

CIMA 2019 Professional Examinations

Management Level

Subject E2

Managing Performance

EXAM PRACTICE KIT



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INDEX TO QUESTIONS AND ANSWERS

OBJECTIVE TEST QUESTIONS

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EXAM TECHNIQUES

COMPUTER-BASED ASSESSMENT

Golden rules

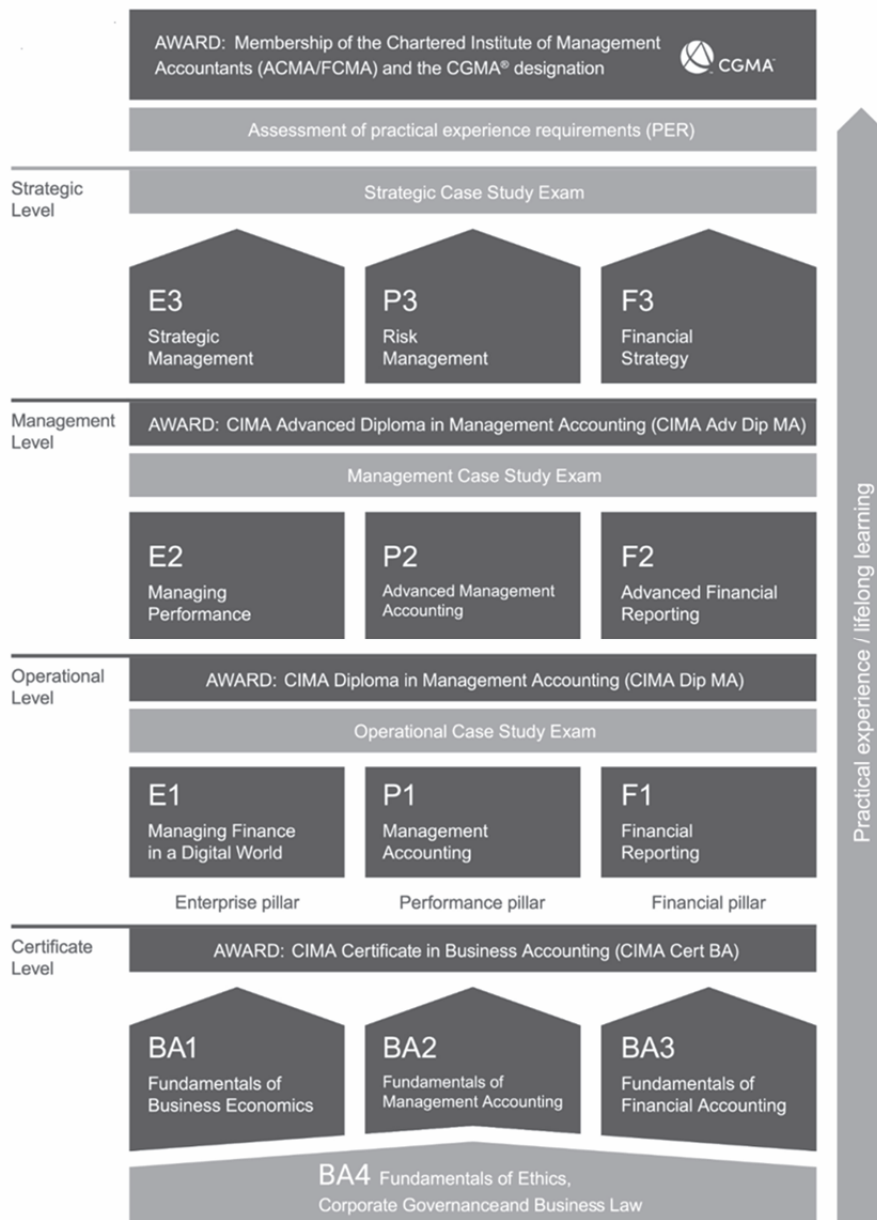
- 1 Make sure you have completed the compulsory 15-minute tutorial before you start the test. This tutorial is available through the CIMA website and focusses on the functionality of the exam. You cannot speak to the invigilator once you have started.
- 2 These exam practice kits give you plenty of exam style questions to practise so make sure you use them to fully prepare.
- 3 Attempt all questions, there is no negative marking.
- 4 Double check your answer before you put in the final answer although you can change your response as many times as you like.
- 5 Not all questions will be multiple choice questions (MCQs) – you may have to fill in missing words or figures.
- 6 Identify the easy questions first and get some points on the board to build up your confidence.
- 7 Attempt 'wordy' questions first as these may be quicker than the computation style questions. This will relieve some of the time pressure you will be under during the exam.
- 8 If you don't know the answer, flag the question and attempt it later. In your final review before the end of the exam try a process of elimination.
- 9 Work out your answer on the whiteboard provided first if it is easier for you. There is also an onscreen 'scratch pad' on which you can make notes. You are not allowed to take pens, pencils, rulers, pencil cases, phones, paper or notes into the testing room.

