all three initiatives together upon the net sales revenue gap, rather than taking each initiative separately.

Marking Guide

Marks

- Calculation of total Net sales revenue gap
- Calculation of impact of advertising campaign on gross revenue
- Calculation of impact of advertising campaign on net revenue
- Calculation of impact of new product line
- Calculation of ‘other’ or residual gap

1
½
½
1
1

Maximum marks awarded

4

Examiner’s Comments

This question was very badly answered. Many candidates could not even calculate the basic current net sales revenue gap. This was most disappointing and very surprising. With regard to the major advertising campaign most candidates failed to read the question correctly and did not recognise that the advertising campaign would only affect sales for the remainder of the year. Therefore candidates were expected to deduct the €42.9m year to date sales figure from the full year forecast of €89.4m (and not to calculate their own full year forecast, by extrapolating the year-to-date figure, as some did). Therefore many candidates were calculating an 8% increase on the incorrect figure (i.e. sales including year to date). Most candidates also either incorrectly calculated the discount, using a standard value of 20% or completely omitted discounts for both the advertising campaign initiative and the new product line initiative. Many candidates also failed to calculate the effect of all three initiatives on the net sales revenue gap, instead undertaking three separate calculations.

Candidates must be careful to read the details of the scenario more carefully. From the answers provided by many candidates it would appear that they do not take the time to fully understand the information they are given. They merely see the numbers but do not appreciate what these numbers represent or mean. At this level candidates should have no difficulty understanding the concept of gross and net sales revenue, yet it would appear that many candidates could not or chose not to distinguish between the two.

Common Errors

- Incorrect/no calculations of discounts

Question 1(b)(ii)

Categorise each of the three initiatives in terms of the Ansoff growth strategies.

(3 marks)

Rationale

This question examines the candidates' ability to identify and apply the Ansoff growth model categories to the scenario.

Suggested Approach

This should be a very straightforward question.

Marking Guide

Marks

Recognition of each of the three initiatives to the Ansoff categories, each at

1

Maximum marks awarded

3

Examiner's Comments

Not surprisingly this question was very well answered and most candidates were awarded maximum marks for this question.

Question 1(c)

Calculate and analyse the forecast net customer account profitability of each of the three major supermarket customers of AA, during the 2007/8 financial year.

(25 marks)

Rationale

This requirement tests the candidates' understanding and application of Customer Account Profitability analysis.

Suggested Approach

This is a difficult question, designed to examine candidates' ability to undertake a detailed Customer Account Profitability calculation for the three supermarket customers highlighted in the scenario. This involves the calculation of gross profitability of each supermarket customer, taking into account the returns and discounts offered and also the inclusion of the cost of sales at 80%. From this gross profitability figure, candidates are required to calculate the effect of the cost generating activities listed in the scenario for each supermarket customer in order to calculate the Customer Account Profitability for each.

Marking Guide

Marks

Calculation of reduction in revenue due to returns (½ for each supermarket)	1 ½
Calculation of reduction in revenue due to discounts (½ for each supermarket)	1 ½
Calculation of cost of sales or gross revenue (½ for each supermarket)	1 ½
Calculation of cost of sales visits (½ for each supermarket)	1 ½
Calculation of cost of purchase orders (½ for each supermarket)	1 ½
Calculation of cost of standard deliveries (½ for each supermarket)	1 ½
Calculation of cost of rush deliveries (½ for each supermarket)	1 ½
Calculation of customer profit (½ for each supermarket)	1 ½
Calculation of customer account profitability (up to 2 for each supermarket)	6
Discussion of results, including other relevant calculations, up to	7

Maximum marks awarded

25

Examiner's Comments

This question was not well answered by most candidates. This is a key syllabus area which had not been examined in previous diets, yet it would appear that many candidates were not familiar with calculating customer account profitability. Most candidates were able to undertake the basic calculations of the cost generating activities for the three supermarket customers and most therefore were awarded 6 marks for this part of the calculation. However, many candidates could not correctly calculate gross profit, with the most common error being the omission of the cost of sales from net revenue (i.e. revenue after deducting returns and discounts). This is basic management accounting and should not be something that candidates are getting wrong at this level.

A further disappointing aspect of the answers provided by many candidates was the lack of understanding of the difference between 'Profit' and 'Profitability'. Many candidates calculated a final profit figure for the three supermarket customers and labelled this figure 'Customer Account Profitability'. From the calculations many were identifying that supermarket 3 had the highest level of absolute profit (which is in fact incorrect, as most of these candidates had omitted to deduct cost of sales from net revenue) and were therefore assuming that this was the most 'profitable' customer.

