



CHARTERED ACCOUNTANTS EXAMINATIONS

PROFESSIONAL LEVEL

P5: STRATEGIC MANAGEMENT

WEDNESDAY 5 MARCH 2014

TOTAL MARKS – 100 TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS TO CANDIDATES

1. You have fifteen (15) minutes reading time. Use it to study the examination paper carefully so that you understand what to do in each question. You will be told when to start writing.
2. This paper is divided into TWO sections:

Section A: One compulsory question.

Section B: Four Optional Questions. Attempt any three (3).
3. Enter your student number and your National Registration Card number on the front of the answer booklet. Your name must NOT appear anywhere on your answer booklet.
4. Do NOT write in pencil (except for graphs and diagrams).
5. The marks shown against the requirement(s) for each question should be taken as an indication of the expected length and depth of the answer.
6. All workings must be done in the answer booklet.
7. Present legible and tidy work.
8. Graph paper (if required) is provided at the end of the answer booklet.

SECTION A

This question is compulsory and must be attempted.

QUESTION ONE

"The new millennium is here and Sony has plenty to celebrate. The company's approach - doing what others don't - has paid off, in the form of great products that people covet"

Throughout its history, Sony has demonstrated an ability to capture the imagination and enhance people's lives. The company has been at the cutting edge of technology for more than 50 years, positively impacting the new way we live. Further, few companies are as well positioned to drive the digital age into homes and business around the world for the next 50 years and beyond.

Sony innovations have become part of mainstream culture, including: the first magnetic tape and tape recorder in 1950; the transistor radio 1955; the world's first all-transistor TV set in 1960; the world's first colour video cassette recorder in 1971; the Walkman personal stereo in 1979; the Compact Disc (CD) in 1982; the first 8mm camcorder in 1985; the MiniDisc (MD) player in 1992; the PlayStation game system in 1995; Digital Mavica camera in 1997; Digital Versatile Disc (DVD) player in 1998; and the Network Walkman digital music player 1999.

Today Sony continues to fuel industry growth with the sales of innovative Sony products, as well as with the company's convergence strategy. Examples include; VAIO notebooks that raise the bar in both form and function; digital cameras that capture pictures on a floppy disk, CD-R or Memory Stick; a handheld device that lets you store and view photos as well as moving photo; MiniDisc recorders with a digital PC link to marry high quality digital audio with downloadable music; digital network recorders that pause, rewind and fast-forward "live" television using a hard-disc drive; and Hi-Scan flat screen TVs that deliver near HDTV picture quality through digital Reality Creation (DRC) circuitry.

But Sony is not just a market leader in consumer electronics.

Through research and development, the company has made considerable inroads in the areas of professional broadcasting (with the creation of the Betacam, DVCAM, HDCAM and 24P formats); mobile communications (with digital phones and the CLIE handheld); PCs (with VAIO notebooks and desktop computers); storage and media (with the invention of the floppy disk, AIT and DTF drives and the Memory Stick) and now, the Internet.

Sony's future brand success will be determined by how the company meets the challenges of change. Sony has always led the market in terms of innovation. But in a digital networked world, products will no longer be developed with just hardware in mind. The convergence of technologies – consumer electronics, computing and telecommunications – is reality, with new competitors forming and consumer mindshare up for grabs.

Adopted from: Sony's history- Through the Eyes of the Company's leaders

http://news.sel.sony.com/en/corporate_information/sony_brand

Required:

- (a) 'Innovation and being a first mover can be a major source of competitive advantage.'
Discuss the statement with reference to Sony plc. (12 marks)
- (b) It can be argued that Sony's success is as a result of the origins of the parent company, i.e. Japan. Apply Porter's Diamond model to justify the argument. (16 marks)
- (c) Using Ansoff Matrix recommend two most appropriate strategies that Sony can pursue in order to mitigate the effects of change due to convergence of technology. Justify your recommendations. (12 marks)

(Total 40 marks)

SECTION B

Attempt any three (3) questions in this section.

QUESTION TWO

Gil, a management consultant has been tasked to work with BM a private limited company which produces home-made cheese. Her assignment is to undertake an assessment of the company's position in order to come up with the company's strategic plan. She is collecting information from various areas of business. She has requested for information of the company's competitors from the Marketing Director. Information on whether market growth rate is high or low and information on the size of BM's market share. Surprisingly the Marketing Director says that the company does not undertake any competitor analysis and does not know its market share.

