

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN	
EXAMINERS' COMMENTS	
SUBJECT Business Management and Behavioural Studies	SESSION Certificate in Accounting and Finance – Spring 2017

General:

Question paper was very simple and easy but performance of students was not up to the mark. Students are advised to devote more time to the study of this subject and broaden their scope by consulting various reference books rather than relying on the study text only.

Question-wise comments

Question 1

The question was based on a scenario where the candidates were required to identify and explain five motivator factors which would influence the individual's decision of changing the job, in the given scenario, in terms of Herzberg's motivation – hygiene theory.

The overall performance was below average. About one-third of the candidates had no knowledge of the Herzberg's motivation – hygiene theory and resorted to guess work mostly based on their general understanding of the general motivating factors or did not attempt the question. Only few i.e. less than 15% gave proper answer in which they displayed proper application of knowledge and produced answers relevant to the given scenario. A significant number of candidates explained the theory and the motivator factors in isolation i.e. without referring to the scenario at all. This approach is not expected to secure more than one or two marks. Further, it should be noted that this question was directed towards the motivating factors before joining the work rather than after the joining. Many of the above average students also missed this point.

Question 2

This was a well attempted question and about 50% students obtained passing marks. Nevertheless, more than 10% students did not attempt it altogether.

The performance in part (a) of the question was particularly good as most of the students had good understanding of the driving and the restraining forces. However, some students used different terms and lost marks.

In part (b) also, the performance was satisfactory but many students who performed really well in part (a) could not apply their knowledge appropriately in the given scenario and stated generalized steps rather than stating specific measures relevant to the given scenario.

Question 3

The performance in this question was rather poor. The requirement was to explain the main characteristics of the three market strategies mentioned in the question. The common errors were as follows:

- (i) Because of the obvious name i.e. cost leadership strategy, majority of the students were able to identify that the strategy involves offering low prices but only few discussed how this can be achieved. Many students suggested offering heavy discounts on various occasions which was totally incorrect. Moreover, while giving the examples, they compared prices of two products like Juices of Company A are cheaper than those of Company B, rather than mentioning products with the lowest prices. Also, many students used cost and price interchangeably.
- (ii) While discussing Product differentiation strategy the students were generally of the view that it involves incurrence of heavy advertisement expenditure. Though product differentiation strategy may also require heavy expenditure but instead of advertising, the objective is to add one or more of those features which are valued by the customers but are not available in similar products offered by the competitors.
- (iii) Many students did not know what focus was. The idea behind focus strategy is to develop, market and sell products or services to a niche market, such as a particular type of consumer group, a specific product line or a targeted geographical area. A number of students did not attempt this part of the question altogether. Many students recommended focusing on core activities which was totally irrelevant.

Question 4(a)

Salient features of Classical and Modern theories of management were asked in this question. It was the worst attempted question. In many cases, the students explained some of the prominent theories which was not required.

Question 4(b)

The question required description of the type of working relationship to be promoted within an organization to meet its need to complete a particular assignment within a limited time schedule. Almost all the students produced very generic answers where there was no specific mention of how cross functional groups could be made based on different skill sets and expertise or with regard to decentralized decision making. Many students seemed to have jotted down a list of factors which may be used to make an organisation successful. Some students explained matrix structure in very general terms without referring to the given situation.

Question 5

The question consisted of seven multiple choice questions. The overall performance was good as about 65% of the candidates secured passing marks. However, only 13 candidates could secure full marks and only 8% of the candidates secured six marks. The above statistics are indicative of the extensive recourse to guesswork.

Question 6

This question was based on the topic of functional conflict. The overall performance in this question was poor as only 15% of the candidates secured passing marks. Being an oft repeated topic most of the students were able to write at least some relevant points. However, the answers given by a significant number of candidates were limited to just one point i.e. positive conflict provides a forum for discussion and the same point was repeated in different ways.

The other most common issue with the candidates was their inability to understand the exact requirement of the question and they made the following types of mistakes:

- Many candidates missed the point that they were required to discuss the positive conflict only.
- Many candidates discussed the issue of conflict resolution which was entirely irrelevant.
- Many students gave examples of positive conflict which were not required.

Question 7(a)

In this part of the question, the candidates were required to explain the concepts of Distributive justice, Procedural justice and Interactional justice. The overall performance in this part of the question was very poor. Barring a few outstanding candidates who performed well in all the questions, all the rest seemed clueless. Some of them did not attempt it altogether whereas the majority resorted to guesswork but without any success. Since these concepts are rarely tested, most of the students seemed to have ignored them in their preparations, otherwise, the question was quite straight forward and provided a good opportunity to score high marks.

Question 7(b)

This was a very simple question where the candidates were required to define business goals and the reasons that act as impediments in their achievement. A common issue was that students did not understand the meaning of the word 'impediment' and consequently gave incorrect answers.

Students used various terms to define goals such as objectives, aims, targets, etc. Though goals and objectives are sometimes used interchangeably but there is a clear distinction between the two. Many students tried to explain the term business goals by giving examples. However, the examples given were mostly those indicating individual objectives/targets rather than the business goals. A common statement in the answers was that goals should be SMART; which was not relevant in the context of the requirement to define business goals.

Question 8(a)

This question required the functions performed by senior management in a typical large-sized business organization. The answer was simple and was well attempted by about 50% of the candidates. However, a number of students wrote about the roles of managers in an organization such as leader, supervisor, figurehead, controller, etc. which cannot be termed as functions. Many others seemed confused as they mentioned the functions performed by managers at all levels rather than by the senior management only.

Question 8(b)

In this part, the candidates were required to explain the term flat organizational structure and also the factors which would be of critical importance for the management of a bank in the implementation of a flat organizational structure. Most definitions of flat organization structure were correct i.e. it has a wide span of control, one manager manages number of employees i.e. many employees reporting to one manager. However, as regards the next part of the question, the responses were mostly incomplete and in many cases totally incorrect or irrelevant. A number of students mentioned points such as high pay and benefits, policies which would keep the staff motivated, transparent appraisal policies, nice behavior, etc. which were totally irrelevant in the context of the question.

Question 9

This was another simple question about the stages of the negotiation process between management and the representatives of workers union.

Performance in this question was good. Students gave correct and detailed explanation of the stages of the negotiation process for conduct of meaningful negotiations and mostly scored more than passing marks. A significant number of students scored full marks.

Question 10(a)

The requirement in this part was to describe an Executive Information System (EIS) and identify its key characteristics. The performance was generally satisfactory. However, many candidates recommended it for operational decision making also which was not appropriate. Many candidates gave generalised answers which clearly indicated that they were unable to distinguish between an EIS and any other routine computer system. For example, for the purpose of decision making, only the use of historic and internally generated data was emphasized whereas use of external data and forecasting was ignored.

Question 10(b)

In this part, advantages of Electronic Point of Sale System (EPOS) were asked. EPOS is now very commonly used in malls, supermarkets, grocery stores and most of the students knew about it and did well. Still, a number of students were unaware of the meaning of the term and gave irrelevant answers based on various incorrect assumptions. For example, some of them confused it with e-commerce. About 5% of the students left it un-attempted.

Question 11

The overall performance of this question was good and 79% students scored passing marks whereas about 26% secured full marks. However, part (a) was very well performed whereas performance was not as good in part (b). A frequent error was that management information was explained in isolation i.e. the meaning of management information were explained instead of explaining the difference from the point of view of batch processing and online processing. Some students used the same words / terms in all three items of part (b) i.e. batch processing is delayed and online is timely. Many students repeated the explanation of file updating in the explanation of management information.

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