It is worrying that at this level such a basic level of understanding of financial information is missing. Had candidates calculated the relative levels of 'profitability', they should have identified that supermarket 3, although the largest, is also the least 'profitable' customer, due to the high cost generating activities it undertakes.

A further weakness of the answer was the poor level of analysis of the calculations provided. Many candidates provided no analysis at all, despite the question requirement making it very clear that there were 7 marks of the total of 25 available for this question for analysis. Candidates were expected to review in particular, the level of cost generating activities for each supermarket customer and to determine the effect this has on the profitability of each customer. For those candidates that did attempt this analysis, many did correctly identify that supermarket 3 was generating a significantly higher level of costs in all four areas compared to the other two supermarkets.

Common Errors

- Omission of cost of sales from gross profit calculation
- Calculation of Profit rather than Profitability
- Limited/no analysis

Question 1(d)

Evaluate the three alternative strategies proposed for the least profitable of AA's major supermarket customers and recommend which of these strategies you believe AA should adopt.

(8 marks)

Rationale

This requirement tests learning outcome "Evaluate strategic options" and is designed to examine the candidates' ability to analyse and evaluate alternative strategic options based upon the evidence gathered from the scenario and from the calculations undertaken in part (c).

Suggested Approach

This should be a straightforward question. The three proposed customer strategies outlined in the scenario should be discussed separately with regard to the least profitable customer identified from the analysis undertaken in part (c) of the answer. Candidates are expected to bring together the information provided in the scenario regarding the supermarket customers and their knowledge and understanding from the syllabus regarding areas such as the introduction of new technologies. Candidates are also expected to provide a final recommendation as to which proposed strategy should be adopted. It is important that the recommendation is consistent with the discussions undertaken regarding each proposed strategy.

Marking Guide

Marks

For the evaluation of strategies, up to
For a recommendation, consistent with the above, up to

6
2

Maximum marks awarded

8

Examiner's Comments

This question was well answered. Also note that candidates were not penalised for using the incorrect 'least profitable' supermarket customer carried forward from their answer in part (c). The main marks awarded were for the actual viability of the discussions provided on each of the proposals, based upon AA's current position and the relative strength of the supermarket customers. Most candidates correctly dismissed the proposal to stop selling to the least profitable customer as this is likely to have a negative effect on both AA's overall profitability and its reputation. Supermarket 3 was the least profitable customer of AA although generating significantly larger revenue than the other two. Therefore to stop selling to supermarket 3 would be inappropriate and probably have disastrous consequences. Most candidates also correctly identified that the proposal to introduce new technologies as being the most appropriate strategy, particularly if they had identified supermarket 3 as the least profitable customer. A number of candidates demonstrated a good knowledge of available technologies to link AA to its supermarket customers and were able to discuss the benefits of these.

As is often the case when candidates are asked to make a final recommendation, a number of candidates either sat on the fence or failed to provide a final recommendation. Some suggested 'further analysis' and that 'further costing information is required' before a decision can be made. If the examiner asks you to make a recommendation then you must do so, based upon the information you have. Fence sitting is awarded no marks.

Common Errors

- No recommendations

SECTION B – 50 MARKS
ANSWER TWO QUESTIONS FROM FOUR

Question 2(a)(i)

Briefly explain the differences between business ethics and corporate social responsibility (CSR).

(5 marks)

Rationale

This requirement tests the syllabus content of “approaches to business-government relations and with civil society” and focuses upon the candidates’ knowledge of Corporate Social Responsibility and Business Ethics.

Suggested Approach

This should be an easy question, requiring candidates to merely explain the differences between Business Ethics and Corporate Social Responsibility. Each term should be identified and explained separately and then the candidate must explain how these two concepts are different.

Marking Guide

Marks

Explanation of Business Ethics, up to
Explanation of Corporate Social Responsibility
Explanation of difference, noting BE is component of CSR

2
2
1

Maximum marks awarded

5

Examiner’s Comments

This question was reasonably well answered. Most candidates provided an adequate definition of both Business Ethics and CSR. However, some candidates did confuse the two and many did not recognise that business ethics is a component part of CSR. A further problem with some answers was that candidates spent too long providing lengthy and unnecessary examples, in particular when discussing Business Ethics. A number of candidates went into great depth on CIMA’s ethical code of conduct, which for a 5 mark requirement, is clearly not required. Candidates must use the mark allocation for each question as an indicator as to the length and depth of answer required.