Required:

- (a) Explain the importance of competitor analysis in strategy formulation and why it is important for the Marketing Director to understand the concept of high/low market growth and market share. (12 marks)
- (b) How can an organization create strategic intelligence? (6 marks)
- (c) Recommend one internal source and one external source of BM's strategic intelligence (2 marks)

(Total 20 marks)

QUESTION THREE

ZED limited, a company quoted on the Zambian Stock exchange has grown rapidly from its time of inception in 2008. It has a broad range of products that are sold on the local market only. At a recent strategic planning workshop the managers agreed that the organization grow into regional markets in the next five years and eventually go international in the next 10 years. ZED Ltd has a functional organizational structure and has 1000 employees.

The human resources manager has suggested that a reorganization of the company structure to accommodate the expansion will be the best way to go. The CEO is interested in the idea but is aware that changing organizational structure can be difficult. From his

previous experience, the CEO knows that such reorganization do not always achieve intended results.

Required:

- (a) Explain the challenges of restructuring that ZED limited is likely to face making reference to the three major groups of challenges for twenty first century organization structure that have been identified by strategic management writers. (12 marks)
- (b) Discuss the strategic importance of effective human resources management if ZED is to succeed in its quest for growth in regional and international markets. (8 marks)

(Total 20 marks)

QUESTION FOUR

Zambian mining industry is rated as the major contributor to economic growth. Analysis on sustainable development has revealed that the mining companies have not done well in the development of strategies that will make them sustainable enterprises.

'The argument being put forward is that, companies which are sustainable will drive improved short-term profitability and long term stakeholder value, while contributing to permanent betterment of social and environmental issues.'

Required:

- (a) From your general knowledge of the Zambian mining firms conduct an appraisal of issues of sustainability using the triple bottom line. (12marks)
- (b) Discuss the factors that have driven businesses to consider sustainable development. (8 marks)

(Total 20 marks)

QUESTION FIVE

Red Ltd is a leading mobile telephone service provider in Zambia. It is operating in an industry where there are only two other players, Yellow and Green. At the beginning of 2012, Red had 62% market share and the other two firms shared the remaining percentage. The past year has seen Yellow and Green working hard to gain more customers to improve on their market share. Red's market share has since dropped to 60% and the profits have adversely been affected. "It seems we are losing our grip on the market and have to develop strategies that will enable us to maintain our position as a market leader," commented Febby Musangu the organization's MD.

Two months ago the Zambian Government gave a license to the fourth mobile telephone service provider allowing the organization to commence operations. Febby believes that information technology and information systems will always be RED ltd's bases for competitive advantage.

Required:

- (a) Apply Porter's Five Forces model to analyse how IT can change the nature of forces that are impacting on the industry in which Red is operating and hence enable Red to increase its profits. (14 marks)
- (b) Without necessarily referring to the above scenario, explain three main changes to channel structures that increase customer value, which the internet and e-commerce have facilitated. (6 marks)

(Total: 20 marks)

END OF PAPER

P5 SUGGESTED SOLUTIONS

SOLUTION ONE

- a) Innovation involves the conversion of new knowledge into a new product, process or service and the putting of new product, process or service into use, either via marketplace or by other processes of delivery. A first move advantage exists where an organization is better off than its competitor as a result of being first into a market with a new product, process or service.

Sony demonstrated the ability to capture the imagination and enhance people's lives through its being innovative. Being at the cutting edge of technology for more than 50 years clearly shows that it is through innovation that the organisation has been able to sustain its competitive edge. As an organisation having operated for so many years the learning curve effect may have brought cost advantages.

Embracing innovation as an organisational culture made everyone working for Sony become part of it and hence it will be difficult to change that culture. It is therefore another source of competitive advantage.

Sony has combined the innovation strategy with the convergence strategy widening the industry in which it is operating from and hence increases the organisation's market share.

Innovation is fuelled by continuous research and development. It is through research and development that Sony has made considerable inroads in the areas of professional broadcasting, mobile communications, storage media as well as the internet. This has resulted in the organisations' broadening its product portfolio. A well managed, wider product portfolio can be a major source of competitive advantage. However if wider product portfolio is not supported by a suitable structure it can result in diseconomies of scale.

Technology as much as it can be a source of competitive advantage, it exposes the organisation to a lot of rivalry since it is open to anyone who is able to exploit it. There if an organisation chooses to compete on the basis of technological innovation, it has to be prepared to invest a lot in research and development. Sony has done fairly well in this area and hence has managed to stay afloat.

