

ICSA Qualifying Programme

Development of Strategy

Sample mark scheme 2019

SAMPLE

Section A

Question number	Indicative content
<p>1 25 marks</p>	<p>Answers should demonstrate an understanding of the differences between the three core alternative strategic pathways that are available to an organisation, as identified in the question. Candidates should provide the positives and negatives of the alternative routes and be able to provide suggestions as to how each of the three alternatives could be useful to CHEMSHOP in the development of its strategy.</p> <p>Answers could include the following content:</p> <p>Organic growth</p> <ul style="list-style-type: none"> • Achieved through building upon and developing the existing capabilities of an organisation • Growth of either new products to current customers or current products to new customers • The most risk averse of the strategic development pathway alternatives, but also potentially the slowest • The building of a business through reliance upon existing resources, or the gradual acquisition of new resources • The ability to control cashflow to match available funds with strategic options available • CHEMSHOP appears to have used this approach throughout its history, gradually building the group through the acquisition of further shops and applying its own EPOS system into those shops to build a holistic business model • The potential acquisition would take it outside of its current experience and comfort-zone • There is often an assumption with organic growth that ‘all is well’ whilst underneath the surface there may be issues developing – this is certainly the case with CHEMSHOP • Advantages of organic growth – higher control, reduced risk, minimised business disruption • Disadvantages of organic growth – often slow, restricted vision and reliance on existing knowledge <p>Acquisition</p> <ul style="list-style-type: none"> • Often referred to as Mergers and Acquisitions, but there is almost always a dominant party • In the CHEMSHOP scenario it would be the dominant party if it were to acquire MEDI • An acquisition allows a sudden and often radical growth in the size of an organisation, and may take a number of different forms • A horizontal acquisition expands the customer market potential by acquiring a competitor or another company operating in the same horizontal market sector • A vertical acquisition expands the supply chain control of an organisation through acquiring either a supplier or a customer, often also leading to an enhanced profit margin for the acquirer • The CHEMSHOP scenario discusses the potential for a horizontal acquisition through acquiring MEDI. This would increase the group by 25% and allow the development of the CHEMSHOP offering in a new business area • High risk strategy for CHEMSHOP to move outside its known territory of operation, Brexit implications, future uncertainties, differing cultures etc. If it gets it right, it could be a successful rapid expansion and help in a move towards the international vision. If it gets it wrong, it could damage the existing success and reputation • Advantages of acquisition – can be fast, buys an immediate market presence, potentially brings new expertise into an organisation

	<ul style="list-style-type: none"> Disadvantages of acquisition – high risk with potentially high tangible and intangible costs <p>Strategic alliance</p> <ul style="list-style-type: none"> Often used to build control of a larger market share through the synergy of two organisations working together, but retaining their individuality and individual ownership Presumption is that the combined capabilities of the ‘alliance’ organisations will exceed their individual potential The origin of CHEMSHOP is based around such a bringing together of different ‘players’ This can often be formalised into a joint venture type structure No mention of this in the CHEMSHOP case scenario, but this should be explored as an alternative way for CHEMSHOP to work with MEDI, allowing the CHEMSHOP operational model to be used to help MEDI resolve some of its supplier issue CHEMSHOP might have the opportunity to look for other multiple outlet retailers in similar locations to the CHEM pharmacies and seek to build a strategic alliance Advantages of strategic alliance – lower cost access to market knowledge, experience and expertise Disadvantages of strategic alliance – culture clash and lack of overall control
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-12	<ul style="list-style-type: none"> The answer attempts to differentiate between the three strategic pathways identified in the question, but only provides a surface-level discussion. The answer demonstrates limited understanding of the rationale as to when and why an organisation might use one or more of the different strategic pathways for development (including but not restricted to the case study scenario company). There is little or no reference to the case-study scenario and the relevance of the strategic pathways to the development of the case-study company.
Level 2 (Pass)	13-16	<ul style="list-style-type: none"> The answer differentiates well between the three strategic pathways identified in the question, identifying both strengths and weaknesses of each approach. The answer demonstrates a good understanding of the rationale as to when and why an organisation might use one or more of the different strategic pathways for development (including but not restricted to the case study scenario company). The answer illustrates clarity of thought and differentiation between the different approaches. There is good use of the case-study scenario illustrating how and why each of the strategic pathways might be relevant to the development of the case-study company.
Level 3 (Merit/Distinction)	17-25	<ul style="list-style-type: none"> The answer provides a clear differentiation between the different strategic pathways, further enhancing this through either example or direct comparison between the different approaches. The answer demonstrates a clear in-depth understanding of the rationale as to when and why an organisation might use one or more of the different strategic pathways for development. The answer has been enhanced through developing the case-study scenario potential or through reference to other external organisational strategic developments. There is extensive reference to and use of the case-study scenario and clear discussion of the relevance of the strategic pathways to the development of

