BUSINESS POLICY AND STRATEGY – PAPER 15

OVERALL AIM

To enable the learner consolidate and apply knowledge in matters of reporting on strategic management, marketing and human resources management in organisations.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Critically assess the strategies adopted by business organisations

2. Evaluate the marketing mix

3. Assess the human resources management (HRM) function in organisations

4. Report on strategic options available to organisations

5. Report on the principles of strategic management accounting

6. Analyse contemporary management issues

7. Develop a strategic plan for organisations (business, government and NGOs)

8. Lead an organisational development process/consultancy in an organisation

9. Evaluate the ethical challenges regarding information systems
10. Evaluate the ethical responsibilities and challenges of accountants in forming business strategies and policies

11. Discuss the challenges facing entrepreneurs
12. Recognise and evaluate business opportunities
13. Prepare sound business plans

LEVEL OF ASSESSMENT

The examination will test the ability of the learner to comprehend, apply, evaluate and analyse strategic options available to organisations, and report on the principles of strategic

management accounting, covering issues on ethics, especially as they relate to marketing.

EXAMINATION STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

DETAILED SYLLABUS

A. STRATEGIC MANAGEMENT PROCESS

1. Strategic management: concept, scope and framework:
    (a) Nature and importance of strategic management

    (b) The strategic planning framework
2. Scanning the environment:
    Evaluation of internal and external organisational environment using various frameworks
    (a) External environment:
        (i) The macro environment using the PESTLED framework

        (ii) The micro environment using the five-forces framework

    (b) Internal environment:
        Assessment of the internal organisational competences using a range of frameworks, including:
        (i) Resource audit
        (ii) Functional structures
        (iii) Strategic gap analysis
        (iv) BCG - Growth share matrix framework
        (v) General electric grid
        (vi) Product profitability analysis
        (vii) Product lifecycle analysis
        (viii) Value chain analysis
        (ix) Financial analysis
        (x) Benchmarking
        (xi) Break even analysis
        (xii) The balanced score card
        (xiii) Customer profitability analysis
    (c) Situational analysis:
        (i) Evaluation of key success factors to organisational success
        (ii) Competitive advantage: its sources and sustainability
        (iii) Strength, weakness, opportunities and threats (SWOT) analysis
        (iv) Current strategy with focus on positives, negatives and likelihood of success

        (v)   Usefulness of models in gaining competitive advantage: SWOT analysis, Porter's five forces model, Value chain analysis and Generic strategies

        (vi)   Boston Consulting Group (BCG) matrix

3. Shaping a strategy
   - (a) Importance of vision and mission
   - (b) Developing a strategic vision and mission
   - (c) Need for objectives
   - (d) Qualities of objectives
   - (e) Importance of strategies in improving organisational performance
   - (f) Need for a corporate strategy, business strategy and functional strategy
   - (g) Evaluation of strategies:
     - (i) Generic strategies (cost leadership, differentiation and focus)
     - (ii) Directional strategies (growth, stability and retrenchment)
     - (iii) Ansoff's product/ market matrix (product development, market development, market penetration and diversification, related and unrelated)
   - (h) Restructuring:
     - (i) Retrenchment and divestiture
     - (ii) Business process re-engineering
     - (iii) Strategic alliances (joint ventures, licensing, franchising)
     - (iv) Corporate restructuring and turnaround
   - (i) Multinational strategies (exportation, licensing green field development)
   - (j) Diversification: importance

4. Evaluation and choice of strategies
   - (a) Evaluation of the appropriateness of strategies based on:
     - (i) Suitability
     - (ii) Feasibility
     - (iii) Acceptability
     - (iv) Competitive advantage
   - (a) Strategic analysis

5. Strategy implementation
   - (a) Organisational aspects that affect strategy implementation:
     - (i) Organisation structures
     - (ii) Policies and procedures
     - (iii) Support systems
     - (iv) Budgets
     - (v) Rewards and incentives
     - (vi) Corporate culture
     - (vii) Ethics and values

