

## **APPENDIX A**

**MBA** 

(E-Learning)

January 2024



# **List of Study Guides with Interactive Activities**

BM4031 Managing People and Leading Organisations

(including sample of assessed coursework)

BM4030 International Strategic Management and Sustainability

BM4029 Entrepreneurial Skills and Innovation

BM4028 Operations Management, Supply Chains and Digitalisation

MK4030 Contemporary Marketing in Organisations

MG4205 Project Management

AC4420 Financial Management

MD4992 MBA Dissertation

CO4761 Business Intelligence and Data Analytics

ENTYIO: 200.1.3

## Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

## ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus	
Programme of Studies	MBA DL	
Module	BM4031 Managing Organisations	People and Leading
Level	BSc	MBA
		$\boxtimes$
Teaching Language	English	
Delivery Method	Distance Learning	Conventional
Τύπος Μαθήματος	Compulsory	Optional
Number of lectures	Total: 13	Physical Online: 13 presence:
Number of assignments		1
Final Mark	<ul><li>1 Coursework (50%)</li><li>1 Examination (50 %)</li></ul>	
ECTS		10

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# **STUDY GUIDE**

## **AUTHORS**

Dr Marilena Antoniadou

Course title

BM4031

Managing People and Leading Organisations

2023-2024

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## Introduction to the study guide and the module

This module aims to provide students with an understanding of the impact of individuals and groups in creating, shaping, and leading organisational behaviours. In this module students will learn and understand organisational behaviour from a managerial and critical viewpoint and will gain knowledge of how human resource management practices can respond to trends and emerging themes within the context of modern organisations. Students will have an opportunity to develop their knowledge and ability to apply relevant theories, tools, and techniques to practical real-world cases.

Firstly, the intricate relationship between an organisation's culture and its workforce will be explored, delving into key concepts and frameworks while reflecting on the contemporary challenges which shape the dynamics of modern workplaces. Real-world organisational cultures will be reviewed to identify strategies used to develop organisational cultures that led to business success.

This module will examine Organisational Behavior, unravelling the complexities of individual and group behaviors in the workplace. Understanding the psychology of individuals and teams is vital for effective people management, as it provides valuable insights into motivation, communication, and conflict resolution. The role of emotional intelligence will also be explored, recognizing its significance in building cohesive teams and enhancing employee well-being.

Effective leadership and talent development are critical factors driving organisational success, thus during the introduction to Leading and Developing People, you will gain insights into the various leadership style, approaches to talent development and strategies for employee engagement and performance. Furthermore, vital aspects of HRM will be explored, relevant to the design and implementation of high-performance work systems to align HR with organisational goals and objectives. The examination of people resourcing will cover essential topics such as workforce planning, talent management, employee motivation and enhancing overall productivity.

Within this context, the importance of fostering diverse and inclusive workplaces will be discussed through the examination of strategies for equality, diversity, and inclusion. Finally, the module will emphasize the importance of continuous learning and development. All organisations must embrace a culture of learning to adapt to evolving challenges and staying competitive in the dynamic business landscape.

## **Learning outcomes**

On successful completion of this module students will be able to:

- Critically evaluate the extent to which organisational behaviour can reshape effective people management practices.
- 2. Critically interpret the impact of leadership and leaders on major organisational issues, e.g., motivation, engagement, performance.
- 3. Evaluate the latest leadership and management trends in shaping strategic development of organisations.
- 4. Appraise how human resource management practices can lead organisations and contribute to the achievement of organisational strategy and vision.

## **Teaching methodology**

#### **Learning & Teaching strategy**

The module tutor/s will deliver the lecture material through asynchronous online lectures (recorded in MS Teams and accessible via Blackboard) followed by interactive activities and directions for further reading and research.

Students will have the opportunity to engage with a variety of activities across sessions, such as scenarios, expert talks, and reflection activities, and post their responses/views/ideas asynchronously on discussion boards. Students will also be provided with self-assessment quizzes, so that they can reflect on their progress. They will also be guided to use synchronous peer-to-peer discussions via MS Teams for specific activities, thus promoting and enabling the exchange of ideas and experiences. Students will also be asked to deliver responses on issues or questions via recorded messages on Teams, instead of written responses in the forum.

