Examiner's report
P3 Business Analysis
June 2013

ACCA

General Comments

The Business Analysis examination is in two sections. The first section (section A) contains one mandatory question, worth 50 marks, based around an extended case study. The second section (section B) contains three questions, each worth 25 marks. The candidate is required to answer two questions from this section.

In section B, questions two and three were more popular than question four. All three questions in this section produced answers that followed a similar pattern. The first part of the question (part a) was relatively well answered, but the second part of the question (part b) was not so well answered. This was particularly marked in question two, where candidates were clearly unaware of what scenarios were, using inappropriate frameworks and models that often led to them getting no marks at all for this part question.

Many candidates chose to answer the compulsory section A question after they had attempted the optional section B questions. Performance on part a) of this question was reasonable, with the main problem being the *application* of theoretical knowledge about project management, organisational culture and organisational configuration. Part b) of the question, on strategy lenses was poorly answered, despite it being very similar to a question set in a previous examination.

Overall, performance was improved over recent sittings. There was some evidence of time management problems but often these were self-induced, due to candidates poorly controlling their answers to questions 1a, 2a and 3a.

It must also be placed on record that there were also some really excellent scripts. Also, despite the decline of handwriting in commercial life, the majority of the scripts were clear and well presented.

Specific Comments

Question One

The case study scenario of question one concerned the Chief Executive Officer (CEO) of a public health authority (MidShire Health) and his failed attempt to implement organisational change. The scenario was developed through a series of meetings (a similar approach has been used in the past) showing the timelines of the initiative and the reactions of the main stakeholders.

The candidate was required to diagnose the problems encountered by the CEO in terms of the project management process (initiation, conduct and termination – for eighteen marks) and from the perspective of organisational culture and configuration (also worth eighteen marks). Four professional marks were given for the clarity, structure and logical flow of the candidate's answer. The second part (part b) of this question (worth ten marks) asked candidates to evaluate the strategic planning project at MidShire Health through each of the strategy lenses – design, experience and ideas.

Question 1a required candidates to diagnose the problems at MidShire Health in terms of project management, organisational culture and organisational configuration. In general candidates were weaker on the last of these, organisational configuration, although a significant number of candidates did reference the Mintzberg stereotypes. Too many answers followed the sequence of the meetings described in the scenario, repeating the same information and diagnosis, often accompanied by copying out sections of text directly from the scenario. There was a lack of analysis and organisation in many answers. This repetition of the same points also led to long answers which probably contributed to time problems later in the examination. In general, part a) (i), concerning project management was better answered than part a) (ii), on culture and configuration. This was largely because general points made about good project management were accompanied by appropriate illustrations from the scenario. This was less evident in the cultural analysis, where facets of the cultural web were often described in detail, without any supporting evidence that they were relevant to the scenario.

There is an explicit learning objective on the three strategy lenses defined by Johnson, Scholes and Whittington (Study Guide section A1e) and a very similar question to the part b) question posed here, was set in December 2008, concerning another public sector organisation, the National Museum. However, despite this, very few candidates scored good marks on part b of this question. Many candidates scored less than three marks, with answers that were often very sketchy and just rearranged the key words of the question. For example 'a strategy must be designed' and 'it often reflects the experience of the CEO and the ideas he has brought in from elsewhere'. Prior to the examination, the examination panel believed that this part question would be very well answered, as it is a discrete part of the syllabus which has been asked before. However, this was not the case.

Question Two
This question specifically asked for the application of Porter's Five Forces framework to the fixed-price retail market in the fictional country of Eurobia. This analysis required an assessment of the attractiveness of this market to a company called NESTA, which is considering entering it. This assessment formed the first part of the question and was worth fifteen marks.

