



## **PROFESSIONAL 2 – STRATEGY & LEADERSHIP**

### **EDUCATORS BRIEFING 2018/2019**

#### **1. Comment on 2018 Examination Performance**

##### **April 2018 Examination**

The pass rate in the April 2018 Examination was just over 58%. However, the performance many candidates who did not pass was quite poor, and below that expected at the Professional 2 stage. The only question in which the average mark achieved by candidates was a pass, was question one. The average mark achieved in each of the elective questions was below a pass mark. The generally good performance of candidates in question one can be linked to the fact that candidates know the question requirements for question one and the focal industry of the case study. While candidates are given clear direction in relation to the topics to be addressed in the elective questions, many seem unable to effectively address these questions. Candidates frequently seem to lack the basic theoretical understanding and are unable to synthesise theory with the given scenario. It remains the fact that the majority of candidates who pass the examination do so as a result of their performance in question one, not in the elective questions. Feedback on each question is provided below.

##### **Question One**

Question one is the mandatory question on the examination paper. As to be expected, candidates are in general well-prepared for this question, and the average mark for question one was 28 out of 50 marks, which is almost identical to the average mark in April 2017. It remains the case that candidates obtain most of their marks in part (a) of question one and tend to obtain relatively fewer marks when asked to identify the options and recommendations open to the firm. As identified previously, candidates need to manage their time more efficiently and invest more time into attempting parts (b) and (c) of the question as there are 16 marks available for these.

##### **Question Two**

This question required candidates to critically evaluate organic development and acquisitions as alternative growth strategies. The average mark for this question was 9.8 marks out of 25, although a candidate did obtain a mark of 17 out of 25. A key weakness of answers provided by candidates was the focus on describing the nature of organic development and of acquisitions rather than critically assessing their relative merits in the context of the given scenario.

##### **Question Three**

This question required candidates to critically assess the leadership approaches suitable for a firm with declining sales and a bureaucratic organisational culture. The average mark for this question was 10.0 marks out of 25, although again one candidate did obtain a mark of 17 out of 25. The most disappointing aspect of this question is that candidates' ability to integrate leadership theory with the given scenario was poor, even though candidates know that organisational leadership will be a question in the examination.

#### **Question Four**

This question required candidates to use scenario planning to discuss the potential impact of Brexit on an Irish firm exporting to both the UK and to mainland Europe, and to provide contingency options for the firm in light of these scenarios. The response to this question was very disappointing in that (1) very few candidates attempted the question, and (2) those who did attempt the question, did it poorly: the average mark for this question was only 8.5 out of 25. Candidates seemed reluctant to attempt a question that addressed a more unusual topic – scenario and contingency planning – and were poorly prepared for it.

#### **August 2018 Examination**

The performance of candidates in August 2018 was similar to that of previous examinations, and only around 56% of candidates passed. Again, many of the candidates who were unsuccessful lacked the basic knowledge of the relevant material and were unable to link and integrate what they knew to the given scenarios. As has become the case over several iterations of this examination, question one was the only question where candidates achieved an average better than a pass mark. The points made *ante* about candidates' pre-existing knowledge and expectations are equally relevant here. Candidates know the question requirements for question one and the focal industry of the case study, and therefore perform well. On the other hand, while candidates are given clear direction in relation to the elective question topics, they seem to be unable to discuss the issues raised in the questions at the depth necessary expected at the Professional stage.

#### **Question One**

Question one is the mandatory question on the examination paper. Candidates are in general well-prepared for this question, and the average mark for question one was high: 30.0 out of 50 marks. As mentioned, candidates are familiar with the question requirements and have been made aware of the industry relevant to the case study. As a result, candidates have become familiar with the structure and expectations of the question, and their performance reflects such familiarity. That said, it remains the case that in general candidates need to pay more attention to parts (b) and (c) of the requirements than they do currently.

