

## *CIMA*

*E2*  
*Managing Performance*

**Questions And Answers PDF Format:**

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## Question: 1

The B Car Company is considering a joint venture with a company in Country X. It is undertaking a political risk analysis at both a micro and macro level. Which of the following is a micro level risk?

- A. Threat of civil war in Country X
- B. Government expropriation of private company assets without compensation
- C. Government regulation of the Car Industry in Country X
- D. Political boycott of goods from Country X by several other countries

**Answer: C**

## Question: 2

Organisational change can be promoted by many different triggers. Which THREE of the following are external triggers of change?

- A. Activities and innovations of competitors
- B. Appointment of new chief executive officer
- C. Shifts in local, national and international politics
- D. New legislation and government policies
- E. Factory relocation to be closer to suppliers and markets

**Answer: A,C,D**

## Question: 3

T is a senior manager tasked with planning the move of the company headquarters from a city centre location to a rural estate location. More than 70 staff will be impacted by the move.

T feels confident that the practical aspects of the move have been addressed well but is unsure about the reaction from staff, some of whom may have to move house. He has decided to apply a well known model to analyse the situation.

Drivers in favour of change and resisting factors to change are all plotted out on a diagram and then analysed in depth. What is the name of this technique?

- A. Lewin's Force-Field analysis
- B. Organization development theory
- C. Human resource strategy/planning
- D. Unfreeze-Change-Refreeze

**Answer: A**

### Question: 4

Z is an entrepreneur that has just bought a chain of 10 prestigious restaurants. Z has decided that there is an urgent need for cost savings and plans to install state-of-the-art computer systems to make each restaurant more efficient and less dependent on manual processes. This means that every employee must be trained to operate the new systems and there will be changes in roles and responsibilities.

Z has decided to use the biggest restaurant as a training centre, where the new systems will first be installed. Staff from the other restaurants will then train at the biggest restaurant for a week while new systems are installed at their own restaurant. Z has told the staff that no one will be dismissed because of the changes. The planned opening of a new restaurant will absorb any employees displaced due to the efficiency of the new systems.

Z is concerned about staff resistance. Which approach will be most effective in these circumstances?

- A. Educate employees and communicate with them regularly and openly about the changes.
- B. Confirm to the employees in writing that they will still have a job somewhere after training.
- C. Encourage the employees to discuss all their concerns with their co-workers.
- D. Tell the employees that the new technology is the best way to improve the competitive position of the business.

**Answer: A**

### Question: 5

Four orthopaedic surgeons in a busy hospital department have very different work habits. Each has their own team of medical technicians who are used to the surgeons' personal preferences and are very comfortable with their routines; they basically do the same things every day. This way of working has gone on for several years.

When a new administration manager suggested that they train all of the technicians to work with all the surgeons this led to significant resistance from all of the parties involved. The technicians were concerned that they would no longer be able to perform their usual daily tasks.

On the basis of the scenario what would be the main cause of their resistance?

- A. The technicians' fear that they would be forced out of their regular habits.

- B. The technicians' concern over personal loss such as benefits and privileges.
- C. The technicians' fear that the changes proposed would harm the efficiency of the department.
- D. The technicians' belief that role ambiguity and uncertainty would increase.

**Answer: A**

### Question: 6

Several researchers have identified strong connections between corporate culture and resistance to organisational change.

Which TWO of the following are likely to be most resistant to organisational change:

- A. H is a partnership of professionals with similar training, background and expertise. Power lies in senior individuals who generally believe themselves to be more important than the business. Co-operative and consistent behaviour is unusual.
- B. E is a small entrepreneurial firm controlled by an owner-manager. There are few rules and little bureaucracy. The firm can react quickly and decision making by the owner will be swift.
- C. F is a large bureaucratic organisation, structured by function. Staff working in F tend to be preoccupied with fulfilling their narrow job duties, with an emphasis on consistent, day-to-day routines.
- D. G is a project-based organisation where flexible teams are formed to solve particular problems. G is characterised by teamwork, flexibility and a strong commitment to making things happen.

