IRELAND

STRATEGY & LEADERSHIP: SUCCEEDING IN THE EXAMINATION

By James Redmond, BBS, MBS, ACMA: Examiner - Professional 2 Strategy & Leadership

The aim of the Strategy & Leadership subject is:

> '…*to development students' ability to contribute effectively to the strategic management of enterprises through the objective analysis of business situations, the critical evaluation of strategic options and the implementation of change programmes*.'

Introduction

The Strategy & Leadership examination consists of a mandatory 50 mark question and three elective questions, each worth 25 mark questions, of which candidates must attempt two. The mandatory question involves a short case study describing a fictional organisation, in a business sector that candidates have been made aware of in advance of the examination. The three elective questions may be from any part of the syllabus, although one question, either wholly or in part, will focus on the issue of organisational and strategic leadership.

The nature of the examination and in particular the level of performance expectation placed on candidates is different to that at the previous levels of examination. The Strategy & Leadership syllabus highlights this: *The marking scheme strongly favours the demonstration of critical analysis, judgment and innovation, rather than the mere identification of concepts and models or descriptive writing*. In other words, to be successful in the Strategy & Leadership examination, it not sufficient to locate and acquire relevant theory and to then describe it. Instead candidates must display the ability to analyse, evaluate and apply theory alongside the theoretical understanding.

In that context, a review of the feedback provided by the examiner for the annual Educator's Briefing over the past several years, reveals three recurring themes:

1. The frequent inability of some candidates to link and integrate the theory and strategic management models with the situations and issues identified in the mini-scenarios provided in the examination.
2. Poor time management in the examination, whereby candidates simply do not allow sufficient time to attempt the required number of questions, at least not in the necessary analytical depth.
3. Unfortunately, there is sometimes a lack of knowledge of the core theories and models, outside of question one.

This article outlines the reflections of the examiner on the approaches that might better allow candidates prepare for the Strategy & Leadership examination, and the approaches to usefully follow while taking the examination. The examiner will use the Strategy & Leadership examination of April 2017 to illustrate some of these issues.

Tackling Section A, The Mandatory Question

Question one, the mandatory question, is where many candidates obtain the majority of their marks. The question is designed to examine candidates' understanding of the core strategic management models, and their ability to effectively utilise these models to address the issues identified in the case study given. A candidate's ability to use the models, not theoretical discussion, is key to success in this question. Candidates need to refer to and outline the nature of the strategic management models, but as with the later questions, the candidate's ability to employ and integrate the relevant models with the given case study circumstances will determine the marks obtained.

The strategic management models to be used in addressing question one are:

1. PESTEL
2. Porter's Five Forces Model.
3. Organisational Resources and Competences, and Porter's Value Chain
4. SWOT
5. Ansoff's Matrix
6. Generic Competitive Strategies (Porter or Bowman's Clock)

In preparing for the examination, candidates are made aware of the business sector that will form the basis of the case study in question one. This facilitates candidates to undertake research on the sector and become familiar with the nature and competitive structure of the sector and with the broader political, economic, societal and technological trends that may influence the sector going forward. In the absence of such preparation and research, candidates face an almost impossible task to effectively address this question.

There is a corollary to this however, occasionally candidates have prepared substantial amounts of research, and try to include all of this research in their answer to question one. This results in candidates sometimes providing an answer to elements of question one that are in fact too in-depth and not warranted by the amount of marks available. Unfortunately, it also has the effect of leaving candidates with insufficient time to adequately address the rest of the examination.

The Indicative Marking Scheme April 2017, repeated below, shows the breakdown of marks within the overall 50 marks available for the question. This marking scheme is unlikely to change materially in the forthcoming examination sessions in April and August. It is important that candidates recognise where marks are to be gained in question one, and to therefore allocate more time to those question elements. For example, few candidates invest sufficient time in Part (b) and Part (c), although there are 16 marks available for these elements.

