

# **Institute of Incorporated Public Accountants**

**May 2013 Examinations**

## **Module 10 Strategic Management**

**Instructions:**

**Time Allowed: Three hours**

**Section A – This question is compulsory and MUST be attempted**

**Section B - Answer any three questions**

**All questions carry equal marks**

**SECTION A -This question is compulsory and MUST be attempted**

**Question 1**

**Select** an industry of your choice and **explore** the nature of the macro environment in that industry. Use the **PESTEL** framework to explain your answer and **discuss** how these factors can affect the organisation's competitiveness.

**(Total 25 marks)**

**SECTION B – Answer any three questions**

**Question 2**

**Critically evaluate** the factors that need to be present for a strategic alliance to be successful for a company.

**(Total 25 marks)**

**Question 3**

“Strategies most often fail because they aren’t executed well.” (Thompson, Peteraf, Gamble and Strickland. 2012, p.374.)

**Discuss** the critical components of the strategy execution process.

**(Total 25 marks)**

**Question 4**

**Discuss** the value of strategic leadership in determining the firm’s strategic direction, giving examples to support your answer.

**(Total 25 marks)**

**Question 5**

**Discuss** the role of policies and procedures in facilitating good strategy implementation, giving examples to enhance your answer.

**(Total 25 marks)**

**Question 6**

**Discuss** the key trends in organisation design and **explain** its’ managerial implications.

**(Total 25 marks)**



**Institute of Incorporated Public  
Accountants**

**May 2013 Examinations**

**Module 10**

**Strategic Management**

**SECTION A – Compulsory Question**

### **Question 1**

**Select** an industry of your choice and **explore** the nature of the macro environment in that industry. Use the **PESTEL** framework to explain your answer and **discuss** how these factors can affect the organisation's competitiveness.

Explanation of the 6 following factors: **(6 x 3 marks)**

- **Political** – Political policies and processes - labour laws, tax laws, austerity measures, Minimum wage
- **Economic** – Tax policy, Inflation, Economic growth, Unemployment rates –
- **Sociological** – social factors, lifestyle changes, Diversity at work
- **Technological** – pace of technological change, technical developments, use of R&D, Increased use of E-business, Social media
- **Environmental** – importance of sustainability – looking after the environment, reducing the companies carbon footprint – M&S
- **Legal** – impact of Government regulation – Introduction of Property tax, Water charges, The Budget when passed into Law.
- Overall Discussion and examples **(7 marks)**

**(Total 25 marks)**

### **SECTION B – Answer any three questions**

#### **Question 2**

Critically evaluate the factors that need to be present for a strategic alliance to be successful for a company.

- Create a system for managing the alliance
- Build relationships with partners
- Build trust
- Protect themselves from the threat of opportunism by setting up safeguards
- Make commitments to their partners and ensure they live up to these commitments
- Make learning a routine part of the management process.

6 x 3 marks for the above type of answer and 7 marks for the quality of the answer.

**(Total 25 marks)**

### **Question 3**

“Strategies most often fail because they aren’t executed well.” (Thompson, Peteraf, Gamble and Strickland. 2012, p.374.)

**Discuss** the critical components of the strategy execution process.

### **Answer 3: Elaboration upon the following at 7 marks each (7 x 2 marks)**

- Staff the organization with managers and employees capable of executing the strategy well.
- Build the organization’s capabilities required for successful strategy execution.
- Create a strategy-supportive organizational structure.
- Allocate sufficient budgetary (and other) resources to the strategy execution effort.
- Institute policies and procedures that facilitate strategy execution
- Adopt best practices and business processes that drive continuous improvement in strategy execution activities.
- Install information and operating systems that enable personnel to carry out their strategic roles proficiently.
- Tie rewards and incentives directly to the achievement of strategic and financial targets.
- Instill a corporate culture that promotes good strategy execution.
- Exercise the internal leadership needed to propel strategy implementation forward.

**11 marks** for the overall quality of the answer / academic elaboration, use of examples and case studies.

**(Total 25 marks)**

### **Question 4**

**Discuss** the value of strategic leadership in determining the firm’s strategic direction, giving examples to support your answer.

**(25 marks)**

### **Answer should include:**

Discussion of Leadership articles and examples from case studies:

**(7 marks)**

Discussion of the following points:

- Staying on top of what is happening and how well things are doing.
- Promoting a culture in which the organisation is ‘energised’ to accomplish strategy and perform at a high level.

- Keeping the organisation responsive to changing conditions, alert for new opportunities, enthusiastic about innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities.
- Building consensus, containing 'power struggles' and dealing with the politics of crafting and implementing strategy.
- Enforcing ethical standards.
- Pushing corrective actions to improve strategy execution and overall organisation performance. **(6 x 3 marks)**

**(Total 25 marks)**

### **Question 5**

**Discuss** the role of policies and procedures in facilitating good strategy implementation, giving examples to enhance your answer.

- Provide top management guidance on how certain things need to be done
- Channel individual efforts along a strategy-supportive path
- Align the actions of company personnel
- Place limits on individual action
- Help ensure consistency on how strategy critical activities are performed
- Improves the quality and reliability of strategy execution
- Helps align and coordinate the strategy execution efforts of personnel within the organisation
- Promotes the creation of a work climate that facilitates good strategy execution

8 x 2 marks for the above type of points and the elaboration of same and 9 marks for the overall quality of the answer.

**(Total 25 marks)**

**Question 6**

**Discuss** the key trends in organisation design and **explain** its' managerial implications.

**Discussion of key trends:**

- Flatter organisations structures
- Wide Spans of Control
- Decentralised decision making – Empowerment
- Use of team work or self-managed teams, use of cross functional links
- Need for greater flexibility
- Technological innovation – use of teleworking
- Changes in job design – job variety and multi-tasking
- Increased responsibility and decision making for employees

**(Any 5 x 3 marks)**

**Implications for management:**

- Requires a different style of management – more democratic and participative style
- Managers' are losing some of the power and control, also requiring less managers resulting in downsizing
- Role of managers' is changing – becoming more like facilitators, motivators, mentors

**(10 marks)**

**(Total 25 marks)**



