

Examiner's report

P5 Advanced Performance Management

March 2016



Introduction

Firstly, we would like to offer our congratulations to all of those candidates who achieved a pass at this diet and our commiserations to those who did not.

In this report, our aim is to indicate areas of good and poor performance with the specific additional purpose of helping future candidates assess what is required of them. We have added comments about potential improvements to examination approach where appropriate.

We will begin with general comments about the approach and then provide a commentary on the specific questions in the examination paper.

General Comments

The examination paper comprised two sections, A and B. Section A consisted of one compulsory question for 50 marks in total. Section B consisted of three optional questions for 25 marks each from which candidates were required to answer two questions.

The majority of candidates attempted their allocation of three questions and there was little evidence of poor time management in terms of completing the paper. There was no particular bias in candidate choice to any of the section B questions at this diet.

The advice in past examiner's reports and approach articles does not seem to have been taken up by many candidates. We would strongly advise that candidates use these materials to ensure that they have the right overall attitude to P5, which is intended to lie at a post-graduate level. Most examinations require a balance of memory work and evaluation/analysis. However, as one goes through the levels (say from F2 to F5 to P5) this balance changes, from pure memory to more analysis. Good candidates distinguish themselves by being aware that if they come to this examination expecting to repeat memorised material, they will probably score only between 20% and 30%. Many candidates have clearly been taught that they should define in their answer any 'jargon' terms in the question requirement. However, they are (usually) wrong to assume that this alone will provide them with a passing answer at P5 which is about application and evaluation in a business scenario.

The basic knowledge is a good starting point for answering questions. However, at this diet, a lack of such knowledge was demonstrated by many candidates and was particularly clear in: 1) question 1(iv), activity-based costing and budgeting and 2) question 3(b), decision-making under risk and uncertainty.

Building upon that knowledge, candidates need to be aware that performance management is an area which, at an advanced level, is dependent upon situation and environment. A good, professional-level answer will go beyond the mere repetition of how a technique works and focus on relating it to the entity's specific environment. As in previous diets, it was very clear to the marking team that those candidates that had grasped the need for this went on to pass the paper.

This issue leads directly to the well-worn advice to candidates to 'answer the question asked'. There are several detailed examples in the discussion below where candidates answered a

different requirement from the one asked or simply ignored a part of the requirement (and thus the marks on offer). There was also a continuing disregard for the suggestions contained within the scenario. Candidates should remember that the scenario is intended to mimic real life, in so far as is possible in the examination context.

Question One

This 50-mark question was based around a family-owned computer keyboard manufacturer.

Part (i) required an explanation of how the headings of the performance pyramid link together and was generally well done.

Part (ii) required an evaluation of operational performance indicators from part (i). This part was often well done. However, many candidates wasted time discussing all indicators mentioned in the question rather than only the operational ones. This was inconsistent and disappointing given that many of the same candidates had pointed out the operational indicators in their discussion in part (i).

Part (iii) called for an evaluation of the reliability of indicators discussed in part (ii). This part was often poorly done as candidates offered a performance evaluation or a discussion of the suitability of the indicator rather than focussing on their reliability. This is fundamentally a different requirement. There was additional guidance in the scenario on what was being required though few candidates took advantage of the headings laid out there.

Part (iv) required a calculation of the missing elements of an activity-based budget. This part was often ignored by candidates or poorly attempted.

Part (v) needed an evaluation of two budgeting methods in context. This part was often fairly well done with candidates offering a good range of issues. However, the question asked for 'relative strengths and weaknesses' and therefore, candidates did not need to repeat the same points under each budgeting method.

As has become common, those candidates who had practised writing professional answers prior to the examination performed admirably in the presentation area (4 marks). The markers were looking for suitable report headings, an introduction, a logical structure, signposted by the good use of subheadings in the answer, and a clear, concise style. A conclusion was not required for the 4 marks but if a suitable and substantive one was offered then it was given additional credit.

Section B

Question Two

This 25-mark question was in the context of a travel business.

Part (a) required an evaluation of performance indicators used at the business applying the dimensions of the Building Block model. This was generally fairly well done by those candidates that knew the headings from the model.

Part (b) called for advice on the benefits that the introduction of a real-time unified database would make to the business. This part was fairly well done with candidates showing a reasonable grasp of the basic benefits.

Answers to this question would have been improved with the use of specific illustrations of the general points being made using the information in the scenario. P5 is about specific application not just generic points that could apply to any business and those candidates that do this often shift their marks materially into the range of a good pass.

Question Three

This 25-mark question was about decision-making under risk and uncertainty at an automotive component manufacturer. This was a surprising choice by many candidates who started well in part (a) but then clearly had little idea of how to perform the calculations required in part (b) which was the larger part of the question. Future candidates should make sure that they read all the question requirements before beginning their answer so that they appreciate the links between the parts of the question and whether it is a sensible choice for them.

Part (a) required the candidates to consider how an analysis of stakeholder power and interest could be used by a business. The analysis had been already been done. Many candidates redundantly repeated what was given in the scenario and then more usefully, provided the heading response from the Mendelow Matrix. The better candidates explained what the response meant in practical terms for the business involved.

Part (b) called for the evaluation of a particular project using the methods of decision-making under risk and uncertainty. This part was poorly done. Most candidates did not justify a recommended choice of method for each stakeholder and many candidates ignored the data in the scenario and misused the expected profit data instead.

Question Four

This 25-mark question was about performance measurement in the public sector (universities).

Part (a) called for advice on how to assess value for money at the universities. Many candidates made good use of the 3E's to structure their answer. A good answer also utilised the data in the scenario to illustrate their points.

Part (b) required an assessment of the benefits of league tables in improving performance of the universities and problems of their use. This part was generally fairly well done with candidates breaking their answers into two parts (benefits and problems) and illustrating their answers with specific issues between the universities in the scenario.

Conclusion

In conclusion, the main messages from this paper for future candidates are:

- Fill the gaps in basic knowledge (models and techniques). This may mean refreshing brought forward knowledge from F5.
- Read the requirements carefully to avoid wasting time on unnecessary points.
- Practice with past examination questions how to use scenario data to illustrate general points.