#### **Question Two**

This question required candidates to critically evaluate organic development and franchising as alternative international market growth strategies. A number of candidates performed exceptionally on this question, although the average mark for this question was still only 10.7 marks out of 25. One candidate in fact achieved a mark of 18.5 out of 25. Again, the key weakness of answers to this question was candidates' focus on describing the nature of organic development and of franchising rather than critically assessing their relative merits in the context of the given scenario.

#### **Question Three**

This question required candidates to critically assess changes to a firm's target market and marketing mix strategies and to recommend an effective integrated marketing communications campaign. This question was very poorly attempted and the average mark obtained was only 7.1 marks out of 25. The poor marks for this question are very disappointing, particularly as the question should have been better attempted: it focused on what are the core issues in a marketing plan. The marks suggest that candidates did not really prepare for a question in the area of marketing, despite this topic having been included in the Educators Briefing.

## Question Four

This question required candidates to critically assess the importance of having a clear and compelling organisational vision and to advise how to develop and implement a vision statement. This question was very poorly attempted and candidates obtained an average mark of only 6.8 marks out of 25. Similar to the previous question, the topic of vision and its effective implementation was clearly signaled but candidates seemed very unprepared. In parallel, candidates were also unable to link the influence and responsibilities of the strategic leaders of organisations to the process of developing and implementing organisational vision.

## 2. Syllabus Changes

There are no changes to the syllabus, although the core and recommended reading list has been updated for the most recent editions.

## 3. Format of the Examination Paper

All questions are designed to test candidate's ability to apply theory to practical situations. The examination will take the form of open book with mini case studies. Candidates need be aware that open book examinations still require candidates to be well prepared and to know and understand the material before entering the examination. While this may seem counter-intuitive, if candidates are unprepared they will not have the time in the examination to locate, assimilate and use the material available in their books. In effect, an open book examination requires at least the same level of knowledge and understanding as traditional examinations, but with reduced emphasis on memorisation. As in recent years, candidates are given advance notice of the business sector involved in the case study for question one, as detailed below.

Students will be evaluated on evidence of knowledge and understanding, application and analysis, synthesis and evaluation, rather than on recall and memorisation. This differs from the traditional closed book method of examination in the following ways:

	<b>The traditional closed book method</b>	<b>Open book case study</b>
<b>Focus</b>	Questions focus on a specific aspect or topic	Case studies test a range of topics
<b>Specificity</b>	Questions tend to be directive (e.g. 'define', 'explain', etc) and seek a specific type of answer.	Case studies frame broader requirements, such as 'analyse', 'synthesise', 'interpret', 'identify options', 'recommend', etc.
<b>Completeness</b>	Usually, practical questions provide all the information required to enable the student to respond.	Case studies are rarely comprehensive. They outline broad scenarios and allow candidates to extend the detail by making logical assumptions that do not distort the essence of the case study. In this way the student is allowed some latitude in shaping the question.
<b>Marking</b>	Marking can be clearly assigned to specific elements of the answer.	Evidence of the following four competency levels: knowledge/ understanding, application/analysis, synthesis and evaluation.

<b>Challenge</b>	The ability to provide definitions and descriptions or to outline characteristics, requirements, etc in detail is often governed by candidates recall.	Because immediate access to detail is available to candidates in an open book exam, the challenge shifts from recall to knowing what information is required, where to source it and how to apply it.
<b>Continuity</b>	Because the test presented in the traditional way is usually fragmented into discrete (often unrelated) questions, the answer does not require integration or continuity.	Answers to a case study require logical progression from one stage to the next (e.g. from analysis to identification of options, to recommendations etc.)
<b>Candidates approach</b>	Preparation for specific tests of their ability to recall, reproduce and apply knowledge in specific areas of the course.	Preparation to utilise the case study (and augment it if necessary) to demonstrate to the fullest extent their ability to perform at each of the four competency levels.

