

EXECUTIVE DIPLOMA
IN BUSINESS LEADERSHIP
PART I

GLOBAL STRATEGIC MANAGEMENT AND LEADERSHIP

Contents

- **Introduction:** Strategy making strategy implementing and strategic managing; Roles of line managers, strategic planners and top management; Developing strategic vision and mission; Setting objectives and forming a strategy; Globalization and strategic management; Strategic flexibility and learning organization.
- **Environmental:** Scanning and Competitiveness Analysis; Appraising company's external strategic situation, company situation, competitive strategy and competitive advantage in global market.
- **Situation Specific Strategies:** Strategies for situation like competing in emerging industries, maturing or declining industries, fragmented industries, hyper –competitive industries and turbulent industries; Strategies for industry leaders, runner -up firms and weak businesses.
- **Strategic Issues and Alternatives i n Globally Competitive Markets:** International entry options; Multi-country and global strategies; Concepts of critical markets, global market dominance and global competitiveness, Corporate turnaround, retrenchment and portfolio restructuring strategies; Multinational diversification strategies; Outsourcing strategies; Techniques for analyzing diversified companies.
- **Corporate Diversification Strategies:** Building shareholder value; Roles of cost sharing and skills transfer in creating competitive advantage v ia diversification; Competitive advantages to diversified multinational corporations in a globally competitive business world.
- **Strategy implementation and administration:** Organization building; Budgets and support system commitment; culture and leadership; Issues in global strategy implementation; strategy evaluation and control
- **Strategic Issues in Managing Technology and Innovation:** Social responsibility and ethics management.

Learning Outcomes:

On successful completion of this subject, students should be able to:

- Display a detailed understanding of strategic development, marketing and market place strategy.
- Integrate and apply effectively theories and concepts from strategic management and related disciplines to solve business problems in complex and diverse situations.
- Identify, develop and lead appropriate business strategies, in support of entrepreneurial activities and existing organisations.
- Evaluate the importance of knowledge management in strategy implementation, and advise on the implementation of appropriate systems, processes and solutions.
- Develop and promote a business case.
- Initiate and lead complex projects successfully.
- Communicate effectively to a variety of audiences.

Suggested Readings

- Bartlett, C.A. and S. Ghoshal, Transnational Management: Text, Cases, and Readings in Cross-Border Management, Irwin London, 1995.
- Bleeke, J. and D. Emst, Collaboration to Compete, John Wiley, New York, 1993.
- Brooke, M.Z . and M.L. Remmers, international Management and Business Policy, Houghton Mifflin, Boston.
- Davidson, W.H., Global Strategic Management, John Wiley, New York.
- Ellis, J. and D. Williams, International Business Strategy, Pitman, London, 1995.
- Eayerweather, W.H. International Business Strategy and Administration Ballinger Publishers, Cambridge Mass.
- Hitt, Michael A., R.Duane Ireland and Robert E. Hokisson, Strategic Management: Competitiveness and Globalisation, 4t ed, South Western College Publishing, Australia, 2001.
- Lorange, P. and J. Roos, Strategic Alliances: Formulation, Implementation, and Evolution, Blackwell, Oxford, 1992.

- Miller, Alex and Gregory Dess, Strategic Management, McGraw Hill Publishing Company, New York, 1996.
- Nagadhi, A.R. and M. Welge, Beyond Theory Z: Global Rationalisation of American, German and Japanese Multinational Companies, Jai Press, Greenwich, Conn.
- Porter, M.E., Competition in Global industries, Harvard University Press, New York 1996.

INTERNATIONAL FINANCIAL MANAGEMENT

Contents

- The financial and non-financial objectives of different organisations (e.g. value for money, maximizing shareholder wealth, providing a surplus).
- The three key decisions of financial management (investment, financing and dividend) and their links. Benefits of matching characteristics of investment and financing in the longer term, (e.g. in cross-border investment) and in short-term hedging strategies.
- Considerations in the formulation of dividend policy and dividend decisions, including meeting the cash needs of the business.
- External constraints on financial strategy (e.g. funding, regulatory bodies, investor relations, strategy, and economic factors).
- Developing financial strategy in the context of regulatory requirements (e.g. price and service controls exercised by industry regulators) and international operations.
- The implications of regulation for business combinations. The financial objectives of an organisation and economic forces affecting its financial plans (e.g. interest, inflation and exchange rates).
- Assessing attainment of financial objectives.
- Use of financial analysis in the external assessment of a company (e.g. in assessing creditworthiness and compliance with financing covenants).
- Modelling and forecasting cash flows and financial statements based on expected values for economic variables (e.g. interest rates) and business variables (e.g. volume and margins) over a number of years.
- Analysis of sensitivity to changes in expected values in the above models and forecasts.
- Assessing the implications for shareholder value of alternative financial strategies, including dividend policy.
- The lender's assessment of creditworthiness.
- Current and emerging issues in financial reporting (e.g. proposals to amend or introduce new accounting standards) and in other forms of external reporting (e.g. environmental accounting).