		the case-study company; further enhanced by suggestions in the answer as to alternative methods in which the company y could develop its market presence and business strength.
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Question number	Indicative content
2(a) 15 marks	<p>Answers should demonstrate a clear understanding of the differences that exist between rational strategy and emergent strategy, illustrating how almost always the rational approach is the starting point, but that the inevitability of change in the micro and macro-economic environment will lead to the need for adaption and adoption and hence why strategy becomes emergent enabling an organisation to deal with change. There are examples of both types of strategic approach included within the case-study scenario and it is expected that candidates will use this to illustrate their answer.</p> <p>Answers could include the following content:</p> <p>Rational strategy</p> <ul style="list-style-type: none"> • A logical, structured and proactive approach to realising a strategic vision • The planning of a route from today to the future to achieve the desired strategic objectives • Ansoff suggestion that organisations are ‘purposive’, and their rational strategy is designed to be economic (quantitative measures), non-economic (quantitative and qualitative measures), self-renewing (the organisation reinvests in itself) and flexible (the rational plan includes latitude for dealing with foreseen forces) • Usually a top-down approach by those with accountability • Involves the entire organisation • Conscious choices have been made at the outset of the strategy with regard to timeframe, risks, opportunities and parameters of expected operation and change • Limitations are availability of data in the early stages, development of inertia and unwillingness to change and challenge, the ignoring to the realities of the political and economic forces which demand change from us all • CHEMSHOP could and should be used to illustrate each of these points above identifying very specific instances in each case from the scenario, but answers might also develop presumption of rationality from the scenario – eg the scenario does not specifically state that the rational plan had been to gradually acquire more shops, but that can be presumed from the case-study <p>Emergent strategy</p> <ul style="list-style-type: none"> • Epitomised by the work of Mintzberg, recognising the impact of emergent forces on the intended strategies • Potentially the Mintzberg diagram might be provided. Just the diagram would earn no specific marks, but the diagram together with explanation would be a useful way to earn marks in this section • Recognition that we need to know when and how to be able to react to emergent forces, but also need to know when to resist such forces to avoid continual change and never achieving core objectives • Discussion of different models related to emergent strategy – eg Pettigrew and Whipp (content, context, process), or Martin’s integrative thinking, Marks only available if the models are used in context and related to the discussion in the answer and/or the case study scenario • The scenario has a number of good illustrations of emergent strategy <ul style="list-style-type: none"> ○ The potential for an overseas acquisition – this was not part of the original rational strategy, or it would have already happened, it has come about through the influence of the CEO ○ The evolution of the earnings enhancement for the CHEMSHOP managers ○ The creativity being used by shop managers to bypass the core system to enhance

