Examiner's report
P3 Business Analysis
September 2017

ACCA

General Comments

The examination consisted of two sections. Section A contained one question for 50 marks and Section B contained three questions of 25 marks each, from which candidates had to answer two questions. Each question follows a scenario providing the context for the question requirements and it is important that candidates are able to apply their knowledge within the context provided.

Candidates should recognise that the syllabus for P3 is very broad, and is unlikely to be covered in its entirety during a short, taught course. Lecturers should ensure they signpost the remaining content to candidates for their own learning, and candidates should ensure they study these areas in their own time. All syllabus areas are examinable, and it is apparent, in each P3 examination, that some of these have not been studied, or at least not in sufficient depth, by candidates. It is also important to note that any element of the syllabus can be examined in any part of the exam. Candidates should not expect specific topics to appear in the compulsory question for example.

For some candidates, there remains a tendency to copy out the scenario content, without explaining it in the context of the question requirements. This was particularly apparent in responses to Question One on this examination. Candidates who add value to the information provided in the scenario will earn higher marks than those who simply repeat the information. Indeed, a simple repetition of the scenario is unlikely to gain any marks. If candidates consider why they believe that information to be relevant, it should help to add value to their response.

A continuing theme on the P3 examination, despite previous examination reports, is the tendency of a number of candidates to try to apply a theoretical model that is not relevant to the question requirement. A common example of this is the inclusion of suitability, feasibility and acceptability. Whilst elements of this may be applicable, candidates attempt to force the information provided, such that it fits the model, rather than fit the information to the actual question requirement. There is no 'one size fits all' approach to this examination.

Specific Comment

Question One

This scenario provided information about a specific company within a niche industry. The financial information provided suggested that the company was suffering a decline in their performance. A consultancy had provided a detailed suggestion of a change strategy, which it was recommending the company adopt. Candidates were required to answer questions relating to this change strategy. No prior knowledge of the type of organisation was required as all necessary information was included within the scenario.

Part (a) required candidates to analyse the strategic change by applying given elements of the Balogun and Hope Hailey model. The question requirement specified that the performance data should be used within candidates' responses. This requirement saw a variety of responses, ranging from excellent to very poor. Most candidates were aware of the model but some simply repeated facts rather than perform any analysis. Despite earlier reports to this effect, some candidates are unable to calculate basic ratios correctly, or unwilling to calculate them at all. For example, it is insufficient to state that the current liabilities have increased or decreased from one

figure to another, without considering this in the context of the overall financial picture; what has this done to the current ratio for example and how does this influence the analysis of the current situation?

Part (b) required further analysis of the strategic change; this time using the POPIT model. There was evidence that some candidates were unfamiliar with this model; either leaving the question out in its entirety, or failing to use the model correctly. A number of candidates knew the model, but needed to pick up on the full wording of the question, which requested the 'implications' to the company.

Part (c) also received mixed responses and was also omitted by some candidates. This question requirement focused on the customers and why they may not accept the change. Some candidates answered this very well. A good trick in a question such as this is to try to think like one of the customers, in the specific context of the scenario. Other candidates tried, unsuccessfully, to apply models such as Porter's 5 Forces to this question requirement.

Question Two
The scenario provided details of a major organisational project which would affect a number of stakeholders. On the whole, candidates were familiar with the concepts contained within and were able to discuss the models. Better answers applied the scenario fully to the question requirements.

Part a required a discussion of Mendelow's matrix and the application of the matrix to given stakeholder groups. This was generally well done. Something that some candidates could learn from this is the way in which the classification is explained. For example, stating that a stakeholder group has high power and low interest would be outclassed by a response which explains why the power is high, and why the interest is low. A similar approach can be applied to many models i.e. explain 'why' a particular element 'fits' a particular category.

Part b required a discussion of the responsibilities of named project personnel. Good responses combined knowledge of project roles with the information presented in the scenario.

Question Three
Question 3 provided a scenario of an organisation that was faced with three choices for the future; each choice requiring different levels of capital investment and each providing different future cashflows.

Part a required the preparation of a decision tree and an evaluation of the options and the method and data used. Question 3 tended to be selected only by those students who knew how to create decision trees; hence the majority of responses to part a were well answered, at least in the quantitative requirements. Some candidates failed to discuss the method and data and so missed out on full marks in this part requirement.

Part b was less well answered and required a discussion of the forms of financing which could be used for the selected option. Some candidates displayed a lack of knowledge in this area; for example, assuming retained earnings could be used as cash. Others understood the concepts, but failed to consider the financial situation of the company; basic details of which were provided.

Question Four

This question was generally well answered and covered a topic which has appeared in question one in previous examinations; albeit in a different format. A SWOT analysis and an Ansoff's matrix were applied to a company and the results provided in the scenario.

Part a required an evaluation of the four growth strategies provided in the Ansoff's matrix. Good responses, of which there were many, applied the results of the SWOT analysis to evaluate each option. Weaker responses simply listed information from the SWOT analysis without explaining why it supported (or otherwise) the particular growth strategy.

Part b required a discussion of the suitability of different methods for growth, given the adoption of a particular strategy from Ansoff's matrix. Weaker candidates provided a generic discussion on methods of growth, whilst stronger candidates were able to discuss them in the context of the company's specific strengths and weaknesses as well as the particular growth strategy being adopted.