Innovation and being a first mover can be a major source of competitive advantage. A reputation for innovation will attract early adopters, though it depends in part on promotional effort. Customers may find they are locked in to innovative suppliers by unacceptable costs of switching to competitors. The first mover may be able to define the industry standard. A price skimming strategy can bring early profits that will be denied to later entrants. Legal protection such as patents, for intellectual property may bring important revenue advantages. These and could be some of the advantages that accrued to Sony for being a first mover in its industry.

However the Sony being first mover faced some problems. Though not explicitly stated in the scenario, gaining regulatory approval where required for all its new products. In ability to predict the demand of the product since its new on the market is also another challenge that Sony could have faced on its new products. High levels of research and development costs that Sony had to deal with are a major challenge with innovation. Costs of introduction such as training sales staff and educating customers are all changes faced by innovators and first movers like Sony.

- b) Michael Porter suggests that some nations' industries are more internationally competitive than others. He believes that the conditions within a country affect the ability of organisation and industries based in that country to compete with organizations based in other countries. He identified four principal factors that impact on the competitiveness of organizations. These are Factor conditions, Demand conditions, related and supporting industries and firm strategy, structure and rivalry.

It can be argued that Sony's success is as a result of the origins of the parent company, i.e. Japan.

Taking each of the elements of the diamond in turn to discuss the above view

Factor conditions relate to those factors used in as inputs in the production of goods and services. E.g. human resources, physical resources, knowledge, capital, infrastructure Porter distinguishes between basic and advanced factors. Basic factors are natural resource, climate, semiskilled and unskilled labour. They are unsustainable as source of national competitive advantage, since they are widely available. Advanced factors are associated with well developed scientific and technological infrastructure and include modern digital communications networks, highly educated people (e.g. computer scientists), and university research laboratories. They are necessary to achieve high order competitive advantages such as differentiated products and proprietary production technology.

Sony's innovation is most likely to be emanating from advanced factors. Japan is well known for its high level of technology and a culture of continuous improvement. People get technical skills when they are still very young and develop as they grow. It therefore becomes natural to develop new ways when people are groomed in that nature.

Demand conditions: the home market determines how organizations perceive, interpret and respond to buyer needs. This information puts pressure on organizations to innovate and provides a launch pad for global ambitions. Important home conditions include; there are no cultural impediments to communication; Sophisticated and demanding buyers at home encourage high quality standards; Market growth rate. High growing home markets encourage the adoption of state of

the art technology; early saturation of the home market will encourage an organization to export.

The Japanese very well appreciate technology and they are the local customer's to Sony. The organisation is therefore forced to come up with products that are of a certain standard because of a demanding local clientele.

Related and supporting industries: competitive success in one industry is linked to success in related industries. The process of innovation is enhanced when innovative organizations in related industries are based close to each other.

Most of the inputs which Sony uses are from Japanese organisations that are exposed to the same factor conditions as Sony. As a result they are of good quality and supports Sony's innovation

Firm Strategy, structure and rivalry;

Management style and industrial structure: Nations are likely to display competitive advantage in industries that are culturally suited to their normal management practices and industrial structures. In this case Japanese manager tend to have a strong bias towards technological developments and are best at products demanding careful development and complex processes

Strategy: National capital markets set different goal for performance; National attitudes to wealth are important; National culture affects industrial priorities through relative prestige it allots to various industries and their leaders

Domestic rivalry is important for several reasons; tough domestic rivalry teaches an organization about competitive success. It forces organizations to compete on grounds other than basic factors. There is a lot of competition in Japan when it comes to technology development. This therefore polishes up Sony's products in trying to outwit competition.

With the above factors it can be concluded that the conditions that Sony got from country of origin has contributed much to its success on the global market.

- c) Ansoff developed a model that enables organizations come up with growth strategies based on a combination of a firm's activities in current and new markets, with existing and new products. The growth strategies from Ansoff matrix are Market penetration, market development, product development and diversification

Market penetration is when a firm takes its existing products to an existing market. Used by a firm which seeks to maintain or increase its market share with current products through competitive pricing, advertising, sales promotion. Secure dominance of growth markets.