	<p>their throughput and hence their earnings</p> <ul style="list-style-type: none"> ○ The new opportunities being offered through the offering of new NHS replacement services <p>The relationship between rational and emergent strategy</p> <ul style="list-style-type: none"> • Recognition that all strategies are likely to have a mixture of rational and emergent, with further example from the CHEMSHOP scenario, but not repetitive • Resources are generally finite and so their usage needs planning in a rational manner, they cannot just be consumed as each emergent need arises • Short term strategies are more likely to succeed from a rational perspective, longer term strategies will come under more emergent force pressure – again this can be illustrated from the growth of CHEMSHOP and the different thinking from the increasing number of managers • Reference to one or more of the different theories around the interaction of rationality and emergence but again marks only available if these theories are used in context of the question and/or the scenario and not just introduced in a random manner
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-7	<ul style="list-style-type: none"> • The answer explains the basic differences between rational and emergent strategy but with no use of embedded theory (eg no mention of Mintzberg) • The points made are superficial and not directly linked to the scenario from the case study • The answer includes limited or no analysis of the different approaches of rational and emergent strategy • The answer illustrates only a basic understanding of the interaction between rational and emergent strategy with minimal illustration from the case study scenario
Level 2 (Pass)	8-9	<ul style="list-style-type: none"> • The answer explains and explores well the differences between rational and emergent strategy with reference to core theories • The points made are relevant and some have been linked to the scenario from the case study • The answer includes analysis of the different approaches of rational and emergent strategy • The answer illustrates only a good understanding of the interaction between rational and emergent strategy illustrated from the case study scenario
Level 3 (Merit/Distinction)	10-15	<ul style="list-style-type: none"> • The answer shows a deep understanding of the differences between and the interaction between rational and emergent strategy with developed use of theory and the case study • All of the points made are developed and relevant and have been well linked to the scenario from the case study • The answer includes well developed critical analysis of the different approaches of rational and emergent strategy • The answer illustrates only a clear and thorough understanding of the interaction between rational and emergent strategy with developed illustrations from the case study scenario

Question number	Indicative content
<p>2(b) 10 marks</p>	<p>Answers should demonstrate an understanding of the four dimensions of the Johari window and how it is used to identify the positive and negative impact of interpersonal communication. Answers should use the case study scenario to illustrate their assessment. A diagram of the Johari window could be used by candidates to illustrate their answer, but no marks would be awarded for just a diagram without any explanation. Answers might include reference to other recent external communication and misinformation examples such as that experienced at Patisserie Valerie.</p> <p>Answers could include the following content:</p> <p>Johari window development and outline of the four dimensions</p> <ul style="list-style-type: none"> • Developed by Joseph Luft and Harry Ingham • Illustrates the interaction between the known and the unknown in communication between two or more people • Splits this interaction into 4 dimensions – arena, façade, blind spot, unknown • Takes the perspective of self versus others in communication with one or more others • Used to help to identify, consider and challenge where the disconnect happens in communication • Need to critically analyse the ‘break-points’ between the four dimensions <p>Arena</p> <ul style="list-style-type: none"> • Good communication with both parties having clarity of understanding and knowledge • The CHEMSHOP managers each run their own business and would be able to communicate at this level between themselves • At the 6-monthly review meeting areas of group commonality would be included in this dimension such as sales and profit comparisons for products sourced through head office <p>Facade</p> <ul style="list-style-type: none"> • The communicator knows and understands what he/she is talking about, but the other parties have limited or no understanding. This can lead by misconception, the appearance of elitism or the abuse of leadership power • The holding of the full detail of corporate data on the EPOS system only at the CHEMSHOP head office and the sharing of only summary level reports with each shop manager can and is creating a façade • Likewise, the ‘breakaway’ by some managers deciding to follow their own path will create a series of further potentially conflicting facades with the danger of loss of control <p>Blind spot</p> <ul style="list-style-type: none"> • The communicator does not fully understand what is being discussed by the other part (parties). This allows the other party to create their façade • Some shop managers are not detailing the full extent of their bypassing of the EPOS system and thus creating a blind spot for the head office control of the group as a whole, with potentially dangerous impact <p>Unknown</p> <ul style="list-style-type: none"> • Aspect of communication where a problem arises in an organisation and no-one involved in the discussion has full or sufficient knowledge to be able to discuss from a position of

	<p>full mutual comprehension</p> <ul style="list-style-type: none"> The potential acquisition of MEDI would fall into this dimension of the Johari window as there is insufficient experience or knowledge of international expansion for this topic to be discussed openly and fully with good mutual understanding
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-4	<ul style="list-style-type: none"> The answer provides a brief outline of the four dimensions of the Johari window, potentially using a diagram with minimal explanation There is minimal or no use of the case study scenario to illustrate the four dimensions of the Johari window The answer has no appraisal of the 'break points' between the four dimensions
Level 2 (Pass)	5-6	<ul style="list-style-type: none"> The answer provides a clear explanation and differentiation between the four dimensions of the Johari window, if a diagram has been used it will have been part of a fully-integrated answer Each of the four dimensions of the Johari window has been illustrated by an example from the case study scenario The answer has some but limited appraisal of the 'break points' between the four dimensions.
Level 3 (Merit/Distinction)	7-10	<ul style="list-style-type: none"> The answer provides a detailed differentiation between the four dimensions of the Johari window, using a diagram to fully illustrate the answer and show the 'window' impact The case study scenario and other examples have been used to illustrate the four dimensions, the impact and the use of the Johari window The answer shows a strong appreciation of the need to be able to determine and challenge the 'break points' between the four dimensions

