



Examiners' report

P5 Advanced Performance Management

December 2008

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

The examination paper comprised two sections, A and B. Section A consisted of two compulsory questions for 35 and 25 marks respectively. Section B consisted of three optional questions for 20 marks each from which candidates were required to answer two questions.

The paper was seen to have a well balanced computational and discursive elements providing candidates with the opportunity to obtain relatively high marks. However, the examination revealed a significant number of candidates who were inadequately prepared for this examination and many candidates did not answer all of the question subsections and in not doing so imposed limitations on the marks available to them. Nevertheless, the overall results for this diet are better than those in respect of the previous diet.

One major problem was candidates 'memorising' model answers to past paper questions and attempting to 'shoehorn' these answers into questions without even attempting to adapt these answers to the question context. Question 2(d) provided cases of this practice. The question clearly asked for performance measures to assess the quality of service of a software provider, yet there were answers such as 'the quality of meals, waiting time at reception, staff uniforms and cleanliness, as well as specific mention of hotels. This practice was also evident from candidates' answers to Question 4(b) with many different organisations mentioned and only the minority of candidates actually referring to BAG.

Also evident was the inability of many candidates to interpret the numbers and ratios and translate them into 'good' and 'bad', even things such as a 'lost items percentage' being higher than the target was seen as constituting good performance simply because the number was higher! This suggests that candidates are taking a rote-learning approach which is inappropriate for this level of examination.

Question 1

It was pleasing to see a large number of good answers to question 1. Many candidates achieved maximum marks in part (a)(i). A minority of candidates reversed the 1/0 notation but nevertheless demonstrated an understanding of the need to rank the depots of TSC according to the 12 measures provided in the Appendix to the question and were rewarded favourably.

It was also pleasing to observe that the majority of answers to part (a)(ii) were satisfactory as most candidates provided acceptable comments on the relative performance of each depot. That said, many candidates limited their evaluation of the performance of the four depots to ranking them 'first', 'second', 'third' and 'fourth' (or last) and thereby ignoring which depots had in fact achieved (or had not achieved) the 'target values' which were at the heart of the performance measurement system of TSC.

In general, answers to part (a)(iii) were satisfactory, and indeed, some were excellent. Poorer answers were offered by candidates who did not relate answers sufficiently to the examples contained in the scenario and/or chose to state that there was insufficient information contained within the question to enable them to provide a relevant assessment of TSC using the required criteria.

The quality of answers to part (a)(iv) varied significantly. Many candidates achieved maximum marks whilst poorer answers referred solely to the need for more financial performance measures within TSC. In general, candidates provided satisfactory comments relating to the simplistic nature of the performance measurement system within TSC but few answers indicated the need to focus on the determinants of success rather than the results.

Again, Part (b) produced a significant variation in the quality of answers provided by candidates. Many candidates achieved maximum marks whilst others evaluated potential 'benefits' without referring to any 'problems' whatsoever! Sadly, a significant number of candidates chose not to provide an answer to part (b) and in not doing so 'threw away' a potential six marks!

Question 2

This question provided the best 'relative' mark achieved by candidates. In general Part (a) was well answered, although some candidates showed lack of basic analysis. Many candidates provided either quantitative ratios or comment but not both, and a number of candidates ignored the requirement to 'highlight additional information'. Regrettably, many candidates provided an answer that was so brief that they obviously ignored the fact that was a potential fourteen marks available.

In general, answers to part (b) were satisfactory. However, poorer answers were confined to comments concerning the bonus of the operational manager of Bonlandia with little or no regard for the effect of the views of the operational manager on the business of SSH.

It was pleasing to observe that part (c) produced some very good answers, especially given the importance of 'quality software' in the modern business environment.

In part (d) candidates' answers varied significantly. Better answers suggested performance 'measures' (as required), whereas poorer answers referred to performance 'criteria' such as 'cleanliness', 'appearance' and 'responsiveness'. The worst answers, (as always in this type of question requirement), simply provided a bullet-note list of criteria extracted from the 'balanced scorecard', 'performance pyramid', or the work of Fitzgerald and Moon. That said, the poorer answers were also presented in the form of one word 'bullet points'

Question 3

This was the best answered of the three optional questions. Part (a) was answered very well or very badly insofar as candidates either did or did not understand the term 'planning gap'. Those who did not understand the term not only 'threw away' a potential five marks but also wasted valuable time in 'guessing' its meaning.

Answers to part (b) were, in general, satisfactory as the majority of candidates made sound use of the information contained in the question and referred to the issues of cultural problems, lack of experience of acquisitions and the impact of government action.

Again, in general, most candidates' answers to part (c) were satisfactory. Usually issues relating to non-biodegradable nappies were cited however, few candidates drew attention on 'washable nappies' as an eco-friendly alternative.

A significant number of candidates provided very good answers to part (d). However, many candidates needed to suggest a greater range of government actions in order to have achieved higher marks. Rather worrying is the fact that a number of candidates did not provide any answer whatsoever and in not doing so 'threw away' a potential five marks!

Question 4

Answers were generally poor due to the fact that the majority of candidates who could answer part (a) to a satisfactory standard could not answer part (b) in a similar manner

Candidates' answers to part (a) demonstrated that they either did or didn't understand the fundamental principles of 'Transfer Pricing'. In part 4(a) (i) a large number of candidates did not set out fully the principles on which Division B and Division C would make pricing decisions. In part 4(a) (ii) many candidates only summarised the position for Division C and omitted comment on Division B.

Answers to part (b) varied most significantly. A significant number of candidates scored maximum marks. However, most alarming is the fact that a large number of candidates did not have an awareness of 'quality costs' (which was a syllabus area examined in the previous diet), chose to guess as to their 'identification' and examples there of and scored few or even no marks as a consequence. I cannot help but wonder if this is a classic example of 'question spotting' with this topic being ignored by candidates because it featured on the previous P5 examination paper.

Question 5

In general, the answers to this question were very poor.

In their answers to part (a) a minority of candidates were able to calculate correctly the ABC costs for direct materials and direct labour for each product. A much smaller number of candidates were able to calculate correctly the material and labour related overheads in respect of the products.

Rather alarmingly a significant number of candidates did not understand how to calculate the contribution to sales ratio for the two products as required by part (b).

In their answers to part (c) the vast majority of candidates discussed the adoption of activity-based costing (ABC) as opposed to Activity-based management (ABM) and in doing so not only failed to achieve some relatively easy marks but also sacrificed precious examination time. Many candidates did not provide any answer whatsoever and in not doing so 'threw away' a potential six marks.