Market development is when a firm takes its existing products to a new market. The market could be new geographical areas an export markets. Different package sizes for food and other domestic items, new distribution channels to attract new customers. Differential pricing policies to attract different types of customer and create new market segments

Product development is the launch of new products to existing markets, either through the internal research and development of a firm's own products, or possibly by acquiring the rights to produce some else's product. Product development forces competitors to innovate. New comers to the market might be discouraged. However it is expensive and risky.

Diversification occurs when a company decides to make new products for new markets. Diversification can either be for growth or for investing surplus funds. If it's for growth then new products and new markets should be selected which offer prospects for growth which the existing product-market mix does not. Investing surplus funds not required for other expansion needs.

Recommended Strategies

Sony has been successful on the market for the past 50 years pursuing new productive development. The industry it is operating in is very dynamic and organisations who survive in that need to be innovative. Sony is an innovative organisation and the company has been able to sustain this strategy through adequate financing. It can be assumed that its shareholders are satisfied with the way the organisation has grown over the years. It is therefore prudent that the organisation continue with new product development.

Related diversification is another strategic option that Sony can continue pursuing. Competitive advantage can be obtained through into the production of the inputs it uses. The organisation is financially stable and has innovative manpower that can tackle that strategy without major challenges.

SOLUTION TWO

- a) Competitor analysis can be defined as 'the identification of current and potential competitors' relative strength and weaknesses which could be of significance in the development of a successful competitive strategy.'

All companies should be on the lookout for potential competitors, who could have an impact on their profit, and the companies need to be able to respond to any threats. It is important to identify competitors correctly. In the case of BM, competitors would include other family businesses producing 'home-made' cheese, but also larger producers of cheaper cheese or producers of home-made milk products.

BM would undertake competitors analysis in order to assess the impact of competition of BM profits; predict competitors' likely response to BM strategic initiatives e.g. if BM cuts prices, they may do the same- can BM meet that response; copy profitable strategies used by competitors; identify and respond to aggressive actions by competitors

A competitor analysis should aim at answering such questions as who are our competitors, how big are they, what is their market share, what are their goals and strategies, what are their strength and weaknesses in terms of advertising and marketing, how profitable are they and what are their debt and gearing position.

Market growth

An important consideration when analyzing competitors is how fast the market has grown in recent years, particularly over the past year. BM's strategy will affect its decision to get involved in a fast growing or more gradually developing market. Specifically, BM will need to estimate how much the demand for home-made cheese has grown and is likely to grow. This may be based on sales volume or sales value.

Market growth might be influenced by factors not within BMs control. If there is a recession, demand for cheese is not likely to increase because in Zambia it is considered a luxury.

High or low growth

The rate of growth is an important consideration for BM. Whether the rate of growth is high or low depends on the conditions of the market. The most important of these conditions is its size. A new, smaller market can grow rapidly, but a mature market may grow only slowly. A small, fast growing market is a good source of opportunities for BM but also for its competitors, who can penetrate such a market relatively easily. By contrast, a mature market has barriers to entry, although there is not the potential for growth.

Market share

Is the proportion of a market that is being services by an organization for example BM may have 10% of the Zambian market in home-made cheese, but only 2% of the Zambian cheese market overall. Increased market share is not necessarily the same as market growth: a market can grow as more competitors come into it, so that an organization's market share declines even if the organization is growing. It is generally considered to be of strategic advantage to have a large and growing share of a particular market for the following reasons; economies of scale, leverage over suppliers, greater influence over prices.

Market share is a useful tool for BM in analyzing its performance against that of its competitors. In the short term profitability may be sacrificed for market share as margins are squeezed to increase sales. However, once a high market share is achieved, BM may well be able to influence prices and reduce costs through economies of scale. This will increase profitability in the long run.

- b) Strategic intelligence is defined as 'what a company needs to know about its business environment to enable it to anticipate change and design appropriate strategies that will create business value for customers and be profitable in new markets and new industries in the future.' The process of creating strategic intelligence involves sensing, collecting, organizing, processing, communicating and using.

Sensing involves identifying appropriate external indicators of change

Collecting involves gathering information in ways that ensure it is relevant and meaningful

Organising involves structuring the information in the right format.

Processing involves analyzing information for implications.

Communicating involves packaging and simplifying information for users

Using involves the application of strategic intelligence

c) Sources of Strategic intelligence

- BM's sales person deals with customers, and so is in a position to obtain customer and competition information.
- Media – Newspapers, radio and television offer environmental information e.g. areas that might have been affected by livestock diseases, impacting on milk production.