Common Errors

- Confusion between the two terms
- Lack of recognition that BE is a component part of CSR

Question 2(a)(ii)

Discuss the CSR issues relating to D's business and how the company might improve its CSR position.

.(8 marks)

Rationale

This requirement tests the candidates' wider understanding of CSR and their ability to identify CSR issues within a range of business environments and make recommendations for improvement.

Suggested Approach

This question requires candidates to analyse the scenario information and identify within it the CSR issues relating to the current activities being undertaken by D in their land based logging business. These issues should be easily recognisable, but it is important that the candidate clearly explains why the issue identified is considered to affect D's CSR position. Having identified a range of issues, the candidate is then expected to discuss for each, how D might improve its CSR position. This should include discussions relating to improving long term sustainability of the rainforests and the need to improve work practices to minimise ecological damage.

Marking Guide

Marks

For **EACH** valid point made regarding D's CSR position
For **EACH** valid suggestion for how it might improve the CSR position

1
2

Maximum marks awarded

8

Examiner's Comments

This question was generally well answered. Most candidates recognised the environmental and ecological impact of D's current business activities and the need for D to reconsider many of its current attitudes and practices. Most candidates also provided a sensible discussion on the ways in which D could improve its CSR position. The most common examples included closer ties with the environmental groups and working more closely with governments to ensure regeneration and sustainability. Many candidates also discussed replanting schemes and revised policies on site clean-up. Overall, candidates made a good attempt at answering this question and most demonstrated a sound understanding of CSR.

Common Errors

- Lack of discussion on how to improve the CSR position

Question 2(b)

With reference to D, evaluate the two approaches to logging and recommend which you think is most appropriate for D.

(12 marks)

Rationale

This requirement tests the candidates' ability to analyse and evaluate the two different approaches to logging described in the scenario, and to make an appropriate recommendation based upon both the CSR and business position of D.

Suggested Approach

Candidates are required to evaluate both approaches as described in the scenario, weighing up the advantages and disadvantages of each. This evaluation needs to consider both the CSR position of D and its current business position (i.e. consideration of the costs and profitability of each approach). Again, a recommendation is required, therefore the candidate must make a sound recommendation based upon and consistent with the preceding discussion of each approach.

Marking Guide

Marks

For **EACH** reasonable and well evaluated point made about the new approach, up to
For **EACH** reasonable and well evaluated point made about the current approach, up to
Clear, justified recommendation on option to be taken, up to

2
2
2

Maximum marks awarded

12

Examiner's Comments

This question was generally well answered. Most candidates recognised the advantage of familiarity to D of continuing with the land based logging and that it is currently profitable and with low costs. However, on the downside most candidates also recognised the problem of the dwindling land based resources and the growing pressure from environmentalists and pressure groups. Most candidates also recognised that the underwater approach was obviously more complex and risky, but is also more environmentally friendly and sustainable.

The main weakness of the answers to this question was the lack of clear recommendations. Again, many candidates merely sat on the fence, commenting that perhaps D should carry on with the land based logging until it has more information regarding the underwater approach. This failed to recognise the importance to D of being one of the first businesses to undertake this approach.

Common Errors

- Discussion of only the underwater approach to logging
- No/unclear recommendation

Question 3(a)(i)

Discuss the main difficulties faced by F.

(5 marks)

Rationale

This requirement examines candidates' ability to identify and discuss the impact of a range of environmental and external issues on the organisation.

Suggested Approach

This should be a straightforward question. Each paragraph in the scenario identifies a different issue and candidates are expected to identify each one AND then to discuss why this issue is a difficulty for F.

Marking Guide

Marks

For **EACH** clearly discussed and embedded difficulty, adding value to the scenario information

1

Maximum marks awarded

5

Examiner's Comments

Question 3 was the most popular question on the paper, as most candidates attempted to answer this question. Surprisingly then, this part of the question was not well answered by many of the candidates. Many candidates merely identified the issue as presented in the scenario, with no attempt to add any further value or to explain why this was a difficulty to F. Candidates must understand the meaning of each verb used in the question requirement, and that 'Discuss' does not mean 'Identify'. Many candidates merely re-stated the facts from the scenario which is clearly not a requirement at this level.

Common Errors

- No discussion provided

Question 3(a)(ii)

Identify and evaluate alternative strategies that F could adopt to address its difficulties and recommend those that are most appropriate.

(12 marks)

Rationale

This requirement tests candidates' ability to identify appropriate strategies for both responses to external competition and to internal business organisation and operations. It also examines the ability to evaluate these strategies and recommend those which are most appropriate to the scenario organisation and its internal and external environment.