Question number	Indicative content
<p>3 25 marks</p>	<p>Answers should demonstrate of the need for the organisational structure of a business to be aligned with its strategic direction, and answers should consider the different elements that are involved in organisational structure. Candidates should be able to describe the strengths and weaknesses of the current CHEMSHOP structure in terms of its current 'today' position, but then be able to recognise how (at least 2) alternative structures might be more appropriate for the potential strategic changes.</p> <p>Answers could include the following content:</p> <p>Organisational structure</p> <ul style="list-style-type: none"> • How the people within an organisation work, their lines of communication, their areas of responsibility and accountability • The parameters of the business operation • The systemic view, being able to look down and see the boundary of the organisation, the different elements within it and how they are related • Which comes first structure or strategy? Only correct answer – it all depends • Risk of structure rigidity vs ability to implement structure change – fixed vs fluid • Robbins and Judge – specialisation; departmentalisation; chain of command; span of control; centralisation; formalisation • Links between structure and leadership style – command and control vs consult and agree • Traditional structures versus empowered structures <p>Description of current CHEMSHOP structure</p> <ul style="list-style-type: none"> • Centralised head office with perceived control over many operational functions • Separate shops each have level of autonomy but under oversight of Head Office; variation on a divisional structure with each shop acting as a division – linked but separate • Barun – autocratic leader – command and control • Jen – more democratic leader – consult and agree <p>Strengths of current CHEMSHOP structure</p> <ul style="list-style-type: none"> • Visibility through EPOS system • Ability to implement control from Head Office (eg price changes) • Effective stock control, so control of cashflow • Group use of technology • Ability to react to change rapidly through Head Office control <p>Weakness of current CHEMSHOP structure</p> <ul style="list-style-type: none"> • Resentment of Head Office control leading to individual managers finding ways around the system • Personal gain dynamic is driving conflicting behaviours • Technology and EPOS system out of date and needing update/replacement leading to errors, time-delays, inefficiencies, risk to reputation • Lack of face-to-face communication and relationship between Head Office, senior management and shop managers – might have worked when the group was smaller but inappropriate now

	<p>Recommendation of alternative structure</p> <ul style="list-style-type: none"> • Strategic direction not yet finalised, but clear that organisational structure must change • Option 1 – group continues to grow organically – potential to develop a divisional structure • Option 2 – acquisition of MEDI would require immediate divisional structure • Head Office still maintaining core operational parameters recognising that reputation is group based • Develop much greater communication and customer satisfaction between shops • Appointment of regional divisional heads as pivot between Head Office and shops within their region • Assumption that the technology will be fixed, making it advantageous for shop managers to use the system rather than trying to find their own solutions • Need to resolve differences between styles of Barun and Jen, recognising that one can complement the other • Marks available for other potential structures- but they need to be introduced with clarity of explanation as to how they would suit the CHEMSHOP scenario
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1(Fail)	1-12	<ul style="list-style-type: none"> • The answer attempts to explain the importance of organisational structure but fails to align it sufficiently closely to organisational strategy • The answer demonstrates limited understanding of the real drivers of organisational structure and provides only weak or passing links to the case-study scenario • The answer makes few or no links between theory and practice • The answer includes only limited analysis of the issues at CHEMSHOP
Level 2(Pass)	13-16	<ul style="list-style-type: none"> • The answer provides an explanation of the importance of organisational structure and starts to explore why it needs to be aligned to organisational strategy • The answer demonstrates good understanding of the real drivers of organisational structure and provides good alignment with the case-study scenario • The answer makes some links between theory and practice • The answer includes some analysis of the issues at CHEMSHOP
Level 3 (Merit/Distinction)	17-25	<ul style="list-style-type: none"> • The answer provides a clear explanation of the importance of organisational structure together with how and why it is fundamental for it to be aligned to organisational strategy • The answer demonstrates an in-depth understanding of the real drivers of organisational structure, links the thought process to underlying theories and illustrates how and why the current structure within the case-study scenario is inappropriate for its strategic growth • The answer makes strong links between theory and practice • The answer includes good analysis of the issues at CHEMSHOP