Assessment will be based on the five competency levels as follows:

- 1) **Knowledge & Understanding:** (Ability to locate and acquire knowledge). Assessment will test ability to demonstrate an understanding of relevant concepts, theories and models, etc. in addition to familiarity with the external macro-environment and the main characteristics of the nominated sector. Candidates' ability to understand the key features of the case study(ies) will also be relevant here.
- 2) **Application & Analysis:** (Ability to apply knowledge and understanding effectively to the analysis of difficult and unfamiliar situations). Assessment will test the ability to apply to case material, the appropriate management principles, models and concepts, the breakdown of case material into its constituent parts and the detection of the relationship between the parts. It also includes the ability to analyse the environment and apply this analysis effectively to the case study. (This obviously includes the use of frameworks and models, etc.)
- 3) **Synthesis:** (The ability to integrate knowledge). Assessment will test the ability to bring together the key elements of the case studies and the environment to create some new knowledge or insights. Synthesis is perhaps best captured in the presentation of strategic options and the presentation of a specific implementation plan. This requires an ability to be creative. However all must be deduced from the case(s), consistent with noted corporate culture, the SWOT and the strategic issues identified.
- 4) **Evaluation:** (The ability to prioritise and make judgements about the seriousness of issues, the value of proposals, etc.) This competency will be tested across all areas of the paper.
- 5) **Presentation:** The ability to communicate effectively and succinctly

#### 4. The Format of Examination Papers for 2019

The examinations in 2019 will use the same structure and question style as that in previous years:

1. In Section A, candidates must attempt question one, a mandatory question structured as a mini case study. This will be worth 50 marks.

2. In Section B, candidates will be given a choice of 2 out of 3 questions to answer (25 marks each or 50 marks in total). These questions will test candidates understanding of each of the four core subject areas and their ability to apply the tools, concepts and frameworks to either:
- A brief case scenario; or
  - The main case study presented in question one.

### **Section A: The Mandatory Case Study**

The case study for the 2019 P2 Strategy & Leadership examinations will focus on the 'Hotel Sector' in Ireland. This is a global industry which has recovered strongly from the economic crisis in Ireland. Students should be aware of the issues that may arise when a firm wishes to review and develop its strategy and business plans in the Hotel Sector. The case studies may deal with Irish hotel chains or the Irish subsidiary of an international hotel chain. The case studies may also be based on stand-alone hotels in Ireland.

To effectively prepare for question one on the P2 Strategy & Leadership examination, students should complete research and analyses of both the hotel sector and the external macro-environment in advance of the examination. The research should enable students to focus during the exam on addressing the specifics of the case study, but in the context of the firm's operating environment. There are many potential sources of information including college libraries and business electronic databases, quality newspapers, the websites of existing competitors in the sector and relevant industry associations.

The case study presented on the exam paper will provide relevant information on a fictional firm. This may include, for example, an outline of how the firm has developed, including the role of key management; information on a corporate parent; the decisions facing the firm; current strategies; performance data; customer information; etc.

The main case study requirements are likely to expect students to:

- Critically analyse the strategic position of the firm using appropriate analytical models; (34 Marks)
- Assess the key issues facing the firm and evaluate the firm's options to address such issues; (8 Marks) and
- Make recommendations to ensure the best way forward for the firm. (8 Marks)

The case study is designed to integrate the four core subject areas within the overall theme of strategy and leadership and to test the extent to which candidates have mastered the tools and concepts covered in terms of their ability to think and act strategically about the organisation in its environment.

- The ability to interpret a specific business scenario from details outlined in the case study and to understand problems of a strategic nature.
- The ability to apply strategic tools and concepts to the case study, and combine and use them effectively to analyse the situation, reach logical conclusions and identify options.
- Ability to evaluate options, anticipate outcomes and logically support recommendations.
- The ability to communicate effectively and succinctly.

### **Section B: The Elective Questions**

Some topics may become more appropriate/important over time and these areas will be given attention. However the objective is to rotate through the syllabus over time.

