



**Institute of Incorporated Public Accountants**

**Strategic Management**

Module 10

May 2014

**Solutions**

**Instructions:**

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

**Section B - Answer any three questions**

**All questions carry equal marks**

**Time Allowed: Three hours**

## **SECTION A – Compulsory Question**

### **Question 1**

In today's business environment, it is important for businesses to act responsibly and in the interest of the stakeholders of the business. Openness and transparency are crucial in all business activities.

- (a)** **Discuss** five critical components of a corporate social responsibility strategy. Use **examples** to support your answer.

**Elaboration upon the following at 5 x 2 marks each**

- Actions to ensure firm acts honourable
- Actions to support philanthropy etc.
- Actions to protect and sustain the environment
- Actions to enhance employee wellbeing
- Actions to promote employee diversity

**Use of examples, 6 marks**

**(16 marks)**

- (b)** **Discuss** the importance of Whistleblowing to organisations to highlight wrongdoing. Give examples of recent events gaining media attention in Ireland to support your answer.

**(9 marks)**

**Discussion of the following:**

- Whistleblower – understanding of concept of whistleblowing – should be in public interest to expose wrongdoing. **(4 marks)**
- Examples from Garda penalty points saga or phone tapping, also examples in HSE and other organisations. **(5 marks)**

**(Total 25 marks)**

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

### **Question 2**

In relation to strategy execution, **discuss** why resource allocation decisions should be based on the strategic priorities of the organisation. Please **give examples** to support your answer.

- Too little resource allocation slows progress on the execution of the strategy of different departments.
- Too much funding wastes resources and reduces financial performance
- A change in strategy almost always leads to a reallocation of resources as priorities change for example previous important units may now be downsized.
- The change in direction may mean resource allocations to new strategic initiatives
- Visible actions to reallocate resources show first-hand the management's commitment to the strategic change and gives the strategic change credibility.
- The bigger the change in strategy the bigger the resource reallocation will be.
- An organisation's operating budget must be strategy-driven and lean, always conscious of increasing the efficiency and effectiveness of the organisation.

**7 x 2 marks for the above type of answer and its elaboration, 6 marks for examples and 5 marks for the quality of the overall answer (Total 25 marks)**

### **Question 3**

**Critically evaluate** five tools of process management and **comment** their usefulness. Please ensure to use examples to support your answer.

**Elaboration upon the following at 5 x 3 marks each**

- TQM/ISO9000/Q mark
- Business Process Re-engineering
- Six sigma quality – zero defects culture
- TQM programmes/Continuous Improvement
- Competitive Benchmarking

**5 marks for use of examples, 5 marks for academic elaboration and answer quality**

**(Total 25 marks)**

#### Question 4

**Evaluate** the strategic benefits and risks of expanding a company's horizontal scope through mergers and acquisitions **giving examples** to support your answer.

**(Total 25 marks)**

Answer should include discussion of the following points:

##### **Benefits:**

- Increasing the company scale of operations and market share
- Expanding a company's geographic coverage
- Extending the company's business into new product categories
- Gaining quick access to new technologies or complementary resources and capabilities.
- Leading the convergence of industries whose boundaries are being blurred by changing technologies and new market opportunities.

**(5 x 2marks)**

##### **Risks:**

- Cost savings may prove smaller than expected.
- Corporate culture clashes
- Poor staff morale.
- Differences in management styles
- Gains in competitive capabilities take longer to realise or worse may never materialise.
- Examples

**(5 x 2 marks)**

**(5 marks)**

**(Total 25 marks)**

### Question 5

**Discuss** the variables that influence strategy and its evolution over time. Use examples to support your answer.

**Elaboration upon the following: 6 x 3 marks each:**

- Changing market conditions
- Advancing technology
- Fresh moves from competitors
- Shifting buyer needs
- Emerging market opportunities
- New ideas for improving the strategy
- **Use of examples: 7 marks**

**(Total 25 marks)**

### Question 6

“Strategy-supportive motivational practices and reward systems are powerful management tools for gaining employee commitment” (Thompson et al, 2013).

**Discuss** the motivational approaches open to management to make their workplace more appealing and spur stronger motivational commitment to the organisation. **Illustrate** your answer with examples.

**Discussion of any 7 points below: (7 x 3 marks)**

- Providing attractive perks and benefits
- Promotion from within where possible
- Making sure the ideas and suggestions of employees are valued and acted on where possible
- Creating a work atmosphere where there is genuine caring, sincerity and mutual respect
- Sharing a strategic vision with employees
- Sharing information with employees of a financial strategic nature
- Having knockout facilities – having state of the art working facilities - Google
- Flexibility in people management
- Examples

**(4 marks)**

**(Total 25 marks)**