Question 1: Indicative Marking Scheme April 2017

			Marks
(a)	Application of PESTEL		
	• PESTEL implications should be related to the case scenario		
	• 6 elements x 2 marks; maximum of 10 marks		10
	Application of Five Forces Model		
	• Indicators identified by Porter must be used to reach a conclusion for each force		
	• 5 forces x 2 marks		10
	Analysis of Resources and Competences		
	• Explain main resources, should indicate relative importance to competitiveness	3	
	• Explain main competences, should indicate relative importance to competitiveness	3	
	• Use of Value Chain analysis	3	9
	Preparation of a SWOT Analysis		
	• Should relate and link strengths to weaknesses, opportunities and threats		
	• Issues in the SWOT should be prioritised, not just listed		5
			34
(b)	Assessment of issues and options		
	• Must be logical and clearly relate to previous analysis		
	• Should refer to relevant models (Bowman or Porter, Ansoff...)		
	• Issues and options should be prioritised, not just listed		8
(c)	Strategy / Proposals		
	• Must be logical and clearly relate to previous analysis		
	• Recommendation(s) should be prioritised, not just listed and justified		8
		Total Marks	50

Note the distribution of marks

As mentioned, it is important that candidates understand that question one requires students to apply the relevant models to the case study given. On occasion, some candidates provide lengthy theoretical background, before seeking to apply same theory. A brief outline is likely to be the most theoretical context that would be necessary for any element of question one. For example, a couple of sentences about the general nature of the differentiation competitive strategy or of Ansoff's Matrix.

In relation to specific elements of question one, there are some guidelines that candidates should bear in mind as they prepare for, and attempt, the question in the examination.

1. The information used as the basis for PESTEL and Five Forces Model needs to be relevant and up-to-date. For example, when a candidate refers to economic growth rates, the candidate should use current figures and forecasts: not information from two or three years' beforehand. It also goes without saying that the figures be reliable and accurate.
2. In addition, specifically when addressing PESTEL, the candidate needs to always describe both the issue and the potential implications for the sector that arise as a consequence, not to assume that the implications are obvious. For example, if the candidate outlines how GDP is expected to increase by 3.5% in the current year, the candidate should then outline how this will impact on the industry, through increased demand potential or something similar.
3. Analysis using the Five Forces Model should always use the influencing factors as originally identified by Porter. The candidate need not address every factor relevant for each force, however they should utilise the most relevant ones to reach a determination on the influence of that particular force.
4. The analysis should identify the most important resources and competences available to the organisation. Therefore candidates should attempt to prioritise or rank these factors, so that those most critical to the firm's competitive position are identified first. Ideally, candidates should try to identify the firm's resources and competences as part of one narrative, referring also to Porter's Value Chain model. The majority of candidates seem to treat the various potential elements separately, and repetitively, without tying them together.

5. Candidates should not include detailed theoretical descriptions of the generic competitive strategies or of Ansoff's Matrix, however a brief theoretical context would be expected. In general a paragraph for each model is likely to be sufficient to frame the subsequent analysis and application. Similar to below, it is expected that in identifying the key issues and options facing the organisation, that the candidate be logical, and that the issues clearly originate from the preceding analysis. There are eight marks available for Part (b), and candidates should be guided by the available marks, as many candidates provide too much detail. For example, sometimes candidates discuss the differentiation competitive strategy the firm is pursuing, but then needlessly continue, and also discuss the competitive strategies the firm is not actually using.
6. As mentioned above, candidates frequently do not invest the necessary time into discussing the recommendations as required by Part (c). The recommendations should be prioritised, so that the key recommendations are given first. They should also be described with some detail, and should be more than a bullet point list. There are eight marks available for Part (c), and candidates should be guided by the available marks. The recommendations themselves should be reasonable, and logically flow from the previous analysis and not introduce an issue not previously referred to by the candidate. That said, this part is where the candidate may, even should, demonstrate some creativity.

