



PROFESSIONAL 2 – STRATEGY & LEADERSHIP

EDUCATORS BRIEFING 2019/2020

1. Comment on 2019 Examination Performance

April 2019 Examination Overview

The pass rate in the April 2019 Examination was 57%. However, the performance of many candidates who did not pass was quite poor, and below that expected at the Professional 2 stage. Again, candidates obtained the majority of their marks on Question 1. Candidates are provided with clear guidance on the sectoral focus and question requirements in Question 1, and therefore a high level of performance would be expected in this question. Of concern is the average marks in the elective questions, which again like last year, are all below a pass mark. The Educator's Briefing provides candidates with some guidance in relation to the possible topics addressed in the elective questions. Unfortunately, candidates do not seem to possess the knowledge and understanding of these areas that is expected. Without this, candidates are not in a position to apply and integrate theory with the specific circumstances described in the given scenario. Feedback on each question is provided below

Question One

This is the mandatory question, and as mentioned above, candidates are in general well-prepared for this question. The average mark for Question 1 was 28.8 out of 50, which is slightly higher than that obtained by candidates in 2018. Similar to previous sittings, the marks obtained in Question 1 was the main reason why many candidates passed the examination. The main concern with Question 1 remains that candidates spend too much time on the initial elements of the question, and in particular the PESTEL and Porter's Five Forces elements. It is again recommended that candidates 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 effective leadership styles and behaviours in the context of leading a small team and then managing an entire organisation. The quality of candidates' answers was particularly disappointing, as candidates know that organisational leadership will be a question in the examination. The average mark for this question was 9.1 marks out of 25, although one candidate did obtain a mark of 15.5 out of 25. Overall, while candidates seemed aware of leadership theories, they were unable to effectively relate them to the scenario, and in particular, the second situation of managing an entire organisation.

Question Three

This question required candidates to critically evaluate a proposed competitive strategy and to recommend the steps necessary to create a sustainable competitive advantage. The average mark for this question was only 8.5 marks out of 25, and only five candidates passed the question out of the 41 candidates that attempted it. The majority of candidates either misunderstood the question or were unable to address the question asked. The scenario provided outlined the key elements of a proposed competitive strategy but instead of critically evaluating these elements of the given strategy, most candidates discussed which generic competitive strategy might suit the circumstances. This was not part of the question requirements.

Question Four

This question required candidates to use Kotter's Eight Stage Model as a framework to discuss the potential to transform a poorly performing firm into a modern, successful competitor. This question received the highest average mark of the elective questions. The average mark for this question was 10.8 marks out of 25, while two candidates obtained a mark of 16.5 out of 25. The relative success of the question probably results from the requirement to use a model to frame the answer and that the focus of the question related to the topic of the examiner's 'Relevant Article', and therefore was somewhat flagged. Unfortunately, many candidates obtained fewer marks than they perhaps should, as they did not address the second element of the question; how to deal with a key stakeholder, the Irish Government.

August 2019 Examination Overview

The performance of candidates in August 2019 showed a marked improvement on previous sittings. The pass rate in the August 2019 Examination was approximately 69%. While the overall performance improved, the underlying concern that candidates overly rely on marks from Question 1 to pass the examination, remains the case. As has become the case over several iterations of this examination, Question 1 was the only question where candidates achieved an average mark greater than pass. Again, many of the candidates who were unsuccessful lacked the basic knowledge of the relevant material or where some knowledge was possessed, they were unable to link and integrate what they knew to the given scenarios. The Educator's Briefing provides candidates with some guidance in relation to the possible topics addressed in the elective questions, and therefore candidates should perform better than they are at present, especially in the context of what is expected at Professional 2 level of CPA. Feedback on each question is provided below.

Question One

Question 1 is the mandatory question on the examination paper. Candidates are in general well-prepared for this question, and the average mark for Question 1 was high: 30.9 out of 50. Similar to previous sittings, the marks obtained in Question 1 was the main reason why many candidates passed the examination. As mentioned on previous occasions, 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. While candidates undoubtedly performed well, candidates still 'lose' marks by not investing more time into attempting parts (b) and (c) of the question.

Question Two

This question had two parts. The first part required candidates to critically assess how a team leader can facilitate the effective evolution of a team. The second part of the question required candidates to recommend how the team leader might effectively manage possible resistance to change. A number of candidates performed exceptionally on this question, with one candidate obtaining a mark of 19 out of 25, although the average mark for this question was still only 11.4 marks out of 25. The candidates that performed poorly on this question tended to either not know the Tuckman group evolution model, or were unable to discuss the role of team leadership in team evolution.

Question Three

Similar to Question 2, this question also had two parts. The first part required candidates to critically assess the most appropriate leadership style(s) to use as the new CEO of a poorly performing firm. The second part of the question required candidates to recommend how the CEO might improve the work culture in the firm. Although candidates are aware that leadership will be specifically addressed in the examination, the majority still do not seem to be able to discuss and integrate leadership theory with the given scenario. The average mark obtained in the question was only 9.0 marks out of 25. Similarly, candidates did not seem to

use their knowledge of leadership or organisational culture to recommend how the CEO might improve the work culture in the firm.

Question Four

This question required candidates to critically assess a firm's diversification strategy and whether the firm should move away from its current strategy. This question also had a second part, where candidates were required to recommend divestment options. The question was only attempted by ten candidates, and the average mark obtained in the question was only 8.4 marks out of 25. The low marks and the low number of candidates that attempted the question suggest that candidates did not really prepare for this topic area, despite it having been identified as part of the Educators Briefing.

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:

	The traditional closed book method	Open book case study
Focus	Questions focus on a specific aspect or topic	Case studies test a range of topics
Specificity	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.
Completeness	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.
Marking	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.

Challenge	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.
Continuity	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.)
Candidates approach	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 2020

The examinations in 2020 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. A brief case scenario; or
 - b. The main case study presented in question one.

Section A: The Mandatory Case Study

The case study for the 2020 P2 Strategy & Leadership examinations will focus on the 'Retail Banking' sector in Ireland. Retail banking may also be called 'Consumer Banking', and involves services provided by a bank to the general public rather than to businesses. Typical retail banking services include current accounts, savings accounts, credit cards, personal loans and mortgages. The retail banking sector in Ireland has recovered from the financial crisis that started in 2008, but still faces significant challenges. The case studies may deal with Irish retail banks or foreign banks that have an Irish retail banking subsidiary. The banks may also provide banking services in addition to retail banking; for example, corporate banking or investment banking.

To effectively prepare for Question 1 on the P2 Strategy & Leadership examination, students should complete research and analyses of both the retail banking 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 bank's operating environment. There are many potential sources of information including 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 retail bank. This may include, for example, an outline of how the bank has developed, including the role of key management; information on a corporate parent; the decisions facing the bank; current strategies; performance data; customer information; etc.

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

- a) Critically analyse the strategic position of the firm using appropriate analytical models; (34 Marks)
- b) Assess the key issues facing the firm and evaluate the firm's options to address such issues; (8 Marks) and
- c) 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 2020

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:

- Organisational and strategic leadership
- Organisational structure, systems and control
- The strategy development process, including that of SMEs
- Staff motivation, with a focus on process theories

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

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

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#

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 - The Institute of Certified Public Accountants in Ireland.

www.marketingteacher.com - Marketing Teacher 2000 – 2010.

www.strategy-business.com - Strategy + Business.

www.strategyanalytics.com - Strategy Analytics.