Question number	Indicative content
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4
25 marks

Answers should demonstrate a sound understanding of the difference between capability and competence, suggesting how and why CHEMSHOP has fallen into a state of dysfunction. There is the need for answers to analyse the current capabilities and competences at CHEMSHOP suggesting why the NEDs were unaware of the building tension between Barun and Jen and how a more effective control and oversight structure needs to be rapidly established.

Answers could include the following content:

The need for and difference between -

Capability

- Sustainable competitive advantage is built through an optimal combination of capability and competence with an organisation
- Capabilities can be both common and unique. All organisations will require certain capabilities such as financial planning. Only some organisation will require certain unique capabilities such as particular knowledge or expertise in a core subject matter
- Grant suggests that capabilities originate from tangible resources; intangible resources; human resources. The optimal combination will determine the strategy and help to derive competitive advantage
- Lynch suggest capabilities derive from skills, structure and leadership
- Kay suggests capabilities derive from architecture, reputation and innovation

Competence

- Ability to combine capabilities with available resources in the application and use of those resources
- Competence will vary and change based upon human behaviour and capability

Capabilities at CHEMSHOP

- Human resources: focused knowledge of the qualified pharmacist shop managers and other support staff in the shops; financial and technical abilities of Barun; leadership abilities of Jen
- Tangible resources: shop locations providing sole service provision within a defined area
- Intangible resources: the EPOS and online ordering systems

Competences at CHEMSHOP

- The building of a range of related customer offerings within the pharmacy shops
- The use of the EPOS system to maintain stock rotation and satisfy customer requirements
- The development by shop managers of additional ranges and options to suit their particular market
- The proposal being prepared to widen further the range of treatments being offered to complement the NHS

Dysfunction at CHEMSHOP

- Different directions being taken by different shop managers, loss of group dynamic and uniformity
- Conflicts of competence based around differing uses of capabilities from different managers
- Increasing focus at shop level on individual success by some to the detriment of others

	<ul style="list-style-type: none"> • Misuse of the IT system to bypass the main EPOS flow causing issues and lack of data visibility • Different focus points of Jen (the MEDI acquisition) and Barun (the need to enhance the IT to avoid reputational damage) • Poor communication at all levels leading to dysfunction throughout • Poor Board oversight and insufficient Board awareness • Lack of substantive meetings at all levels <p>More effective control and oversight</p> <ul style="list-style-type: none"> • New IT system should produce weekly detailed reports for managers based around consultation and agreement of their requirements • Need to redefine core measures and develop KPIs at shop level • Candidates could provide suggestions as to the types of measures that might be appropriate • More regular Board meetings with enhanced communication between executive directors and the NEDs • Chair to become more proactive in involvement with Jen and Barun
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-12	<ul style="list-style-type: none"> • The answer attempts to differentiate between capability and competence but lacks clarity of explanation. • The answer makes only limited use of the case study scenario • The answer makes a few or no links between theory and practice. • The answer has little or no analysis of the principles and practice involved
Level 2 (Pass)	13-16	<ul style="list-style-type: none"> • The answer provides a reasonable explanation and understanding of the differences between capability and competence. • The answer makes good use of the case study scenario and identifies many of the core aspects required for this question • The answer makes some relevant links between theory and practice • The answer has reasonable analysis of the principles and practice involved
Level 3 (Merit/Distinction)	17-25	<ul style="list-style-type: none"> • The answer provides a good and clear explanation of the differences between capability and competence illustrating a clear understanding of these aspects of organisational strategy • The answer makes extensive use of the case study scenario identifying and expanding upon a range of different aspects • The answer makes strong links between theory and practice illustrating that the candidate has a thorough understanding of the subject. • The answer makes strong use of analysis to consider the principles and practice involved