Candidates scored well in this part question, with some getting full marks. The only slight disappointment here was candidate's reluctance to use the financial data provided in Figure One of the scenario. This data was important because it revealed two things. Firstly, that the three companies in the industry were of a very similar size and, secondly, that the market they were participating in was growing. Both these factors are important when considering the competitive rivalry that exists within the industry and how incumbents are likely to react to the threat of new entrants. It was also clear that a significant number of candidates had not properly interpreted the revenue figures. NESTA is much larger than any of the companies operating in the market place (indeed it is bigger than the combined revenue of the companies). However, some candidates suggested that NESTA was much smaller, apparently confusing \$120m with \$120,000m. Again this relative size of NESTA and its potential competitors is important to the assessment of the market place and this misinterpretation led candidates astray.

The second part of the question asked candidates to discuss the potential use of scenarios by NESTA's managers as part of their analysis of the company's possible entry into the market. This was worth ten marks.

This part question addressed a specific objective in the Study Guide;

- To prepare scenarios reflecting different assumptions about the future environment of an organisation. (Study Guide objective 2d).

The topic is considered in sufficient depth in the BPP authorised text to get the marks on offer. Furthermore, it can be argued that the term is commonly used in everyday language. For example; terms such as 'best-case' scenario and 'worst case scenario' are quite often used in television interviews and newspaper articles. However, it was clear that most candidates were unfamiliar with the concept of scenarios, producing answers using a variety of perspectives and frameworks. Porter's diamond, the suitability, feasibility and acceptability criteria and SWOT analysis were just three of the inappropriate approaches used, and all usually resulted in candidates scoring no marks for this part question. The Study Guide forms the basis of the questions asked in the examination, and so candidates should be familiar with all aspects of it.

Question Three
Three significant business process areas were identified in this question; payroll, legal advice and delivery placement and tracking. Candidates were asked to analyse the characteristics of each of these process areas using Harmon's process-strategy grid and suggest how each should be sourced and implemented. This analysis was worth fifteen marks. In general this part question was very well answered, with a significant number of candidates scoring thirteen marks or more. Alternate recommendations to those in the model answers (for example; whether to insource rather than outsource legal advice) were permitted if they were well justified.

The second part of the question asked candidates to focus on how the company defined in the scenario (CT) could use a Customer Relationship Management (CRM) system to acquire and retain customers. This was worth ten marks. This part question was not answered particularly well and too many candidates seemed to be unfamiliar with this application, despite it forming a whole sub-section of part E of the Study Guide (section E4). There was too much reliance in the answers on e-marketing and the 6Is, which were only partly relevant to the situation described in the scenario. This approach also led to many suggestions which were inappropriate to a Business to Business (B2B) company such as CT, where it is very unlikely that products will be ordered via the internet. Candidates are reminded of the importance of targeting their answer to the scenario and avoiding inappropriate theoretical considerations. Too many answers reflected a Business to Consumer (B2C) situation and so little credit could be given.

Question Four

The scenario for this question described the leadership style of a manager and how that style changed after he had attended a training course. For fifteen marks, candidates were asked to analyse his leadership style before and immediately after the training course and to explain why this change of leadership style was unsuccessful. This question was less popular than questions two and three, but candidates who chose to do it often adopted a good answer structure to this part question based on the requirement; before, after and reasons for failure. Many candidates recognised that the manager had moved from a stereotypical Theory X manager to a stereotypical Theory Y manager. Many answers made appropriate reference to management theory, and those citing contingency theory were particularly insightful, because the characteristics of the 'led' were significant in the context of the second part of this question. Overall, this part of the question was answered relatively well, with many candidates gaining a pass mark on this part question.

The second part of this question asked candidates to focus on job enrichment, to explain its principles and evaluate its potential application in the Contracts Office at ARC, the case study company. This part of the question was worth ten marks. This part question was answered less well. Many candidates struggled to provide enough relevant information on job enrichment and also failed to apply it to the case study situation. It seems likely that its potential application was reduced at ARC by the fact that many of the people who it may have attracted have left the company. The characteristics of the led may make it very difficult for the manager to implement a job enrichment scheme. Remember, although a particular concept may generally be perceived as a good thing (job enrichment in this question), it may not necessarily be so within the described case study scenario. Candidates must always reflect the context of the scenario in their answers.