

UNIVERSITY OF BOLTON
GREATER MANCHESTER BUSINESS SCHOOL
MSC ACCOUNTANCY AND FINANCIAL
MANAGEMENT
SEMESTER 1 EXAMINATIONS 2024/2025
STRATEGIC BUSINESS LEADER
MODULE NO: ACC7530

Date: Monday 13th January 2025

Time: 10.00am – 1.00pm

INSTRUCTIONS TO CANDIDATES:

There are Four questions on this paper.

Answer All questions.

This is a 3-hour closed book examination.

All questions carry equal marks.

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Case Study: XYZ Corporation

Introduction

XYZ Corporation, founded in 1995, stands as a prominent force in the renewable energy sector. Over the years, the company has established itself as a leader in developing and deploying cutting-edge solar and wind energy technologies. With a robust presence spanning across Europe, North America, and Asia, XYZ Corporation has experienced remarkable growth and expansion. In the past decade alone, the company has achieved several milestones, including the successful launch of a ground-breaking solar panel technology that promises higher efficiency and durability. Additionally, XYZ Corporation has made strategic moves to enter emerging markets, capitalising on the increasing global demand for renewable energy solutions. These initiatives have not only solidified the company's market position but also demonstrated its commitment to advancing sustainable energy technologies.

Corporate Governance

XYZ Corporation's board of directors comprises 12 members, including the CEO, CFO, and a diverse group of independent non-executive directors. The board plays a crucial role in steering the company's strategic direction, overseeing risk management, and ensuring robust governance practices. Recent scrutiny has highlighted several issues within the board's decision-making process. Notably, a high-profile dispute over executive compensation has raised concerns about the alignment of executive pay with company performance and shareholder interests. Additionally, allegations of insufficient oversight during a recent merger have called into question the board's effectiveness in managing and supervising major corporate transactions. These challenges underscore the need for a thorough review of the board's governance practices and its approach to ensuring accountability and transparency.

Risk Management

XYZ Corporation operates in a dynamic and complex environment, facing a range of risks that impact its business operations. Key risks include technological uncertainties, regulatory challenges, and market volatility. Recent challenges have included significant delays in obtaining regulatory approvals for new projects, which have affected the company's ability to meet its growth targets. Additionally, fluctuating commodity prices have impacted raw material costs, posing a threat to the company's profitability. In response to these challenges, XYZ Corporation has implemented a comprehensive risk management framework, which includes regular risk assessments, scenario planning, and contingency measures. Despite these efforts, recent incidents have raised concerns about the effectiveness of the company's risk management strategies and their ability to mitigate emerging risks effectively.

Case study continues over the page

Please turn the page

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Greater Manchester Business School
MSc Accountancy and Financial Management
Semester 1 Examination 2024/2025
Strategic Business Leader
Module No. ACC 7530

Case study continued

Strategic Analysis

The strategic focus of XYZ Corporation revolves around innovation and market expansion. The company has recently pursued several strategic initiatives, including the acquisition of a technology firm specialising in advanced battery storage solutions. This acquisition is aimed at enhancing the company's technological capabilities and expanding its product offerings. Additionally, XYZ Corporation has formed a strategic partnership with a major utility company to leverage synergies and strengthen its market presence. The company's competitive positioning is bolstered by its commitment to sustainability and technological advancement. However, the effectiveness of these strategies in achieving long-term goals remains under scrutiny. Questions have arisen regarding the integration of the acquired technology and the potential impact of the partnership on the company's overall strategic objectives.

Stakeholders and Sustainability

XYZ Corporation engages with a diverse range of stakeholders, including investors, customers, employees, and local communities. The company is committed to sustainability and has implemented various initiatives to reduce its carbon footprint and increase the use of renewable materials. Despite these efforts, there have been criticisms regarding the transparency of the company's sustainability reporting and the real impact of its operations on local communities. Concerns have been raised about the accuracy of sustainability metrics and the effectiveness of community engagement practices. Addressing these issues is crucial for maintaining stakeholder trust and ensuring that sustainability efforts are aligned with the company's broader business objectives.

Conclusion

XYZ Corporation is navigating a complex and evolving business environment, characterized by significant opportunities and challenges. The company's governance practices, risk management framework, strategic decisions, and sustainability efforts are critical areas that require ongoing evaluation and improvement. As XYZ Corporation continues to grow and adapt, addressing these key areas will be essential for achieving its long-term objectives and maintaining its position as a leader in the renewable energy sector.

Questions begin over the page

Please turn the page

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Greater Manchester Business School
MSc Accountancy and Financial Management
Semester 1 Examination 2024/2025
Strategic Business Leader
Module No. ACC 7530

Question 1

Critically evaluate the effectiveness of XYZ Corporation's board of directors in ensuring robust corporate governance practices. Provide recommendations for improvement based on recent developments and challenges, including the executive compensation dispute and merger oversight.

25 Marks (5 Communication Marks)

Question 2

Critically discuss how corporate governance frameworks can effectively balance the interests of shareholders, stakeholders, and broader societal responsibilities in the face of increasing global scrutiny and regulatory demands including sustainability and carbon accounting. What are the specific challenges associated with this balance, and what strategies can be employed to enhance transparency, accountability, and ethical decision-making within modern corporations?

25 Marks (5 Evaluation Marks)

Question 3

Analyse XYZ Corporation's recent strategic decisions, such as the acquisition of a technology firm and the strategic partnership with a utility company. Assess how effectively these decisions align with the company's objectives and competitive positioning, and provide recommendations for refining the company's strategic direction.

25 Marks (5 Commercial Acumen Marks)

Question 4

Assess the impact of XYZ Corporation's sustainability initiatives on its stakeholders and business strategy. Discuss the challenges and opportunities presented by these initiatives, including transparency issues and community impact, and recommend strategies for enhancing stakeholder engagement and sustainable practices

25 Marks (5 Analysis Marks)

END OF EXAM PAPER