- Identifying financing requirements (both in respect of domestic and international operations) and the impacts of different types of finance on models and forecasts of performance and position.
- Working capital management strategies• Types and features of domestic and international long-term finance: share capital (ordinary and preference shares, warrants), long-term debt (bank borrowing and forms of securitised debt, e.g. convertibles) and finance leases, and methods of issuing securities.
- The operation of stock exchanges (e.g. how share prices are determined, what causes share prices to rise or fall, and the efficient market hypothesis). (Note: No detailed knowledge of any specific country's stock exchange will be tested).
- The impact of changing capital structure on the market value of a company.
- The capital asset pricing model (CAPM): calculation of the cost of equity using the dividend growth model (knowledge of methods of calculating and estimating dividend growth will be expected), the ability to gear and un-gear betas and comparison to the arbitrage pricing model.
- The ideas of diversifiable risk (unsystematic risk) and systematic risk.
- The cost of redeemable and irredeemable debt, including the tax shield on debt.
- The weighted average cost of capital (WACC): calculation, interpretation and uses.
- The lease or buy decision (with both operating and finance leases).
- Criteria for selecting sources of finance, including finance for international investments.
- The effect of financing decisions on balance sheet structure and on ratios of interest to investors and other financier (gearing, earnings per share, price-earnings ratio, dividend yield, dividend cover gearing, interest cover).
- The role of the treasury functions in terms of setting corporate objectives, liquidity management, funding management, and currency management.
- The advantages and disadvantages of establishing treasury departments as profit centres or cost centres, and their control.
- Identification of a project's relevant costs (e.g. infrastructure, marketing and human resource development needs), benefits (including incremental effects on other activities as well as direct cash flows) and risks (i.e. financial and non-financial, including

reputation risk arising from ethical considerations and risks of legal change or uncertainty).

- Linking investments with customer requirements and product/service design.
- Linking investment in IS/IT with strategic, operational and control needs (particularly where risks and benefits are difficult to quantify).
- Calculation of a project's net present value and internal rate of return, including techniques for dealing with cash flows denominated in a foreign currency and use of the weighted average cost of capital.
- The modified internal rate of return based on a project's "terminal value" (reflecting an assumed reinvestment rate)
- The effects of taxation (including foreign direct and withholding taxes), potential changes in economic factors (inflation, interest and exchange rates) and potential restrictions on remittances on these calculations.
- Recognising risk using the certainty equivalent method (when given a risk free rate and certainty equivalent values).
- Adjusted present value. (Note: The two step method may be tested for debt introduced permanently and debt in place for the duration of the project).
- Valuation bases for assets (e.g. historic cost, replacement cost and realisable value), earnings (e.g. price/earnings multiples and earnings yield) and cash flows (e.g. discounted cash flow, dividend yield and the dividend growth model).
- The strengths and weaknesses of each valuation method and when each is most suitable, e.g. by reference to type of investee organisation (service, capital intensive etc).
- Forms of intangible asset (including intellectual property rights, brands etc). and methods of valuation.
- Application of the efficient market hypothesis to business valuations
- Selection of an appropriate cost of capital for use in valuation
- Capital investment real options (i.e. to make follow-on investment, abandon or wait).
- Single period capital rationing for divisible and non-divisible projects. (Note: Multiperiod rationing will not be tested).
- Recognition of the interests of different stakeholder groups in mergers, acquisitions and company valuations.