        (viii) Best practices

        (ix)   Social responsibility

        (x)   Strategic leadership

   (b) Failure of strategy implementation and remedies

6.   Strategic control

   (a) Need for strategic control

   (b) Forms of control

   (c) The control cycle

   (d) Performance measurement; appropriate key performance indicators (qualitative and quantitative)

   (e) Use of benchmarking in strategic control

   (f) Improvement of strategic control

7.   Developing a strategic plan

   (a) Structure of a strategic plan in:

      (i)   Business organisations

      (ii)   Public Sector

      (iii)   Non-governmental organisation (NGO) or Project organisations

   (b) Writing a development project proposal/plan for NGOs/ Government

      (i)   Application of problem tree analysis approach in developing project plans

      (ii)   Project logical framework (goals, objectives, inputs, outputs and outcomes) and its importance in developing the Project strategic plans/proposals

      (iii)   Constraining factors in development project planning (time, cost and quality)

   (c) Linking strategic plans to operational plans

      (i)   Importance of corporate, business and functional plans in an organisation

      (ii)   Process of developing strategic budget that is linked to strategic plans, and the major roles played by an accountant in the strategic planning process of organisations

      (iii)   Importance of linking a strategic plan to; business, human resource, financial, operational and marketing plans

      (iv)   Reasons for failure of linking strategic plans to operational plans in some organisations

B.   MARKETING MANAGEMENT

1.   Meaning of marketing:

   (a) Role of marketing for both profit making and non-profit making organisations

   (b) Stages in evolution of marketing

   (c) Strategic marketing/ the marketing plan:

      (i)   Assessment of internal and external marketing environment guided by a

range of frameworks (PESTLED, Five forces Model, BCG, Life cycle analysis)

    (ii) Situational assessment

    (iii) Characteristics of industrial and individual customers

    (iv) Consumer buying behaviour and its relevance to the marketer

    (v) Characteristics of goods and services, and the marketing implications

2. Marketing strategies:
   (a) Application of marketing concepts; market segmentation, market targeting, market positioning
   (b) Evaluation of marketing strategies; Ansoff's product market matrix (product development, market development, market penetration and diversification)
   (c) Strategic choices

3. Marketing mix
   Applicability of the elements of a marketing mix:
   (a) Product:
       (i) Goods versus services
       (ii) Product development process
       (iii) Relevance of the product life cycle

   (b) Price: pricing strategies

   (c) Place: distribution channels

   (d) Promotion:
       (i) Communication model as part of promotion
       (ii) Elements of the promotional mix
       (iii) Usefulness of 'push' and 'pull' promotional strategies

   (e) People: role of people in marketing goods and services

   (f) Processes: role of the process in service marketing

   (g) Physical evidence: the need to create physical evidence in service marketing

4. Ethics in marketing: practical challenges of ethics in marketing

C. HUMAN RESOURCE MANAGEMENT

1. Meaning, scope and functions:
   (a) Nature of human resource management and its relationship to organisational strategy
   (b) Human resources management process (planning, recruitment, retention and exit)
   (c) Human resource management and personnel management
       (i) Human resource management versus personnel management
       (ii) Role of line managers in the human resource management process

2. The human resource planning process; need for human resource planning

3. Recruitment and selection:
    (a) Job description, job specification, job evaluation

    (b) Sources of recruitment

    (c) Selection methods

4. Motivation:
    Relevance and applicability of motivation theories:

    (a) Maslow's hierarchy of needs

    (b) Herzberg's motivation (hygiene theory)

    (c) Victor Vroom's valence (expectancy) theory
5. Staff development and training:
    (a) Training and development
    (b) Role of training in the development of organisation strategy
    (c) The ideal training process
    (d) Forms of training (on the job versus off the job training)

6. Performance appraisal:
    (a) Need for performance appraisal
    (b) Forms of performance appraisal
    (c) Challenges of performance appraisal and ways of resolving them
7. Managing Generation X and Generation Y employees

D. OPERATIONS MANAGEMENT

1. Role of operations management in organisational strategy (facility location, production management, capacity utilisation)

