



Examiner's report

F1/FAB Accountant in Business

For CBE and Paper exams covering July to December 2017

General Comments

The examination comprised two parts. The first part required candidates to answer 46 objective test questions, worth either 1 mark or 2 marks. The second section of the paper was made up of 6 scenario-based, multi-task questions, each worth 4 marks. All questions were compulsory. The time permitted was 2 hours.

The majority of candidates attempted all of the questions on the paper, and there was no evidence to suggest that the paper was time pressured. Most candidates achieved a pass, but a small minority scored very low marks and were clearly unprepared for the examination.

There was a direct correlation between marks earned in parts A and B of the paper. Those who scored high marks in part A tended to score highly in part B also, and vice versa.

Comments about part A performance

Candidates appeared to have prepared well across all sections of the syllabus, and there were no indications that questions drawn from any of the six syllabus areas posed any greater difficulty than others.

The subjects on which candidates demonstrated greatest knowledge and understanding were:

The role of the secretary of a committee;
In the context of organisational theory, the meaning of the scalar chain;
Time management;
Leadership styles;
Counselling, and how the role of a counsellor differs from that of a coach or mentor.

Performance varied on questions relating to theories and concepts. Some theories presented little difficulty, but some of the more challenging theories inevitably required greater thought, and are likely to have taken longer to answer. Some candidates had problems with 'softer' topics relating to governance and ethics.

The questions with the lowest pass rates were on the following subjects:

Edgar Schein's theory of organisational culture;
The purpose of corporate governance;
The duties of an external auditor;
In the context of selecting employees, methods of selection;
The meaning of independence.

A very small minority of candidates did not complete all of the questions in part A. This was a missed opportunity, as even if the answer is not known it may be possible to make an informed guess once some of the distractors (incorrect answers) are eliminated.

It should be noted that some candidates who attempted the paper-based version of the examination wrote out their answers to the part A questions in the answer book. In these cases,

some chose to add comments to justify their choices of answer. This was not necessary, and for marginal candidates may have wasted valuable time. Without exception, all questions on the paper are objectively tested, so it was only necessary to select the correct answers represented by the appropriate letters.

Sample part A questions for discussion:

Example 1:

Question 16 examined methods of selecting employees:

Harald is the head of recruitment and selection of MXM Company. One of his tasks is to select three area managers. At present there are 12 trainee managers, all of whom were originally recruited in anticipation that they would be promoted to area manager jobs. Harald believes that nine of these managers will apply for the positions. Harald's general manager insists that the selection process must be rigorous, testing not only the technical knowledge of the applicants but also their presentation skills and ability to negotiate.

Which of the following would be the most appropriate method of selection?

- A Proficiency test**
- B Panel interview**
- C Work sampling**
- D Assessment centre**

The correct answer is D.

Choices A, B and C can all serve some of the purposes that were set out by Harald's manager. Proficiency tests can be used to assess knowledge and also some skills, but would be impractical for testing presentation and negotiation skills. It would also be complicated to arrange panel interviews that would assess interactive skills. Work sampling would offer few opportunities to assess the future knowledge and skills required, though it could help to form a view on competences developed so far.

By contrast, an assessment centre can test a broad spectrum of knowledge and skills. Assessment centres are often used when it is necessary to form a comprehensive view of candidates across a wide range of competences.

The correct answer was selected by 40% of candidates.

Example 2:

Question 23 tested the candidates' knowledge of Schein's theory of organisational culture:

According to Schein, the observable, explicit elements of organisational culture are made up of behaviour, artefacts and which other variable?

- A** Attitudes
- B** Values
- C** Unspoken rules
- D** Assumptions

The correct answer is A.

Schein's theory has several layers, but the basic dimensions of the theory are quite practical in nature. Perhaps the quickest route to the correct answer is the use of the word 'observable' in the prompt. Attitudes are often observable in individuals, but values, unspoken rules and assumptions to a much lesser extent. It could also be argued that values and assumptions are rarely 'explicit', and unspoken rules never so.

The pass rate for this question was less than 34%. The most popular answers were A and B.

Example 3:

Question 29 related to the purposes of corporate governance:

Which of the following is a purpose of corporate governance?

- A** To eliminate the strategic risks faced by the organisation
- B** To ensure that the interests of shareholders are prioritised in all decisions
- C** To align the interests of executives with those of stakeholders
- D** To promote collective rather than individual accountability of directors

The correct answer is C.

As the F1/FAB paper is a gateway to the more detailed study of managerial subjects necessary for 'Strategic Business Leader', it is only necessary to study the basic concepts applicable to corporate governance. However, it is important to capture the essence of governance and how it fits in with management and control of an organisation.

Although some management writers emphasise the satisfaction of shareholders' demands as the primary economic purpose of any commercial organisation, it is now accepted that best practice in corporate governance is to pursue policies consistent with 'enlightened shareholder value'. The thinking behind this is that by paying due regard to the needs of stakeholders (including customers, employees and the community), this will be more likely to result in building sustainable long-term value. For this reason, choice C is better than choice B.

Options A and D are both incorrect. Corporate governance is concerned with management of both strategic and operational risks, but it is never possible to eliminate risk altogether. In fact, few candidates chose option A. Corporate governance systems should also hold directors accountable on both an individual and collective basis.

The question was answered correctly by 31% of candidates, with options B, C and D selected by almost equal numbers of candidates.

Comments about part B performance

Each of the six questions in part B of the paper related to one of the six parts of the syllabus. Most candidates dealt with questions on SWOT analysis and the marketing mix quite well, though they were less confident when dealing with the benefits of shared services organisations and an application of the product life cycle model.

In most cases, candidates were able to identify correctly whether functions and tasks were carried out by the financial accountant, management accountant or treasury manager, and they were also quite knowledgeable on the role of a procurement manager.

The topics which proved to be most challenging to candidates were Herzberg's two factor theory of motivation and concepts in ethics. While many candidates selected some correct answers to both of these questions, very few candidates scored the full marks available. In several cases, it was clear that the answers chosen were guesses.

Conclusions:

Most candidates achieved a pass, so clearly the majority of those presenting themselves for the examination were able to use their knowledge productively. The syllabus is broad, so it is challenging to gather sufficient knowledge across all topics. The examination is prepared with this in mind, with the intention that a candidate investing a reasonable amount of time in preparation will have a good prospect of achieving success.

None of the topics examined in the F1/FAB paper requires comprehensive knowledge of every theory, concept or subject. The best approach is to build a general understanding of as many topics as possible.

Most candidates will benefit by spending more time on understanding the technical words and jargon associate with the study of management, organisations and human behaviour. The more complicated theories may not always be the most difficult to understand, as some of the words and phrases encountered will serve as 'triggers' to memory. At the same time, it should never be assumed that even subjects which appear to be 'common sense' will be easier in an examination environment. Those who practice questions across the whole syllabus are spending their preparation and revision time wisely.

Candidates need to strike a balance between spending enough time on each question, and not thinking too much about why answers that appear to be incorrect might be justifiable. The



examination will never include trick questions, so if an answer stands out as the correct response, then this is probably confirmation that the candidate understands the issues.