**Answer: A,C**

### Question: 7

DD organisation is a management consultancy company. Currently, although it has some clients in other countries, the activities of DD are mainly domestic. However the directors are keen to develop the business internationally.

The strengths of DD are recognised as it has a well-motivated team of professional consultants, and a very powerful analytical model for developing business solutions.

Which of the following best describes how this company can develop its business strategy to gain a competitive advantage?

- A. Competitive advantage can be gained by having a resource based view that stem from having unique assets and core competencies.
- B. Competitive advantage can be gained by carrying out a PEST analysis.
- C. Competitive advantage can be gained by using the BCG model.
- D. Competitive advantage can be gained from allowing strategies to emerge.

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**Answer: A**

**Question: 8**

The ability to negotiate is an important management skill. Which approach to negotiation is less likely to result in future further conflict?

- A. Lose - Win
- B. Win - Lose
- C. Lose - Lose
- D. Win - Win

**Answer: D**

**Question: 9**

John is a young management accountant who, after completing his examinations recently, was put in charge of a small established accounts department.

At his first progress review with his superior, he was very confident and enthusiastic about numerous initiatives. John expressed disappointment that his staff were so reactionary and uncooperative.

It would seem most of the staff reporting to John are dissatisfied about his leadership. The younger ones are frightened of him and they say he is always in a hurry. The older ones who have worked in the department for years are worried about John's risky decisions. Others resent him and are frustrated that John never listens to their ideas.

Which behaviour should John adopt to improve motivation in the department?

- A. John should dismiss the older staff and send the younger staff on training and take on an autocratic style of management.
- B. John should create time for one to ones with his staff and take on a participative style of management. Improving communication with regular briefings.
- C. John should not do anything as he will see things settle down over time and take on a more laissez-faire style of management.
- D. John should hire some external business consultants to overhaul the working practices and find solutions to get the department back on track.

**Answer: B**

**Question: 10**

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Many companies use Critical Path Analysis (CPA) to manage projects.

Which TWO of the options below could be identified from a CPA diagram?

- A. The activities which need to be completed before the next activity can start.
- B. The resource usage variance for each activity.
- C. The activities which can't overrun without delaying the whole project.
- D. The probable time for each activity.

**Answer: A,C**

### Question: 11

A Company is undertaking a project for the first time and has given the Finance Manager the task of managing the project. He has been advised to use PERT, as it will help him with his Critical Path Analysis (CPA).

What information will the calculation using PERT provide the Finance Manager with to use in his CPA?

- A. The most optimistic time to complete an activity.
- B. The most realistic / probable time to complete an activity.
- C. The expected time to complete an activity.
- D. The most pessimistic time to complete an activity.

**Answer: C**

### Question: 12

Which TWO of the planning tools listed below show the minimum completion time of a project?

- A. Gantt Charts
- B. Resource Histograms
- C. Network Diagrams
- D. Milestones

**Answer: A,C**

### Question: 13

According to Hofstede (1990) a company that values tradition, education and training is said to have which of the following cultural dimensions?

- A. Collectivism
- B. Feminine orientation
- C. Long term orientation
- D. Low power distance

**Answer: C**

### Question: 14

A company displaying creativity in its workforce, and an ability to react to the dynamic environment in which it operates, is most likely to avoid which of the approaches to strategy formulation listed below?

- A. Emergent
- B. Freewheeling opportunism
- C. Rational
- D. Incremental

**Answer: C**

### Question: 15

Barney (1991) identified four criteria necessary for a resource to be classed as unique and thus give competitive advantage. One of these is that it shouldn't be substitutable and another is that it should be rare.

Which TWO of the options below make up the list of four?

- A. Valuable
- B. Imperfectly Imitable
- C. Perfectly Imitable
- D. Costly to obtain

**Answer: A,B**

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