Suggested Approach

Candidates are expected to use the difficulties discussed in part (a)(i) of the question to identify a range of alternative strategies to overcome these difficulties. Candidates could use a range of approaches to answering this question, including the Ansoff product/market growth model. Most importantly candidates are expected to both identify appropriate strategies for each difficulty identified and then evaluate these strategies. A range of answers is expected here, and the examiner is keen to encourage candidates to discuss a wide range of potential strategies and then demonstrate the ability to evaluate the appropriateness of the strategies for the scenario organisation. Therefore, it would be appropriate to analyse each difficulty separately and then make a final recommendation of appropriate strategies as a conclusion to the answer. It is important that these recommendations be explained and justified.

Marking Guide

Marks

Strategies to address problems of price wars, up to	2
Strategies to address problems of home market, up to	2
Strategies to address problems of importance of labour problems, up to	2
Strategies to address problems of need to expand, possible overseas, up to	2
Strategies to address problems with R and D, and what to do about it, up to	2
Clear recommendation(s), up to	2
Maximum marks awarded	12

Examiner's Comments

Candidates used a range of methods to answer this question, including Ansoff's product/market growth model and Porter's competitive strategies. Both were appropriate when explained and used correctly. Most candidates identified the importance of addressing the falling home market share and the aggressive marketing of overseas competitors. Many candidates correctly discussed the possible strategies of moving into overseas markets and cost reduction strategies to improve its competitive position. A number of candidates also correctly linked the possibility of reducing costs and improving competitive position by means of re-organisation and rationalisation of work practices. Most candidates also correctly recognised that the complete withdrawal from the home market would be an inappropriate strategy. Overall, this question was answered well, but the main weakness was that many candidates identified a wide range of possible strategies but failed to sufficiently evaluate their appropriateness, nor did they make any final recommendations. Again, many candidates failed to make any recommendations at all, or made recommendations which were not justified in the context of their preceding discussions

Common Errors

- Unbalanced answers, focusing upon only the external market difficulties or the internal operational difficulties
- Poorly justified and explained recommendations/no recommendations made

Question 3(b)

Explain why the failure to keep the shareholders more informed is a significant weakness for F.

(8 marks)

Rationale

This requirement tests the candidates' knowledge of stakeholder management.

Suggested Approach

This question should be straightforward for candidates, as stakeholder management has been a well examined area in previous examinations. Candidates are expected to discuss the importance of the shareholders as a stakeholder group and to explain why communication to such an important stakeholder group is important to F, in the light of the current difficulties it is facing. The consequences of a failure to keep shareholders informed should be identified and explained. Candidates are not expected to provide a detailed discussion of the Mendelow matrix, or discuss any other stakeholder groups of F.

Marking Guide

Marks

For **EACH** point well discussed and embedded in the scenario material, up to

2

Maximum marks awarded

8

Examiner's Comments

This question was generally well answered. Most candidates recognised the threat of a possible takeover if shareholders are not provided with sufficient information. Most also recognised that many of the proposed strategies recommended in part (b) of the answer would require funding, therefore shareholders must be informed to gain their support and financial backing. The main weakness of this answer was that many were too brief and many answers were generic, in that there was little or no reference to the scenario material.

Common Errors

- Generic answers
- Focus upon the Mendelow matrix and other stakeholder groups

Question 4(a)

Discuss the differences between 'strategic planning' and 'strategic control'.

(4 marks)

Rationale

This requirement tests candidates' syllabus knowledge of strategic planning and strategic control.

Suggested Approach

This question should not be difficult at all, requiring the candidate to merely demonstrate knowledge of key syllabus content. Candidates should provide a basic definition of each, highlighting the differences between the two approaches.

Marking Guide

Marks

Definition of strategic control	1
Definition of strategic planning	1
Highlighting the differences	2

Maximum marks awarded

4

Examiner's comments

This question was not well answered. In fact Question 4 was the least popular question of the whole exam. This answer should have been very straightforward for a candidate who had revised the appropriate study material. However, many candidates failed to display any knowledge of the syllabus area at all, often confusing strategic planning with the rational planning model. It was quite disappointing to see the number of candidates who incorrectly defined these terms and displayed no knowledge of this area at all.

Common Errors

- Incorrect definitions, demonstrating lack of knowledge of the syllabus area

Question 4(b)

Discuss the impact that the change in planning culture is likely to have on the CEOs of the former divisions of C.

(11 marks)

Rationale

This requirement tests the candidates' understanding of the effect upon managers of changes in planning culture.