- The reasons for merger or acquisitions (e.g. synergistic benefits).
- Forms of consideration and terms for acquisitions (e.g. cash, shares, convertibles and earn-out arrangements), and their financial effects.
- The post-merger or post-acquisition integration process (e.g. management transfer and merger of systems).
- The function/role of management buy-outs and venture capitalists.
- Types of exit strategy and their implications.
- The reasons for (e.g. strategic change, opportunity cost of investment) and mechanisms of demerger or divestment.
- Project implementation and control in the conceptual stage, the development stage, the construction stage and initial manufacturing/operating stage.
- Post completion audit of investment projects.
- Sources of financial risk, including those associated with international operations (e.g. hedging of foreign investment value) and trading (e.g. purchase prices and sales values).
- Transaction, translation, economic and political risk.
- Quantification of risk exposures, their sensitivities to changes in external conditions and their expected values.
- Minimising political risk (e.g. gaining government funding, joint ventures, obtaining local finance).
- Operation and features of the more common instruments for managing interest rate risk: swaps, forward rate agreements, futures and options.
- Operation and features of the more common instruments for managing currency risk: swaps, forward contracts, money market hedges, futures and options.
- Simple graphs depicting cap, collar and floor interest rate options.
- Theory and forecasting of exchange rates (e.g. interest rate parity, purchasing power parity and the Fisher effect).
- Principles of valuation of financial instruments for management and financial reporting purposes (IAS 39), and controls to ensure that the appropriate accounting method is applied to a given instrument.

- Quantification and disclosure of the sensitivity of financial instrument values to changes in external conditions.
- Internal hedging techniques (e.g. netting and matching).

Learning Outcomes

On successful completion of this subject, students should be able to:

- Interpret and critically appraise corporate objectives (including shareholder value, stakeholder value, value creation, investment policy and long and short-term financing).
- Analyse and evaluate the main financial management decisions of a company/organisation (including capital budgeting, investment appraisal, working capital management, capital structure and dividend decisions).
- Describe and discuss the relationship between risk and return and demonstrate its application to portfolio theory and the Capital Asset Pricing Model (CAPM).
- Apply, evaluate and compare common business valuation models.
- Evaluate the role of corporate planning and budgetary control as key elements in managerial finance, including the preparation and utilisation of performance measurement statements.
- Prepare and present quantitative and qualitative information for management decision making integrating analysis, argument, and commentary in a form appropriate to the intended audience.

Suggested Readings

- Arnold / Corporate Financial Management 5th Edition/ Pearson 2012 / ISBN 9780273758839
- Drury / Management & Cost Accounting 8th ed / (Cengage) / 2012 / ISBN: 9781408064313
- Financial Management – S.C.Pandey

PERFORMANCE MANAGEMENT

Contents

- Relevant cash flows and their use in short-term decisions, typically concerning acceptance/rejection of contracts, pricing and cost/benefit comparisons.
- The importance of strategic, intangible and non-financial judgements in decision-making.
- Relevant costs and revenues in decision-making and their relation to accounting concepts.
- Marginal and full cost recovery as bases for pricing decisions in the short and long-term.
- Simple product mix analysis in situations where there are limitations on product/service demand and one other production constraint.
- Multi-product break-even analysis, including break-even and profit/volume charts, contribution/sales ratio, margin of safety etc.
- Linear programming for more complex situations involving multiple constraints. Solution by graphical methods of two variable problems, together with understanding of the mechanics of simplex solution, shadow prices etc
- Sensitivity analysis of CVP-based decision models.
- Pricing decisions for profit maximising in imperfect markets. (Note: tabular methods of solution are acceptable).
- Pricing strategies and the financial consequences of market skimming, premium pricing, penetration pricing, loss leaders, product bundling/optional extras and product differentiation to appeal to different market segments
- The allocation of joint costs and decisions concerning process and product viability based on relevant costs and revenues.
- Value analysis and quality function deployment.
- The benefits of just-in-time production, total quality management and theory of constraints and the implications of these methods for decision-making in the 'new manufacturing environment'.
- Kaizen costing, continuous improvement and cost of quality reporting.
- Learning curves and their use in predicting product/service costs, including derivation of the learning rate and the learning index.

- Activity-based management in the analysis of overhead and its use in improving the efficiency of repetitive overhead activities.
- Target costing.
- Life cycle costing and implications for marketing strategies.
- The value chain and supply chain management, including the trend to outsource manufacturing operations to transition and developing economies.
- Gain sharing arrangements in situations where, because of the size of the project, a limited number of contractors or security issues (e.g. in defence work), normal competitive pressures do not apply.
- The use of direct and activity-based cost methods in tracing costs to ‘cost objects’, such as customers or distribution channels, and the comparison of such costs with appropriate revenues to establish ‘tiered’ contribution levels, as in the activity-based cost hierarchy.
- Pareto analysis.
- Control system concepts.
- The use of budgets in planning: ‘rolling budgets’ for adaptive planning.
- Responsibility accounting and the use of budgets for control: controllable costs and; treatment of uncontrollable costs; the conceptual link between standard costing and budget flexing.
- Assessing the financial consequences of projected performance through key metrics including profitability, liquidity and asset turnover ratios.
- What-if analysis based on alternate projections of volumes, prices and cost structures and the use of spreadsheets in facilitating these analyses.
- The evaluation of out-turn performance using variances based on ‘fixed’ and ‘flexed’ budgets.
- Behavioural issues in budgeting: participation in budgeting and its possible beneficial consequences for ownership and motivation; participation in budgeting and its possible adverse consequences for ‘budget padding’ and manipulation; setting budget targets for motivation; implications of setting standard costs etc
- Non-financial performance indicators.