## Education Focus 2019

In addition to the knowledge and understanding necessary to successfully address the mandatory question, candidates should prepare for questions that address the following topic areas:

- Competitive advantage and sustainability
- Corporate level strategy
- Groups and teams
- Managing strategic transformation and change
- Organisational and strategic leadership

## 5. Booklist and Recommended Reading

### Core Texts

Gerry Johnson, Richard Whittington, Kevan Scholes, Duncan Angwin, Patrick Regnér, *Exploring Strategy*/ 11th Edition/ Pearson / 2017 / ISBN-10: 129214517X • ISBN-13: 978-1292145174.

Richard Daft / *Management*, 12th Edition / Cengage/ 2016 / ISBN-13: 978- 1285861982.

Gregory G Dess, Alan Eisner, G T (Tom) Lumpkin, Gerry McNamara, *Strategic Management: Creating Competitive Advantages*, McGraw-Hill Education - Europe McGraw Hill Higher Education / 2013 / ISBN-13: 9780077636081.

Kotler Philip, Kevin Lane Keller, *Marketing Management* with MyMarketingLab; 15th Edition / Pearson / 2016 / ISBN-13: 978-1292092621

Gunnigle G., Heraty N., Morley M., *Human Resource Management in Ireland*, 5th Edition / Institute of Public Administration / 2017 / ISBN-13: 978-1-910393-17-8

Laurie J. Mullins, *Management and Organisational Behaviour*, 11th Edition / Pearson / 2016 / ISBN13: 9781292088488, ISBN10: 1292088486

### Manuals

Griffith College CPA P2 Strategy & Leadership - Latest Edition

### Supplementary Texts and Journals

Dalkir, Kimiz / *Knowledge Management in Theory and Practice*/ MIT Press 3rd Edition / 2018 / ISBN-13: 978-0262036870, ISBN-10: 0262036878

Gallagher / *Corporate Strategies for Irish Companies* 2nd Edition / 2011 / CAI ISBN9781907214653

AccountancyPlus

Business Horizons

CPA students' eBulletin

Harvard Business Review

Sloan Management Review

## 6. Recommended Reading

Michael E. Porter, The Five Competitive Forces that Shape Strategy, Harvard Business Review, January 2008

[http://www.rossresults.com/library/The\\_Five\\_Competitive\\_Forces\\_That\\_Shape\\_Strategy.pdf](http://www.rossresults.com/library/The_Five_Competitive_Forces_That_Shape_Strategy.pdf)

HBC interview with M Porter on the five competitive forces that shape strategy on YouTube:

[http://video.google.com/videosearch?hl=en&source=hp&q=The+five+forces+that+shape+strategy&lr=&um=1&ie=UTF8&ei=Ltf6Sur2NpPMjAfw8KyxBA&sa=X&oi=video\\_result\\_group&ct=title&resnum=4&ved=0CBQQqwQwAw#](http://video.google.com/videosearch?hl=en&source=hp&q=The+five+forces+that+shape+strategy&lr=&um=1&ie=UTF8&ei=Ltf6Sur2NpPMjAfw8KyxBA&sa=X&oi=video_result_group&ct=title&resnum=4&ved=0CBQQqwQwAw#)

D.C. Hambrick and J. Fredrickson, Are you sure you have a strategy? Academy of Management Executive, 2005, Vol. 19, No. 4, pages 51-62.

<http://www.nwcor.com/NWCOR/Content/Readings/Chapter%2013-%20Strategy-%20AME%20CLassic.pdf>

Costas Markides, What is strategy and how do you know you have One? Business Strategy Review, Summer 2004, Volume 15, Issue 2.

<https://www.london.edu/faculty-and-research/lbsr/what-is-strategy-and-how-do-you-know-if-you-have-one#.Vjyu4W7KosI>

## 7. Useful Websites (as of date of publication)

[www.cpaireland.ie](http://www.cpaireland.ie) - The Institute of Certified Public Accountants in Ireland.

[www.marketingteacher.com](http://www.marketingteacher.com) - Marketing Teacher 2000 – 2010.

[www.strategy-business.com](http://www.strategy-business.com) - Strategy + Business.

[www.strategyanalytics.com](http://www.strategyanalytics.com) - Strategy Analytics.