SYLLABUS GUIDANCE, LEARNING OBJECTIVES AND VERBS

A CIMA 2019 PROFESSIONAL QUALIFICATION

Details regarding the content of the CIMA 2019 professional qualification can be located within the CIMA 2019 professional qualification syllabus document.

You can use the following diagram showing the whole structure of your qualification to help you keep track of your progress. Make sure you carefully review the 2019 CIMA syllabus transition rules and seek appropriate advice if you are unsure about your progression through the qualification.



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B STUDY WEIGHTINGS

A percentage weighting is shown against each exam content area in the exam blueprint. This is intended as a guide to the proportion of study time each topic requires.

All component learning outcomes will be tested.

The weightings do not specify the number of marks that will be allocated to topics in the examination.

C LEARNING OUTCOMES

Each subject within the qualification is divided into a number of broad syllabus topics. The topics contain one or more lead learning outcomes, related component learning outcomes and indicative knowledge content.

A learning outcome has two main purposes:

- 1 to define the skill or ability that a well-prepared candidate should be able to exhibit in the examination
- 2 to demonstrate the approach likely to be taken by examiners in examination questions.

The learning outcomes are part of a hierarchy of learning objectives. The verbs used at the beginning of each learning outcome relate to a specific learning objective, e.g. Evaluate alternative approaches to budgeting.

The verb 'evaluate' indicates a high-level learning objective. As learning objectives are hierarchical, it is expected that at this level students will have knowledge of different budgeting systems and methodologies and be able to apply them.

The examination blueprints and representative task statements

CIMA have also published examination blueprints giving learners clear expectations regarding what is expected of them. This can be accessed here www.cimaglobal.com/examblueprints

The blueprint is structured as follows:

- Exam content sections (reflecting the syllabus document)
- Lead and component outcomes (reflecting the syllabus document)
- Representative task statements.

A representative task statement is a plain English description of what a CIMA finance professional should know and be able to do.

The content and skill level determine the language and verbs used in the representative task.

CIMA will test up to the level of the task statement in the objective test (an objective test question on a particular topic could be set at a lower level than the task statement in the blueprint).

The format of the objective test blueprints follows that of the published syllabus for the 2019 CIMA Professional Qualification.

Weightings for content sections are also included in the individual subject blueprints.

A list of the learning objectives and the verbs that appear in the syllabus learning outcomes and examinations follows and these will help you to understand the depth and breadth required for a topic and the skill level the topic relates to.

CIMA verb hierarchy

Skill level	Verbs used	Definition
Level 5 Evaluation How you are expected to use your learning to evaluate, make decisions or recommendations	Advise Assess Evaluate Recommend Review	Counsel, inform or notify Evaluate or estimate the nature, ability or quality of Appraise or assess the value of Propose a course of action Assess and evaluate in order, to change if necessary
Level 4 Analysis How you are expected to analyse the detail of what you have learned	Align Analyse Communicate Compare and contrast Develop Discuss Examine Interpret Monitor Prioritise Produce	Arrange in an orderly way Examine in detail the structure of Share or exchange information Show the similarities and/or differences between Grow and expand a concept Examine in detail by argument Inspect thoroughly Translate into intelligible or familiar terms Observe and check the progress of Place in order of priority or sequence for action Create or bring into existence
Level 3 Application How you are expected to apply your knowledge	Apply Calculate Conduct Demonstrate Prepare Reconcile	Put to practical use Ascertain or reckon mathematically Organise and carry out Prove with certainty or exhibit by practical means Make or get ready for use Make or prove consistent/compatible
Level 2 Comprehension What you are expected to understand	Describe Distinguish Explain Identify Illustrate	Communicate the key features of Highlight the differences between Make clear or intelligible/state the meaning or purpose of Recognise, establish or select after consideration Use an example to describe or explain something
Level 1 Knowledge What you are expected to know	List State Define Outline	Make a list of Express, fully or clearly, the details/facts of Give the exact meaning of Give a summary of

D OBJECTIVE TEST

Objective test

Objective test questions require you to choose or provide a response to a question whose correct answer is predetermined.