SOLUTION THREE

- a) Three major groups of challenges for twenty first century organization structures are flexibility of organisational design, effective systems and globalisation.

Flexibility of organizational design; the rapid pace of environmental change and increased levels of environmental uncertainty demand flexibility of organizational design, as a result a formal functional structure may no longer be applicable to the organisation as it expand regionally and internationally. With the expansion, the organisation will now have a wider environment to manage, that might call for decentralised decision making. Different regions have different environmental challenges and thus call for flexibility in decision making structure.

Effective systems; the creation and exploitation of knowledge require effective systems to link the people who have knowledge with the application that need it. As the organisation is expanding internationally it will tap into a wider base of expertise. There is therefore need to put structures in place for effective exploitation and management of knowledge from a wider base.

Globalisation; Globalisation creates new types and new scale of technology complexity in communication and information systems; at the same time, diversity of culture, practices and approaches to personal relationships bring their own new problems of organizational form. Therefore suitable structures become very necessary for effective management.

Should the organisation pursue the strategy of expansion across borders it is therefore necessary that it abandons a formal structure and embarks on a matrix or multidivisional structure.

- b) Human resource management is the process of evaluating an organisation's human resource needs, finding people to fill those needs, and getting the best work from each employee by providing the right incentives and job environment. It has the overall aim of helping an organisation achieve its goals.

Human resources management (HRM) is based on the assumption that the management and deployment of staff is a key strategic factor in an organisation's competitive performance. Human resources management in ZED requires top

management involvement and the promotion of culture and values, so that employees' commitment, as opposed merely to their consent, is obtained.

HRM reflects a wider view than traditional personal management which is primarily concerned with managing day-to-day operations. ZED therefore should have a dedicated human resources department that will deal with making sure that as the organisation expands internationally, it has the right number of employees, with the right skills at the right time to do the right job. This very important management can be a source of an organisation's competitive advantage.

Human resource management is a strategic issue in that it feeds into the main organisational strategy. Any changes in the organisation's strategy affects employees and hence the need to properly manage the human resources. The expansion calls for the following to be in place: -recruitment strategies, induction strategy, performance management strategy and employee relations strategies.

SOLUTION FOUR

- a) Despite the economic success of the mining industry in the recent past, a majority of Zambians to suffer extreme poverty particularly those working in mines.

Economic dimension

The privatisation of Zambia's mines between 1997 and 2000 led to significant job losses among miners. More recently, some jobs have been created in the mines, but these have been in the form of contract work and have led to falling in the quality of employment miners can get. The employees have complained of low salaries/wages, being paid very late and lower health and safety standards in the mines as a result of subcontracting.

Environmental dimension

Decades of copper, cobalt, zinc and lead mining has left many areas of the country contaminated with poisonous substances. Impacts include air pollution from fumes, gases and dust; soil contamination from hazardous effluents; water (surface and ground) pollution from effluents to water ways from mines, plants and dumps; destruction of vegetation and wildlife habitat due to subsidence; deforestation etc.

However there are some projects that are looking into the welfare of the environment e.g. Copperbelt Environment Project which addresses the environmental liabilities associated with the mining sector that accumulated during more than 80 years ago.

Social Dimension

The new investors who have taken over the mine after the privatisation programme have made little effort in the area of Corporate Social Responsibility. The mining companies explicitly stated that their core business is mining and not the provision of social amenities. There are problems in the mining communities in the Copperbelt in getting access to health care facilities. There are also problems with the basic infrastructure such as roads, housing water and sanitation. Because of lack of

recreational facilities, social problems like alcohol abuse and other substances abuse appear to be widespread

- b) **Sustainable development** is the concept of organisations 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainable development embraces environmental and economic questions as well as social and ethical dimensions. The 'triple bottom line' refers to a whole new way of measuring business performance using not only economic prosperity, but environmental quality and social quality.

Firms which become sustainable enterprises may increase their competitive advantage. The need for sustainable enterprises may increase their competitive advantage. The need for sustainable development requires organisations to develop appropriate strategies in order to address the triple bottom line measures of economic prosperity, environmental quality and social equity

From a strategic point of view, the need for businesses to consider sustainable development has been driven by a variety of factors including:

- Regulation – Regulatory boards such as Environmental council of Zambia imposing stiff penalties to organisations that are not environmental protection compliant.
- Changing customer expectations – Customers are now much more aligned to giving business to "green" organisations
- Technological developments
- Competitive advantage – sustainability is now being used by organisations as a way of gaining competitive advantage through avoiding short-termism.