Section B

Question number	Indicative content
<p>5(a) 13 marks</p>	<p>Answers should demonstrate a clarity of understanding as to why effective leadership is needed to delivery strategy. The role of the leader should be examined from the outset of the strategic vision to the need to ‘lead’ other people in the understanding and delivery of the strategic objectives. Answers should be clear in their recognition of the need for the adaptability of leadership style that is required during the different stages of the strategic journey and in order to motivate and bring together people with varied abilities and temperaments.</p> <p>Answers could include the following content:</p> <p>The need for leadership</p> <ul style="list-style-type: none"> • Two or more people with decision-making responsibilities will lead to at least two different potential strategic routes or ideas, these need to be brought together through leadership • Even with two people, one person must be prepared to lead to ensure a unified strategic result. The more people involved, the more the need for leadership to provide clarity of vision and objectives, clarity of proposed route, decision making when deviations from the proposed route appear, ensuring the end-result is achieved • Need for the ability to be able to change how people think, develop a belief in the minds of others, and influence what they do <p>Effective leadership</p> <ul style="list-style-type: none"> • Leader must have integrity built upon the trust of the followers in that leader; others need to have confidence that the person they are following is leading them in the right direction • Dynamic exists between autocratic leadership (this is where and what you will do) and participative leadership (lets work together to find the optimal route) • John Adair, concept of action-centred-leadership, recognising that effective leadership emanates from the fulcrum of individual, group and task. Every leadership decision will arise from one of these three aspects, the effective leader will recognise its origin and then make a decision in the context of the other two aspects • Differentiation between a transformational leader (building on the strategic vision, changing the views of others) and a transactional leader (making sure the operation and actions are appropriate to ensure the end result is achieved) <p>Models of leadership (answers should include reference to at least one of these models, and explain how and why the different aspects help to deliver strategy through the effectiveness of the leadership)</p> <ul style="list-style-type: none"> • Schoemaker – anticipate; challenge; interpret; decide; align; learn • Covey – principle-centred leadership; security; guidance; power; wisdom • Learning organisation approach – development of self and others to create systemic thinking <p>Delivery of strategy</p> <ul style="list-style-type: none"> • Strategy is the (often sequential) alignment of vision, mission, goals/objectives, methods, result • Leadership is required at each stage to keep the development of strategy within the

	<p>acceptable operating parameters of the stakeholders</p> <ul style="list-style-type: none"> • Need for an effective leader to be able to visualise the whole process from today to the future, and then to be able to adapt as differing forces impact upon the perceived route
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-6	<ul style="list-style-type: none"> • The answer gives a very basic definition and overview of leadership and its relationship to strategy. • The answer makes few, if any, links between theory and practice. • The answer includes a brief overview of how and why effective leadership is required to deliver strategic results.
Level 2 (Pass)	7-8	<ul style="list-style-type: none"> • The answer gives a very clear definition and overview of leadership and its relationship to strategy, including examples of different types of leadership style. • The answer illustrates and shows an understanding of how the theory of leadership is brought into practice in an organisation. • The answer includes more detailed analysis of how and why effective leadership enables the delivery of strategic results and success.
Level 3 (Merit/Distinction)	9-13	<ul style="list-style-type: none"> • The answer gives a strong and comprehensive definition and overview of leadership and its relationship to strategy, including examples from different organisations or situations. • The answer illustrates and shows clear and strong links between the theory and practice of leadership illustrated by real-world examples. • The answer includes an argued and detailed analysis of why effective leadership enables the delivery of strategic results and success and what happens when it does not exist, illustrated by real-world examples.