Tackling Section B, The Elective Questions

Unlike question one, where the structure, relevant sector and requirements are known in advance, the questions in Section B of the examination may come from any area of the syllabus. Obviously, it is therefore a little more difficult for candidates to be as prepared for the elective questions as for the mandatory question. That said, in Section B there is always a question on organisational and strategic leadership, and the 'Educators Briefing' available on the CPA website, highlights the most relevant examination topics for the Strategy & Leadership examinations for that year, allowing candidates to be more focussed in their studies. When sitting the examination, candidates may in fact find it useful to read the question requirements for the elective questions, before reading the actual mini-scenarios: doing so provides a frame of reference for candidates in their reading.

In terms of structuring their answer to a question, candidates should in general follow the classic formula: introduction, main discussion and conclusion. Initially, it is important that the candidates use an introduction to contextualise their answer. Candidates need to introduce the theoretical area, while integrating the particular circumstances of the given mini-scenario. If the elective question only has one element worth the full 25 marks, then two or three paragraphs may be required to provide the necessary contextualisation. On the other hand, if the question is broken down into Part (a) and Part (b) then one paragraph is normally sufficient for each part. For example, in the sample below the answer starts by explaining the nature of leadership and its importance in organisations. The second paragraph however, discusses the particular organisational circumstances in which the leadership issue is embedded, as described in the mini-scenario given.

Elective Question: Introduction to Question 2, April 2017

Introduction

The leadership provided by senior management is a critical driver of organisational performance. Without effective leadership, organisations will likely drift and organisational targets will not be achieved. Effective leadership is equally important for the units, departments and teams that are the components of an organisation: these too cannot deliver results without leadership. There is no one understanding or theory of leadership: different leaders behave in different ways depending on personality as well as the organisational situation. In a general sense, according to Richard Daft, 'leadership is the ability to influence people toward the attainment of organisational goals.'

The General Manager of the contact centre, Mr McCarthy, has inherited a very difficult situation: there seems to be very little staff engagement with the work, leading to high levels of absenteeism and attrition. From the point of view of the contact centre being able to improve morale and performance, as well as the design of the Leadership Development Programme, probably the issue of most concern is that the current customer response team leaders have succumbed to the same disinterested attitude. It is almost inevitable that if management and team leaders exhibit this level of negativity, staff will follow.

The nature of the work is also a factor in the attitudes that have evolved in the contact centre. The work, as is the case with many contact centres, is straightforward and repetitive. Additionally, team members' opportunities to use initiative is quite limited. The requirement that team members closely follow procedures and scripts when dealing with queries, significantly restricts them in how they approach any particular query.

Note the overview of theory…

…linking to the circumstances in the mini-scenario

It is probably most logical for candidates to use the relevant theories or models as a structure, or scaffolding, for the main discussion in the question. The key steps for candidates is to analyse the situation in the mini-scenario, identify the relevant theory or model, and use this to discuss in depth the given situation. In the example below, this candidate has decided that in this question participative and achievement oriented leadership styles are the most appropriate leadership styles to employ. While it is important the candidate refer to relevant theory, it is more important that the candidate links and integrates the theory with the described situation. The examination is after all, an open book exam, and simply regurgitating theory without analysis and application provides little evidence of real understanding, and will obtain relatively few marks.

Elective Question: Question 2, April 2017

Path-Goal Theory

Path-Goal Theory is a contingency theory of leadership. It was developed by House (1971) and suggests that circumstances may affect the most effective form of leadership. The relevant situational factors involve the characteristics of the employees, including their experience, abilities and personality. A second set of situational factors involve the work context, including the team dynamics, the manager's authority and the extent to which the work is highly structured.

House also identified four styles of leadership.

1. Directive leadership focuses on communicating clear goals and expectations.
2. Supportive leadership focuses on relationships and sensitivity to individual team members' needs.
3. Participative leadership involving consulting with staff, and considering their ideas and expertise before making a decision.
4. Achievement-oriented leadership involves setting challenging goals for the team and showing confidence in the team members' abilities.