SOLUTION FIVE

- a) IS/IT can impact an industry in many ways amongst which are;
- changes the industry structure and the nature of competition
 - Can be used to create competitive advantage and create new businesses and industries

The effect of IT on industry structure

IT changes the structure of industry through its effect on the five competitive forces as follows:-

New entrants

IT may have two possible roles in relation to barriers to entry;

- Defensively; IT can increase economies of scale, raise capital cost of entry or effectively colonising distribution channels by tying customers and suppliers into the supply chain.

- Offensively; IT can leap over entry barriers.

However organisations in the mobile phone service provision cannot fully exploit these advantages because the potential competitors are equally exposed to the same technology.

Suppliers

The bargaining power of suppliers in the mobile phone service industry can be eroded by IS in the following ways;

- By increasing competition between suppliers; IS can provide a purchases database, which enables easy scanning of prices for a number of suppliers.
- Suppliers' power can be shared. E.g. using CAD to design components in line with suppliers
- Suppliers can be integrated, in purely administrative terms, by a system of electronic data interchange (EDI)

Customers

The bargaining power of customers can be affected by using IS to 'lock them in'.

- IT can raise switching costs in both cash, and in terms of operational inconvenience terms.
- Customer information system can enable a thorough analysis of marketing information so the products and services can be tailored to the needs of certain market segments

Customers of the mobile phone industry have all their information with the service providers who are able to use it for any marketing activities.

Substitutes

In some cases IT itself is a substitute.

- Technology is the basis for new leisure activities e.g. chatting on mobile phones
- Technology can add value to existing services by allowing more detailed analysis, by generating cost advantages, or by extending the market

Rivalry

IT/IS can be used as a source of competitive advantage;

- Cost leadership – by facilitating reduction in cost levels, allowing better resource utilisation
- Differentiation; IT can be used in product innovation
- Focus IT can enable a more customised or specialised product/service to be produced

- b) Changes to Channel structures necessitated by internet and e-commerce.

Disintermediation – is the removal of intermediaries in a supply chain that formerly linked a company to its customers. Instead of going through traditional distribution channels, with intermediaries such as a distributor, wholesaler, broker or agent, companies may now deal with every customer directly via the internet.

Reintermediation – is the establishment of new intermediary roles for traditional intermediaries that were disintermediated. In some cases, a new element of a supply chain simply replaces a single displaced element, such as E-bay replacing retailers. In other cases, reintermediating entity replaces multiple supply chain elements. These new intermediaries can either provide customers with new, important value-added services not provided in the new direct-supplier relationship, or provide customers with more efficient means of transacting business.

Countermediation – is the creation of a new intermediary by an established company in order to compete via e-business with established intermediaries. Examples include B&Q setting up diy.com to help people who want to do their own DIY (Do it yourself). Countermediation also refers to possible partnerships with another independent intermediary

END OF SUGGESTED SOLUTIONS

P5- Marking Key

- | | | | |
|----|-----|---|----------|
| 1. | (a) | Up to 2 marks for 6 well explained points | 12 marks |
| | (b) | Up to 4 marks for explanations on the 4 diamond conditions | 16 marks |
| | (c) | Up to 2 marks for explaining the 4 strategies | 8 marks |
| | | Up to 2 marks for justifying 2 recommended strategies | 4 marks |
| 2. | (a) | Up to 2 marks for 6 points on explaining the concepts | 12 marks |
| | (b) | 1 mark each for 6 points on creating strategic intelligence | 6 marks |
| | (c) | 1 mark each for two sources of internal & external SI | 2 marks |
| 3. | (a) | Up to 4 marks for explanation of challenges in the 3 groups | 12 marks |
| | (b) | Up to 2 marks for 4 points on strategic importance of HRM | 8 marks |
| 4. | (a) | Up to 3 marks for 3 points from the appraisal | 9 marks |
| | | 1 mark for presentation of ideas | 1 mark |
| | (b) | 2 marks each for 4 points discussed | 8 marks |
| 5. | (a) | 2 marks each for 5 points from the Five forces model | 10 marks |
| | | 4 marks for good discussion and linking the factors | 4 marks |
| | (b) | 2 marks each for 3 changes | 6 marks |