- Criticisms of budgeting and the recommendations of the advocates of the balanced scorecard and ‘beyond budgeting’.
- Organisation structure and its implications for responsibility accounting.
- Presentation of financial information representing performance and recognising issues of controllable/uncontrollable costs, variable/fixed costs and tracing revenues and costs to particular cost objects
- Return on investment and its deficiencies; the emergence of residual income and economic value added to address these.
- The behavioural consequences of performance management and control.
- The theory of transfer pricing, including perfect, imperfect and no market for the intermediate good
- Use of negotiated, market, cost-plus and variable cost based transfer prices. ‘Dual’ transfer prices and lump sum payments as means of addressing some of the issues that arise.
- The interaction of transfer pricing and tax liabilities in international operations and implications for currency management and possible distortion of internal company operations in order to comply with Tax Authority directives.

Learning Outcomes

- Discuss concepts of cost and revenue relevant to pricing and product decisions
- Analyse short-term pricing and product decisions.
- Discuss pricing strategies and their consequences
- Evaluate techniques for analyzing and managing costs for competitive advantage
- Explain the principles that underlie the use of budgets in control.
- Evaluate performance using budgets, recognising alternative approaches and sensitivity to variable factors.
- Discuss the broader managerial issues arising from the use of budgets in control.
- Discuss the use of responsibility centres in devising organization structure and in management control.
- Discuss information suitable for management decision-making in responsibility centres.

- Discuss the broader managerial issues arising from the division of the organisation into responsibility centres.

Suggested Readings

- Aguinis, H. 2008. Performance management. 2nd ed. Harlow: Prentice Hall
- Armstrong, M. 2006. Performance management: key strategies and practical guidelines. 3rd ed. London: Kogan Page
- Armstrong, M. and Baron, A. 2004. Managing performance: performance management in action. 2nd ed. London:
- Kenny, G. 2004. Strategic planning and performance management: develop and measure a winning strategy. Oxford: Butterworth-Heinemann
- Paladino, B. 2007. Five key principles of corporate performance management. Hoboken, NJ: John Wiley
- Smith, M. 2005. Performance measurement and management: a strategic approach to management accounting. London; Thousand Oaks, CA: Sage
- Soltani, E., van der Meer, R. and Williams, T.M. 2005. Performance management: from control to development. Glasgow: University of Strathclyde. (Management Science, theory, method and practice series: working paper 2005/02)

LEADERSHIP AND PEOPLES PERFORMANCE

Contents

- The nature and significance of HR strategy (whether implicit or explicit) and its impact on employee/organisational performance, growth, profitability, and reputational advancement.
- The theoretical and practical difficulties of tracing cause and effect in organisations, especially when seeking to measure the multi-faceted consequences of an HR or corporate strategy or the interaction between the two.
- Alternative approaches to the design of HR strategies (best fit, best practice, etc.): their principal features, strengths, weaknesses, applications, advantages and consequences.
- Rationale for alignment ('bundling') between an organisation's corporate strategies and its HR strategies, with a review of the resulting synergies.
- Research-based evidence concerning the likely outcomes where such alignment is absent, deficient, or otherwise problematic.
- A critical review of HPW as a theoretical model for the achievement of sustained competitive advantage through people, integrating high-level 'Big Ideas' with top-down role modeling, managerial leadership, customer-focused systems and mechanisms for achieving employee engagement.
- Principles for the design and implementation of HR strategies customised for a wide range of organisational scenarios, including transience, mergers/acquisitions, strategic alliances and joint ventures. Comprehensive range of specific organisational scenarios.
- A dispassionate and evidence-based review of alternative models for people resourcing, including the traditional paradigm, the HPW paradigm, and contingency-based people resourcing strategies thought to be appropriate for specific organisations/sectors.
- A critical assessment of various strategies for the effective deployment & redeployment of employees, to cover processes for matching capabilities to organisational requirements and handling employee departures (voluntary or otherwise).
- Organisational strategies for confronting performance issues and the causes/symptoms/consequences of dysfunctional behaviour.