The most common types of objective test question you will see are:

- Multiple choice, where you have to choose the correct answer(s) from a list of possible answers. This could either be numbers or text.
- Multiple response, for example, choosing two correct answers from a list of eight possible answers. This could either be numbers or text.
- Fill in the blank, where you fill in your answer within the provided space.
- Drag and drop, for example, matching a technical term with the correct definition.
- Hot spots, where you select an answer by clicking on graphs/diagrams.

Guidance re CIMA on-screen calculator

As part of the CIMA objective test software, candidates are now provided with a calculator. This calculator is on-screen and is available for the duration of the assessment. The calculator is available in each of the objective tests and is accessed by clicking the calculator button in the top left hand corner of the screen at any time during the assessment. Candidates are permitted to utilise personal calculators as long as they are an approved CIMA model. CIMA approved model list is found here: <https://www.cimaglobal.com/Studying/study-and-resources/>.

All candidates must complete a 15-minute exam tutorial before the assessment begins and will have the opportunity to familiarise themselves with the calculator and practise using it. The exam tutorial is also available online via the CIMA website. Candidates can use their own calculators providing it is included in CIMA's authorised calculator listing.

Fundamentals of objective tests

The objective tests are 90-minute assessments comprising 60 compulsory questions, with one or more parts. There will be no choice and all questions should be attempted. All elements of a question must be answered correctly for the question to be marked correctly. All questions are equally weighted.

SYLLABUS GRIDS

E2: Managing Performance

Mechanisms to implement decisions and manage people performance

Content weighting

Content area		Weighting
A	Business models and value creation	30%
B	Managing people performance	40%
C	Managing projects	30%
		100%

E2A: Business models and value creation

The digital world is characterised by disruptions to business models by new entrants and incumbents who seek superior performance and competitive advantage. This section covers the fundamentals of business models and how new business and operating models can be developed to improve the performance of organisations.

Lead outcome	Component outcome	Topics to be covered	Explanatory notes
1. Explain the ecosystems of organisations..	Explain: a. Markets and competition b. Society and regulation	<ul style="list-style-type: none"> • Definition of ecosystems • Participants and roles • Interactions and dynamics • Rules and governance • Technology • Risks and opportunities 	What is the nature of the ecosystem? What are its critical elements and how do they interact with each other? How do they impact the organisation?
2. Explain the elements of business models.	Explain the following a. Concept of value and the business model b. Defining value c. Creating value d. Delivering value e. Capturing and sharing value	<ul style="list-style-type: none"> • Stakeholders and relevant value • Stakeholder analysis • Resources, process, activities and people in creating value • Products, services, customer segments, channels and platforms to deliver value • Distribution of value to key stakeholders 	This section covers the concept of value from different stakeholder perspectives. It examines the various elements of the business model, their interaction with each other and their implication for costs and revenue. The section also covers the connectivity and alignment between the ecosystem and the elements of the business model.
3. Analyse new business models in digital ecosystems.	a. Analyse digital business models and their related operating models	<ul style="list-style-type: none"> • Disruption • Ways to build disruptive and resilient business models • Creating digital operating models • Types of digital operating models 	New business models have evolved to disrupt industries and their ecosystems. What are they? How have they redefined their industries?

E2B: Managing people performance

Human capital is one of the key intangible assets of organisations in an age where intangible assets are the dominant means by which organisations create and preserve value. Leadership is a crucial means for managing individual performance and the relationships between people. This section examines how different styles of leadership can be used to improve the performance of individuals so they can achieve organisational goals.

Lead outcome	Component outcome	Topics to be covered	Explanatory notes
1. Compare and contrast different types of leadership and management styles.	Compare and contrast: a. Different leadership concepts b. Types of leadership c. Leadership in different contexts	<ul style="list-style-type: none"> Power, authority, delegation and empowerment Contingent and situational leadership Transactional and transformational leadership Leadership of virtual teams Leadership and ethics 	Leadership is key to performance management. In a digital world it is an area that is least susceptible to automation. What constitutes leadership? What are the different types of leadership? How does one choose a style of leadership that is appropriate for the particular context?
2. Analyse individual and team performance.	Analyse the following: a. Employee performance objective setting b. Employee appraisals c. Coaching and mentoring d. Managing workplace environment	<ul style="list-style-type: none"> Target setting and employee alignment Employee empowerment and engagement Performance reporting and review Rewards and sanctions in managing performance Different approaches to coaching and mentoring to improve performance Diversity and equity practices Health and safety Organisational culture 	Individual performance is achieved through structured processes and approaches. These include objective setting and regular review of performance against objectives. How should these processes be developed to ensure employee engagement, empowerment and alignment? How should the work environment be configured to enhance performance? What is the role of the leader in coaching and mentoring for high performance?
3. Explain how to manage relationships.	Explain the following in the context of managing relationships: a. Building and leading teams b. Communications c. Negotiations d. Managing conflicts	<ul style="list-style-type: none"> Characteristics of high-performing teams Motivating team members Communication process Digital tools for communication Negotiation process Strategies for negotiation Sources and types of conflicts Strategies for managing conflicts Leadership and ethics 	Individuals work in teams and their performance contributes to the team performance. How should teams be built and led to improve performance? How is collaboration enhanced using technology? How can conflicts be managed?

