



STRATEGIC – STRATEGY & LEADERSHIP

EDUCATORS BRIEFING 2020/2021

1. Comment on 2020 Examination Performance

August 2020 Examination

The August 2020 examination was held in the context of the Covid-19 Pandemic and was completed online using the TestReach platform. It was a challenging circumstance in which to complete a Professional 2 level exam. The pass rate in the August 2020 examination reflected this and was just less than 50 per cent. There were a number of excellent performances, however, many candidates performed poorly and there were some that were clearly not prepared for the examination. As in previous sittings, question one was the only question in which the average mark achieved by candidates was a pass. The average mark achieved in each of the elective questions was less than 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 aware of the topics that may be addressed in the elective questions, many seem ill-prepared to effectively answer these questions. Candidates frequently seem to lack the basic theoretical understanding and are unable to synthesise theory with the given scenario. 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 26 out of 50 marks, which is lower than the average mark in 2019. The range of marks was much wider than usual, with one candidate obtaining a mark of 40, while there were five candidates who obtained a mark of less than ten. 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 the key actions and responsibilities associated with effective 'strategic leadership' and to discuss the characteristics to look for in a potential new CEO. 54 candidates attempted the question and the average mark was 9.7 marks out of 25; although one candidate did obtain a mark of 18 out of 25. The question made use of an article written by the examiner on the topic of Strategic Leadership, and it was disappointing to see that many candidates clearly had not read this article. This goes a long way to explain the relatively poor average mark in the question. In addition, many candidates did not adequately discuss the characteristics relevant to a potential new CEO.

Question Three

This question required candidates to critically evaluate whether a firm should centralise or decentralise its decision-making processes, and to recommend how to improve the coordination and control of dispersed operations. 42 candidates attempted the question and the average mark was 10.9 marks out of 25. This is again an average mark that is a fail, although some candidates did obtain marks of up to 15 out of 25.

Again, this question made use of an article written by the examiner, and there was a clear difference between those candidates who had read and absorbed the article and those who had not.

Question Four

This question required candidates to critically assess the likely reasons why staff may be demotivated and disengaged and to advise on options to improve their engagement and motivation. 51 candidates attempted the question and the average mark was 10.7 marks out of 25. This again means that the average mark was a fail, although candidates did also obtain marks of up to 15.5 out of 25. Many candidates chose not to use the theory of motivation required by the question, and generally did not effectively answer the question using the alternative theories used. In general, this was a question for which students were not well prepared.

2. Syllabus Changes

The syllabus for Strategy & Leadership has been updated and students should make themselves aware of the changes made. In addition, a 'Learning Guide' has been included to provide further guidance and clarification to students.

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 2021

The examinations in 2021 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 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 studies for the 2021 CPA Strategic Level: Strategy & Leadership examinations will focus on the 'Transportation and Logistics Sector' in Ireland. This sector is key to Ireland's export driven economy but is facing significant challenges as a result of the Covid-19 pandemic and in particular the consequences of 'Brexit'. Students should be aware of the issues that may arise when a firm wishes to develop a strategy and business plan, or when it reviews its current strategy in the Transportation and Logistics Sector. The case studies may deal with Irish transportation and logistics firms or with the Irish subsidiaries of an international competitor. Similarly, the case studies may deal with transportation and logistics firms that operate only within Ireland, or with firms that operate internationally from an Irish base.

To effectively prepare for question one on the 2021 CPA Strategic Level: Strategy & Leadership examinations, students should complete research and analyses of both the Transportation and Logistics 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:

- 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 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 2021

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
- Enterprise risk management
- Mergers, acquisitions and strategic alliances
- Organisational and strategic leadership
- Strategic decision-making

5. Booklist and Recommended Reading

Core Texts

Gerry Johnson, Richard Whittington, Patrick Regnér, Kevan Scholes, and Duncan Angwin, *Exploring Strategy*, Pearson Education; 12th Edition (Dec 2019) ISBN-13: 978-1292282459

Peter G. Northouse, *Leadership: Theory and Practice*, SAGE Publications Inc.; Eighth Edition, International Student Edition (April 2018), ISBN-13: 978-1544331942

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

Kotler Philip, Kevin Lane Keller, *Marketing Management*, Pearson Education; 15th Edition (2016) ISBN-13: 978-1292092621

Gunnigle G., Heraty N., Morley M., *Human Resource Management in Ireland*, Institute of Public Administration (2017), ISBN-13: 978-1910393178

Laurie J. Mullins, *Management and Organisational Behaviour*, Pearson Education; 11th Edition, (2016), ISBN13: 978-1292088488

Manuals

Griffith College CPA P2 Strategy & Leadership (Latest Edition)

Supplementary Texts and Journals

Gerry Gallagher, *Corporate Strategies for Irish Companies*, Chartered Accountants Ireland; 2nd Edition (2011), ISBN 978-1907214653

AccountancyPlus

Business Horizons

CPA students' eBulletin

Harvard Business Review

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#.Vjyu4W7Kosl>

Useful Websites (as of date of publication)

www.cpaireland.ie - The Institute of Certified Public Accountants in Ireland

www.marketingteacher.com - Marketing Teacher

www.strategy-business.com - Strategy + Business

www.strategyanalytics.com - Strategy Analytics