2. Role of value chain in operations management

3. Production processes:
    (i) Appropriateness of production types and facility layouts (product focused, batch production, process focused, fixed position layout)
    (ii) Appropriateness of facility layouts (job, mass, and batch process)

E. ORGANISATIONAL DEVELOPMENT AND CHANGE

1. Managing an organisational development process

    (a) Scope, nature and context of organisational development (OD):
        (i) Meaning, nature and scope of OD
        (ii) Models of OD (the doctor-patient model and the action research model)

      (iii)   Phases of OD process (problem identification, data collection, diagnosis, planning and implementing, OD interventions, and evaluation and feedback)

      (iv)   Ethical principles of an OD consulting engagements

  (b) Organisational diagnosis:

      (i)   Meaning and importance of organisational diagnosis

      (ii)   Steps in organisational diagnosis (structural, process analysis, function analysis and domain analysis)

      (iii)   Facets of organisational diagnosis (process, modeling & methods)

      (iv)   Organisational diagnostic models (Weisbord's Six Box Model and MC Kinsey's 7'S Model)

  (c) Organisational development interventions: overview of levels of OD interventions (individual, group and organisational levels) organisational level OD interventions:

      (i)   Human process interventions (organisational confrontational meetings, inter-group relations, large-group interventions, and managerial grid development)

      (ii)   Human resource interventions (reward systems)

      (iii)   Techno-structural interventions (structural design, downsizing, reengineering, parallel structures, high-involvement organisations, and total quality management)

      (iv)   Strategic interventions (open systems planning, integrated strategic change, trans-organisational development, mergers and acquisitions, culture change, self-designing organisations, and organisational learning)

2.   Change management

  (a) The need for change management (changing environment versus resistance to change)

  (b) Forces of change: internal and or external

  (c) Approaches to change management (forceful change versus educative change)

  (d) Frameworks for change management:

      (i)   The champion of change model

      (ii)   Kurt Lewin's Freeze model

      (iii)   Kurt Lewin's Force Field Analysis

F. MANAGING INFORMATION SYSTEMS

1. Strategic importance of information systems
2. Evolution of information systems; Nolan's six states of evolution
3. Importance of information technology to a business; McFarlan's grid
4. Information systems used to support the overall business strategy; the information engineering model
5. Methods used to match the information strategy in an organisation with its business objectives;
    (a) Earl's Planning Process

(b)   Ward's Model of aligning information systems and business strategies

(c)   McFarlan's strategic grid

G.   CONTEMPORARY MANAGEMENT ISSUES

Origin, relevance and applicability of contemporary management issues:

(a)   Total quality management
(b)   Business process re-engineering
(c)   Results oriented management
(d)   Other emerging issues

H.   ETHICAL ISSUES

1.   Ethical responsibilities and challenges in formation of business strategies and policies

2.   Moral and ethical issues, and challenges related to information systems
3.   Prevention of industrial espionage and sabotage

4.   Considerations when providing volunteer work for political campaigns versus corporate time, funds, resources and assets

PART II- ENTREPRENEURSHIP

A.   CREATIVITY AND INNOVATION

1.   Creativity:

(a)   Meaning
(b)   Principles
(c)   Stages of creativity process
(d)   Limitation to creativity
(e)   Benefits of creativity

2.   Innovation:

(a)   Meaning
(b)   Types
(c)   Sources
(d)   Principles
(e)   Benefits

(f)   Fostering innovations in business ventures

B. DEVELOPING AN EFFECTIVE BUSINESS PLAN

1. Meaning of a business plan
2. Importance of a business plan
3. Users of a business plan
4. Essential components of a business plan:
    (a) Executive summary

    (b) Vision, Mission statements, goals, objectives and core values

    (c) Business description

    (d) Products/ Services

    (e) Organisation plan, production plan, financial plan, market analysis and market plan

    (f) Details of past achievements/ successes of members who form the management team

    (g) SWOT analysis of the company

    (h) Conclusion

    (i) Appendices
5. Presentation of a business plan
6. Factors that hinder the development of an effective business plan
7. Case studies

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