Question number	Indicative content
5(b) 12 marks	<p>Answers should demonstrate a clear understanding of the difference that exists between leadership and governance and why both are necessary for the delivery of strategy. There should be clarity that leadership is concerned with delivery of strategic vision and results whereas governance is concerned with oversight of an organisation or structure to ensure the delivery of stakeholder aspirations. In some situations, these two scenarios might be identical, in other scenarios they may be very different.</p> <p>Answers could include the following content:</p> <p>The role of a company director</p> <ul style="list-style-type: none"> • Recognised and structured under Companies Act 2006 • Need to be aware of directors' duties, in particular s172 the stakeholder dynamic and the achievement of 'success' but also s175/176/177 conflicts of interest • Role of CEO often seen as chief strategist, but danger of too close a personal alignment between the company strategy and the personal character and work of the CEO, particularly in large public corporations <p>Leadership and company directors</p> <ul style="list-style-type: none"> • Need of awareness of the Principal/Agent dilemma, who are we leading for, risk of personal vision being misaligned with corporate vision • Clarity of strategic objectives and direction to all involved in the delivery of the strategic objectives • Mitigation of risks through building of control processes and procedures • Risk of directors getting it wrong – “The fish rots from the head” Garratt • Effective use of different types of power – director power is an assumed positional power, but often needs to be more personal to be effective • Leadership requires responsibility and accountability to those empowered with governance <p>Governance and company directors</p> <ul style="list-style-type: none"> • Use of stakeholder assets to deliver strategic success and strategic vision • Strategy at the heart of governance • Core requirement to ensure alignment of strategy, risk and control. What are the strategic objectives of the stakeholders, what are the risk that they and the organisation are prepared to take, what are the control measures to ensure the delivery of strategic success and the correction of errors along the route? • Difference between shareholder and stakeholder governance models • Governance requires responsibility and accountability to the ultimate owners

Level	Mark	Descriptor
	0	No rewardable material.
Level 1 (Fail)	1-5	<ul style="list-style-type: none"> • The answer includes a very basic differentiation between the role of a director with regard to governance and to leadership. • The answer demonstrates a limited understanding of the difference between leadership and governance, using generalised statements with minimal clarity

		<ul style="list-style-type: none"> • There is little or no evidence of how to evaluate the difference between leadership and governance with regard to the strategic role of a company director.
Level 2 (Pass)	6-7	<ul style="list-style-type: none"> • The answer includes a clear and reasonably detailed differentiation between the role of a director with regard to governance and to leadership. • The answer demonstrates a reasonable understanding of the difference between leadership and governance, using focused statements with good objective clarity • There is good evidence that the candidate understands how to evaluate the difference between leadership and governance with regard to the strategic role of a company director
Level 3 (Merit/Distinction)	8-12	<ul style="list-style-type: none"> • The answer includes a clear and detailed differentiation between the role of a director with regard to governance and to leadership, with examples. • The answer demonstrates a strong breadth of understanding of the difference between leadership and governance, using focused statements with good objective clarity and examples of how leadership and governance might differ in practice. • There is strong evidence that the candidate understands how to evaluate, recognise and influence (as a company secretary/governance professional) the difference between leadership and governance with regard to the strategic role of a company director.

