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QUESTION & ANSWER



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**Exam : CIMAPRA19-E03-1-ENG**

**Title : E3 Strategic Management**

**Version : DEMO**

1.DDD has just issued a profit forecast in connection with a proposed take-over of a business. The take-over is strongly opposed by the target company. DDD's Management Accountant played a large part in helping DDD's Finance Director prepare the profit forecast. However, the Management Accountant believes that the profit forecast is overly optimistic and is based on some false assumptions. As a result the Management Accountant thinks the profit forecast is misleading. Select THREE of the actions below which are consistent with CIMA's Code of Ethics.

- A. The Management Accountant should follow established internal procedures.
- B. The Management Accountant should obtain advice from his professional body/bodies.
- C. The Management Accountant should resign from his job.
- D. The Management Accountant should maintain a discreet silence.
- E. The Management Accountant should anonymously inform the media of his concerns.
- F. The Management Accountant should publicly accuse the Finance Director of issuing a misleading profit forecast.

**Answer:** A,B,C

2.BBB is a publisher. As a consequence of BBB using the Internet to outsource its typesetting and studio activities it has been able to move its few remaining staff into much smaller and less expensive office accommodation.

Which activity in Porter's Value Chain has benefitted from BBB's use of information systems?

- A. Infrastructure
- B. HR management
- C. Sales and marketing
- D. Outbound logistics

**Answer:** A

3.LLL is a travel company which has experienced rapid organic growth. It has three divisions and each division is led by a Divisional Director. Each Divisional Director is responsible for their own divisions' investment in Information Technology (IT). However, as LLL has grown, so has its information requirements.

Recently, LLL appointed an IT Manager. She discovered that within LLL's divisions, there are very different standards for IT, resulting in different hardware and software used in the three divisions. Also, the divisions do not use common software packages which causes difficulties in transferring information within LLL. LLL does not have a central IT department.

Which of the following activities would be the primary focus of an Information Systems (IS) Strategy for LLL?

- A. Identification of the information needs of LLL's customers and key stakeholders.
- B. Identification of management responsibilities and processes within LLL.
- C. Identification of what information is needed by LLL to enable it to achieve its overall business strategy.
- D. Identification of the hardware and software required to manage all of the information within LLL.

**Answer:** C

4.YYY is a profit-seeking provider of television channels. It broadcasts to some 55 countries using satellite and cable technologies. It also commissions and produces about 30% of the programs it broadcasts, to give it a unique competitive advantage against other broadcasters.

Web 2.0 provides new opportunities for YYY and it has developed a strong social media component to its programming schedules to increase audience engagement.

Keeping YYY's divisions working together is crucial to its success as a business.

Which of the following methods of divisional Performance Measurement would you recommend to YYY?

- A. Kaplan and Norton's Balanced Scorecard
- B. Lynch and Cross's Performance Pyramid
- C. Stern Stewart's Economic Value Added (EVA)
- D. Rappaport's Shareholder Value Analysis (SVA)

**Answer: A**

5. Company LL is a well established, reputable company which specialises in providing insurance call centre services to the insurance industry. It has recently won a large contract to provide its services to a multi-national insurer. LL's staff are highly trained in insurance matters and many have worked for LL for many years.

LL undertakes long-term resource planning activities and has identified that during the winter months, when there will be more customers ringing up to make insurance claims, it will potentially need to employ more staff. The Board has decided that rather than recruit its own staff, it will use an employment agency to supply manpower resources as required. The people supplied will be employed on a temporary basis by LL and they will work alongside the other call centre staff. However, they will work at a lower pay rate and will only be paid for the actual hours they work.

This change will lead to a shift in the working environment, the routine and the composition of the group.

Which THREE statements apply in respect of this proposed change?

- A. The proposed change will affect the group dynamics, which can be seen as being similar to a 'force field' situation.
- B. In times of change, LL can give sensitivity training to this group of workers who can then be used as a source of support during the change process.
- C. A Facilitator, as the leader of change, will allow the group to talk about their issues and concerns with this change in a formal and structured manner.
- D. As the change process LL is proposing is an internal matter involving a group of its staff, there is no need to undertake a stakeholder analysis.
- E. LL will need to identify the Adversaries in the group, because if they are influential they may persuade other group members to resist the change.

**Answer: A,B,E**