- A critical overview of organisational methods for enhancing employee retention including a special focus on ‘core competents’ (those who add particular value to the business).
- General theories concerning the ‘employer brand’/‘employer of choice’ concept: its meaning and implications.
- Evidence and research-based review of the ‘employer brand’/‘employer of choice’ concept, both in theory and in action.
- Critical and dispassionate analysis of the ‘learning organisation’ model, its underpinning philosophical justification, benefits, typical features (such as a self-managed learning culture, an infra-structure founded on the desire to develop the ‘intellectual capital’ of the business, and the promotion of ‘knowledge management’ in the enterprise as a whole) and its applications. An objective evaluation of ‘knowledge management’ as a principle for organizational design and conduct, including a review of its application problems in practice.
- Philosophical and semantic distinctions between such key concepts as ‘engagement’, ‘involvement’, ‘participation’, ‘commitment’, etc., examined evaluatively and theoretically
- Assessment of the strategic benefits claimed for organisations whose workforces are ‘engaged’ (as opposed to cultures characterised by instrumentalism).
- Classification and evidence-based assessment of the infrastructure (systems, structure and the ‘hard’ dimensions of operational management) and differentiator (top-down leadership and ‘soft skills’) elements which collectively can stimulate high levels of employee ‘engagement’.
- Appraisal of the approaches to be applied to stimulate employee ‘engagement’ in a comprehensive range of corporate settings.
- Critical analysis of the purposes which typically underpin the design and implementation of an explicit performance strategy.
- The principles and practices associated with the development and application of a performance strategy intended to optimise employee commitment and contribution within a specified organisational context.

- A research-based critique of the need for, the benefits of, and the hazards associated with formal performance review and appraisal systems, plus a review of the alternatives.
- A critical evaluation of strategic choice in the employee reward arena, with special reference to ‘total reward’ as an emergent theme for maximising employee performance, commitment, contribution and loyalty.
- Analysis of the evidence concerning the nature and significance of effective leadership in the furtherance of organisational achievement and progress, with particular reference to HPW.
- A critical, objective and research-based evaluation of the present state of play so far as the theory and practice of leadership is concerned.
- Review of the attitudes, behaviours and capabilities required for effective leadership, especially within a high engagement, HPW culture.
- Methods for situational diagnosis in order to select functionally-appropriate leadership behaviours and styles for application in a range of selectively-chosen scenarios.
- Identification, classification and critical evaluation of the triggers and influences typically promoting significant change in today’s organisations, together with the factors which inhibit change and encourage stability
- Assessment and review of the skills and competencies associated with effective change management – for individual executives/managers, for specialist change agents and for workforces more generally.

Learning Outcomes:

On completion of the course, students will:

- Understand the contribution that an organisation’s workforce can make to competitive advantage and the advancement of the strategic vision and values. Understand the contribution that an organisation’s workforce can make to competitive advantage and the advancement of the strategic vision and values.
- Understand and be able to apply strategies for people resourcing, retention and development.
- Understand strategies for enhancing employee commitment and engagement within an organisation, using incentives and other mechanisms.

- Understand the potential value of leadership approaches linked to High Performance Working (HPW) at all levels in the organisation (strategic, managerial and operational/tactical)
- Understand and be able to apply the theories, concepts and tools associated with organisational change.
- Know how to apply the capabilities associated with the effective and efficient management of change, and to maximise the contribution of people, within an HPW culture

Suggested Readings

- Bass, Bernard M. (1985). *Leadership and Performance Beyond Expectations*. New York, NY: Free Press.
- Bass, Bernard M. (1990). *Bass & Stogdill's Handbook of Leadership: Theory, Research & Management Applications*. New York, NY: Free Press.
- Becker, Brian E., Mark A. Huselid, and Dave Ulrich (2001). *The HR Scorecard: Linking People, Strategy, and Performance*. Boston, MA: Harvard Business Press.
- Csikszentmihalyi, Mihaly (2003). *Good Business: Leadership, Flow, and the Making of Meaning*. New York, NY: Viking.
- Duck, Jeanie Daniel (2002). *The Change Monster: The Human Forces that Fuel or Foil Corporate Transformation and Change*. New York, NY: Three Rivers Press.
- Fitz-enz, Jac (2000). *The ROI of Human Capital: Measuring the Economic Value of Employee Performance*. New York, NY: AMACOM.
- Freedman, Edward (1984). *Strategic Management: A Stakeholder Approach*. Boston, MA: Pitman Publishing.