Question number	Indicative content																														
<p>6 25 marks</p>	<p>Answers should demonstrate an understanding of the strategic expectations of different stakeholders with regard to the development of a CSR strategy, both generically and from the perspective of the question scenario. Answers should be able to challenge, compare and contrast the four different CSR perspectives identified by Johnson – stakeholder interaction, laissez-faire, enlightened self-interest, and shaper of society.</p> <p>Answers could include the following content:</p> <p>Corporate Social Responsibility</p> <ul style="list-style-type: none"> • How an organisation develops and implements its strategy to bring a focused impact on the world and its people • The ethical norms and behaviours that can be expected from an organisation • The manner in which all human stakeholders are treated by the strategy of the organisation • The visible behavioural traits of the organisation • The stance taken by those empowered with running the organisation <p>Stakeholder perspectives</p> <ul style="list-style-type: none"> • Differing expectations of society • Carroll’s stakeholder dimensions of economic, legal, ethical and philanthropic • Identification of different stakeholder perspectives • Founders – development of a more stable society through the use of games with children and young people • Givers – the need to give to others less fortunate • Recipients – the availability of games to expand their horizons • Foodbank providers – the provision of facilities to enable the growth of the charity • Large electronic games company <p>The following four areas are identified in the question, and form the structure derived by Johnson et al to describe differing CSR perspectives; marks will not be awarded for simply recognising this as Johnson’s approach. The study text includes the following matrix, whilst this might form the basis of a discussion in this part of the answer, again no marks will be awarded for simply replicating the matrix in whole or in part.</p> <table border="1" data-bbox="300 1603 1383 1962"> <thead> <tr> <th></th> <th>Laissez-faire</th> <th>Enlightened self-interest</th> <th>Stakeholder interaction</th> <th>Shaper of society</th> </tr> </thead> <tbody> <tr> <td>Rationale</td> <td>Compliance, profit, taxation, employment</td> <td>Good business</td> <td>Triple-bottom line sustainability</td> <td>Social and market change</td> </tr> <tr> <td>Leadership required</td> <td>Peripheral</td> <td>Supportive</td> <td>Champion</td> <td>Visionary</td> </tr> <tr> <td>Management requirement</td> <td>Middle manager oversight</td> <td>Effective systems of good practice</td> <td>Led by directors with wide monitoring</td> <td>Each individual</td> </tr> <tr> <td>Mode and reputation</td> <td>Defensive</td> <td>Reactive</td> <td>Proactive</td> <td>Defining</td> </tr> <tr> <td>Stakeholder relationships</td> <td>Unilateral</td> <td>Interactive</td> <td>Partnership</td> <td>Alliances</td> </tr> </tbody> </table>		Laissez-faire	Enlightened self-interest	Stakeholder interaction	Shaper of society	Rationale	Compliance, profit, taxation, employment	Good business	Triple-bottom line sustainability	Social and market change	Leadership required	Peripheral	Supportive	Champion	Visionary	Management requirement	Middle manager oversight	Effective systems of good practice	Led by directors with wide monitoring	Each individual	Mode and reputation	Defensive	Reactive	Proactive	Defining	Stakeholder relationships	Unilateral	Interactive	Partnership	Alliances
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The core points that might be brought out for each perspective are:

Stakeholder interaction

- The benefits of working closely in partnership with a wider stakeholder community
- Ensuring that all stakeholders are involved and encouraged to communicate with each other
- Building of a triple-bottom-line accountability to recognise strategic viability and a measurable contribution to society
- Proactive mode, leading and developing CSR – the games company may be looking to take an initiative here and enhance its reputation

Laissez faire

- Having established its position and ethos, the organisation allows itself to gradually evolve
- It will do what it needs to enable it to operate within society and gradually build its CSR presence
- It accepts the presence of different stakeholders but does not seek to bring about any particular alignment
- The position is defined by Johnson as unilateral and defensive, because the organisation is potentially carrying out its CSR activity without a high level of real interest

Enlightened self-interest

- There is a clear recognition of the commercial benefit of taking a particular CSR stance.
- The games company have seen the opportunity to enhance its reputation.
- This is seen as an interactive stance, because there is a positive stance being taken in reaction to the society within which the company is operating.

Shaper of Society

- Johnson recognises this as the most defining of his four stances
- There is a deliberate, visionary and proactive CSR strategy to bring about alliances between different stakeholders
- The games company could perhaps be seen to be taking this stance as it tries to strategically take its core skill set and knowledge and drive social change. The reality would be evidenced by whether employees were also encouraged to be involved, or whether this was just an ‘arms-length’ charitable structure

Level	Mark	Descriptor
	0	No rewardable material.
Level 1(Fail)	1-12	<ul style="list-style-type: none"> • The answer provides a basic definition of CSR but with limited context of the question or the four different stances. • The answer demonstrates a limited understanding of the differing stakeholder dimensions of CSR. • The answer makes few or no links between theory and practice.
Level 2(Pass)	13-16	<ul style="list-style-type: none"> • The answer provides a good definition of CSR together with an alignment of CSR into the context of the question and the four different stances. • The answer demonstrates a good understanding of the differing stakeholder

		<p>dimensions of CSR.</p> <ul style="list-style-type: none"> • The answer makes some links between theory and practice.
<p>Level 3 (Merit/Distinction)</p>	<p>17-25</p>	<ul style="list-style-type: none"> • The answer provides a robust, clear and challenging definition of CSR aligning it to the mini scenario, the four different stances, and bringing in additional thoughts and examples. • The answer demonstrates a clear and thorough understanding of the differing stakeholder dimensions of CSR and provides examples of different perspectives. • The answer makes strong links between theory and practice.