In the context of the current work structures in the contact centre, directive leadership is effectively redundant in that the contact centre's comprehensive policies and scripts already create very clear expectations and behaviours. As a starting point, team leaders would need to provide a more supportive environment for team members. They should show more empathy and more individualised concern for team members, including non-work issues. This should ameliorate the negative impact of the strict work practices to an extent. In the medium term, if the contact centre is to enhance its work culture - and performance - the team leaders will have to evolve a more participative style and a more achievement-oriented style and thus engaging employees more. This will allow team members to be involved in decision-making and will illustrate a confidence in their abilities. However, as identified later, these leadership styles would be undermined, and even counter-productive, in the current work environment.

Outline key elements of the relevant theory…

…then relate and integrate the theory with the mini-scenario

As mentioned, a theme of the feedback provided by the examiner for the annual Educator's Briefing has been the lack of knowledge of some candidates of the issues examined in Section B of the examination. As alluded to above, Strategy & Leadership is an open book examination, and the key to examination success is the application and integration of theory. It is possible that the open book nature of the examination mistakenly leads candidates to believe that they will be able to use the books to complete the examination! As described in the Educator's Briefing: *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*.

Elective Question: Question 2, April 2017

			Marks
Explain importance and nature of leadership			
• Especially to the contact centre			4
Discuss two theories of leadership in depth.			
Possible theories:			
• Managerial/Leadership Grid			
• Situational Theory			
• Path Goal Theory			
• Likert's Management System			
• Transformational Leadership			
For each leadership theory			
• Explain the main elements of the theory	(2 Theories x 3 Marks)	6	
• Discuss insight from theory relating it to the contact centre	(2 Theories x 6 Marks)	12	18
Conclusion			3
Total Marks			**25**

Note at most 6 of 25 marks are available for outlining relevant theory…

A Final Comment: Writing Style

The Strategy & Leadership syllabus emphasises the importance of candidates' writing style: *The ability to communicate clearly and succinctly is an overriding requirement*. Candidates should ensure that there is a clear structure and progression to their answer. The issues and implications candidates wish to discuss should be logically sequenced, so that the examiner can follow the candidate's thread of analysis. The most straightforward way in which to achieve this is to spend a few minutes preparing a rough-work stretch of the issues the answer is to address and to organise these in a suitable order.

Separately, but still on the theme of clear communication, candidates should use well-constructed paragraphs to structure their answers and should avoid the use of lists or bullet points as much as possible. In general, paragraphs should be discursive but focussed: it should remain relevant at all times. The use of bullet points does not facilitate the depth of analysis and integration that the Strategy & Leadership examination requires. In the last few minutes of the examination, candidates may feel it necessary to use bullet points to identify the last few points they wish to make. This is not ideal, however such a tactic is better than leaving a page blank.

Conclusion

To complete this article, the examiner wishes to return to the three problematic themes identified earlier. In order for candidates to maximise their marks, they need to:

1. Analyse the case or mini-scenario; and use and integrate theory with the particular circumstances in the question. Simply transcribing theory without linking and integrating its application will obtain few marks.
2. Manage time carefully so that the time given to any particular question or question element, reflects the marks available for that element. When the allotted time is up, candidates need to move to the next question, or part of a question.
3. Take sufficient time to study and to understand the relevant material before the examination. An open book exam still requires candidates to know the material before the examination; the material candidates bring with them into the examination should only need to be used as a memory aid.

Lastly, the Strategy & Leadership is likely to be among the first examinations sat. Candidates should do their best in the examination, but once the examination is over, there is nothing the candidate can do about the examination results. Candidates need to avoid examination post-mortems: nothing can change at that stage, and there are other examinations to prepare. *And anyway, it may have gone better then you think!*