Suggested Approach

This question requires the candidate to discuss how the change from a system of 'strategic control' to a system of 'strategic planning' will affect the CEOs of the former divisions of C. Candidates are required to discuss how the CEO's from C would be used to a more hands-off approach from the centre in decision making, but now will be expected to undertake a more formal approach to planning with a greater degree of influence and involvement from the Board of B. Candidates are expected to discuss these differences and the likely impact upon the CEOs and their behaviour as a result of this change of planning system.

Marking Guide

Marks

For **EACH** valid point made, and embedded in the case, up to

2

Maximum marks awarded

11

Examiner's Comments

This question was not well answered. Again, this was mainly due to lack of syllabus knowledge. Most candidates did not clearly discuss the differences in the two styles and how this would affect the CEO's and their behaviour and morale.

Common Errors

- Poor demonstration of detailed knowledge of the two different styles

Question 4(c)

Explain how the changes to the reporting arrangements could be implemented to ensure the commitment of those CEOs to B.

(10 marks)

Rationale

This requirement tests candidates' knowledge of the syllabus content "change management in a strategic context".

Suggested Approach

This question requires the candidates to discuss an appropriate change management programme for B to implement to ensure that the CEO's of the former divisions of C accept the changes in the planning culture. Candidates can discuss a range of change management activities or stages, but which must be applied to the scenario.

Marking Guide

Marks

Use of sensible stages/approaches to change management, **EACH** at up to

2

Maximum marks awarded

10

Examiner's Comments

This question was answered more successfully by candidates. Most candidates discussed a range of change management approaches such as effective communication, participation and consultation. However, the main weakness of this answer was that many candidates provided generic answers with little or no application of these approaches to the former divisional CEO's of C.

Common Errors

- Generic or theory based answers

Question 5(a)

Advise what ideal characteristics and factors should be present in the chosen country.

(15 marks)

Rationale

This requirement tests learning outcome A(iii) “evaluate the nature of competitive environments, distinguishing between simple and complicated competitive environments” and the syllabus content “porter’s diamond and its use for assessing the competitive advantage of nations”.

Suggested Approach

This should be very straightforward for a well prepared candidate. The question requires the candidate to review the product and industry of company G, as outlined in the scenario material and discuss the ideal characteristics that need to be present in potential countries of investment. The most appropriate approach to answering this question would be to use Porter’s Diamond, but any sensible approach which evaluates a potential country’s characteristics would be acceptable (for example PEST or PESTLE).

Marking Guide

Marks

For each factor identified (1 mark), well described (1 mark) and embedded in the scenario material (1 mark), up to

3

Maximum marks awarded

15

Examiner’s Comments

This question was well answered. Most candidates used Porter’s Diamond to structure their answer and demonstrated a sound basic knowledge and understanding of the model. The main weakness of the answers to this question was the lack of sufficient application and embedding of the answer in the scenario material. Many candidates discussed and described the model well, but few successfully applied all 5 aspects of the diamond to G and its operations. Some candidates used PEST or one of its derivatives, which was acceptable if applied appropriately to G.

Common Errors

- Generic answers with explanation of the model but little application to G

Question 5(b)

Recommend the nature and sources of information that G should use when evaluating potential countries.

(10 marks)

Rationale

This requirement tests candidates' knowledge and understanding of the sources and availability of data and information for environmental analysis.

Suggested Approach

The candidates should recognise that they are being asked to recommend the nature and sources of information, therefore a random, unexplained list of sources is not acceptable. Also, candidates are asked for the nature **and** sources, therefore they must identify and explain what information they require about the potential country (the nature) and then identify where this can be obtained from (the source).

Marking Guide

Marks

For each 'nature and source', well described and embedded in the scenario material up to 2 marks (½ mark for source/ where from, up to 1 ½ marks for what info from each source)
Note: Mere listing of sources ONLY ½ mark each up to a maximum of 4

2

Maximum marks awarded

10

Examiner's Comments

This question was reasonably well answered. Most candidates were able to identify a wide range of sources of information both internal and external. However, candidates did not score so highly on the nature of the information required, again often providing very generic answers rather than the specific information requirements of G. Some candidates only discussed the sources of information with no reference to what information was required.

Some candidates incorrectly assumed that the nature of information related to being timely, accurate, relevant etc, and therefore provided a detailed discussion of the qualities of information. Most candidates passed this requirement, but answers could have been improved with more focus upon the scenario organisation.

Common Errors

- Generic answers
- Focus upon the qualities of information
- Too much emphasis upon the sources of information – imbalanced answers