E2C: Managing projects

Projects have become pervasive means by which organisations execute their strategies. This section shows candidates how to use project management concepts and techniques to implement strategies effectively and efficiently. It is linked to capital investment decision-making that is covered in other areas of the Management Level.

Lead outcome	Component outcome	Topics to be covered	Explanatory notes
1. Describe the concepts and phases of projects.	Describe the following: a. Project objectives b. Key stages of the project life cycle c. Project control	<ul style="list-style-type: none"> • Overall project objectives • Objectives relating to time, cost and quality • Purpose and activities associated with key stages of the project life cycle 	Projects are the primary means by which many organisations implement strategic decisions. It is also how organisations ensure cross-functional collaboration. This section covers the key elements of project management. It seeks to provide both awareness and understanding of the project management process and the ability to apply tools and techniques to participate in projects and to identify, evaluate and manage project risks. The objective is not to train project managers but to equip finance people to work within projects and to lead some parts of projects.
2. Apply tools and techniques to manage projects.	Apply the following to manage projects: a. Project management tools and techniques b. Project risk management tools	<ul style="list-style-type: none"> • Workstreams • Work breakdown schedule, Gantt charts, network analysis • PERT charts • Sources and types of project risks • Scenario planning • Managing project risks • Project management software 	
3. Explain the concepts of project leadership.	Explain a. Project structure b. Roles of key project personnel c. How to manage project stakeholders	<ul style="list-style-type: none"> • Project structures and their impact on project performance • Role of project manager • Role of key members of project team • Life cycle of project teams • Managing key stakeholders of projects • Leading and motivating project team 	

Section 1

OBJECTIVE TEST QUESTIONS

BUSINESS MODELS AND VALUE CREATION

1 Cultural or demographic factors would generally be considered under which heading in the PESTLE framework?

- Political
- Economic
- Social
- Technological
- Legal
- Environmental

2 WXY runs a chain of bars and night clubs within country H. It is considering extending its operations to neighbouring countries. Match up the following macro-economic factors with the heading they would be analysed under in a PESTLE analysis.

Political	Economic	Social	Technological	Legal	Environmental
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The age at which people are allowed to drink alcohol
Government tax on sales of alcohol
The level of disposable income people have
People's religious beliefs and attitudes towards alcohol

3 K is a successful entrepreneur. He is considering entering a new market which he considers will generate profits of over \$30,000 per annum. He has discovered that to set up the new business he would have to purchase a machine costing \$18,000, purchase a licence costing \$3,000 and attend an intensive two day training course.

Which of the following situations would Porter's five forces model suggest?

- A The power of the supplier is low
- B Rivalry is high
- C The threat of new entrants is high
- D The power of buyers is low

4 PQR manufactures cardboard packaging. It is considering moving into the plastic packaging market. It has established that there are four main plastic packaging manufacturers, who have an aggregate market share of 82%. The current market leader has a share of 26%. The four companies produce products of similar size and quality. The market for plastic packaging has grown by 2% per annum in recent years.

Identify which aspect of Porter’s five forces would consider this information and identify if the scenario suggests that the force would be high or low.

New entrant	Low
Power of buyer	High
Power of supplier	
Substitutes	
Rivalry	

The force which would consider this information is _____ and from the scenario, the force would be _____.

5 **In Porter’s five forces model, which of the following is NOT a barrier to entry?**

- A Economies of scale
- B Switching costs
- C Numerous suppliers
- D Product differentiation

6 **Porter’s work on industry competition suggests that the strength of market entry depends on the existence of barriers to entry. Identify THREE factors that create barriers to entering an industry.**

- A Economies of scale
- B Capital requirements
- C Expanding market
- D Vertical integration
- E Many small competitors

7 **As part of a Porter’s 5 Forces analysis, which of the following would cause rivalry amongst existing competitors to be higher?**

- A Rapid growth in the market
- B High fixed costs
- C Relative quality and costs of similar products
- D High barriers to entry