Following these interactive activities, students will receive feedback in various forms. For online quizzes, students will get real-time automatic feedback. For addressing other questions (e.g., relevant to a scenario or case study), rubrics are utilised so that students can self-evaluate their performance, thus promoting self-assessment. For sharing their ideas/views/valuations on the discussion forum, students will receive feedback from their tutors as well as their peers. Therefore, tutors will provide feedback by direct responses as well the other forms explained above. Where appropriate, students will be also provided with relevant further reading, web links and resources for independent study.

The purpose of incorporating such a large variety of activities is based on the importance of students' development of a diversity of transferable skills, along with providing an interesting and engaging environment for learning. Speakers from leading organizations or experts will be invited, where possible, to deliver live and recorded talks to further enhance the students' experience.

Students will also be provided with relevant further reading, weblinks and resources for independent study. Through independent study, students will be able to further enhance their knowledge in specific aspects discussed in the lecture which may be of interest to them. Different means of communication will be utilized by the tutor to offer support to the students based on the reported issue, e.g., MS Teams, Blackboard, and email. If the need arises, the module tutor will schedule live sessions to provide further feedback to the students.

## **Assessment strategy**

The module will be assessed using 2 components of assessed work as outlined below:

Number of Assessments	Form of Assessment	% weighting	Size of Assessment	Category of assessment	Learning Outcomes assessed
1	Portfolio	50%	2000 words	Coursework	1, 4
1	Exam	50%	1.5 h	Examination	2, 3

To pass this module students must achieve a mark of 50% or above aggregated across all the assessments

## Assessed work 1: Portfolio report

For the first piece of assessment, students will create and submit a portfolio report which is worth 50% of the final grade and will meet learning outcomes 1 and 4 of the module:

- Critically evaluate the extent to which organisational behaviour can reshape effective people management practices.
- 4. Appraise how human resource management practices can lead organisations and contribute to the achievement of organisational strategy and vision.

The task guides students into applying concepts, theories and frameworks delivered in the module.

## The task:

Select a real-world organization, or an organization you are currently working at, that has recently undergone a significant change or transformation in its culture and management practices (e.g. leadership change, merger, leadership succession, inclusion & diversity initiatives). In a 2000-word individual report, critically analyze the organization's journey to transform its culture, addressing the following key aspects:

- Begin by providing an overview of the organization's original culture. Apply relevant cultural
  frameworks (e.g., Schein's, Cultural Web, OCAI) to assess its previous culture. Describe the challenges
  that the organization faced, necessitating a cultural transformation. (Weeks 1, 2)
- Discuss how the organization's culture influenced employee behaviour and organizational outcomes before the transformation. (Week 3)
- Explore how group roles and dynamics within the organization contributed to or hindered the cultural change process. (Week 4)
- Analyse the change management strategies and techniques employed during the cultural transformation. Evaluate their effectiveness in overcoming resistance and driving change. (Week 5)
- Assess the role of emotional intelligence in the leadership and management of the cultural change process. Highlight any emotional intelligence competencies demonstrated by leaders. (Week 6)
- Discuss how leadership played a pivotal role in guiding the cultural transformation. Evaluate the leadership styles and practices employed. (Week 7)

In your report, provide evidence, examples, and recommendations for areas where the organization succeeded or faced challenges in its cultural transformation. Emphasize the interplay between organizational culture, leadership, and various HRM practices. Conclude with insights and lessons that can be applied to other organizations seeking cultural change for sustainable success.

## **Assessment pass requirements:**

## Two criteria apply to pass this assessment:

- 1. Minimum pass mark of the final report is 50%.
- 2. Submit the selective weekly activities which contribute towards the final report. Details of the submission of those weekly activities which contribute towards the final report are clearly indicated in subsequent sections.

Students will have access to the detailed assignment brief from week 1 and will use weeks 1-7 material to prepare for their submission. Each weekly exercise will be submitted by the end of the corresponding week in designated assignment spaces in MS Teams and/or Blackboard and the tutor will then review the submitted exercises on a weekly basis. You are expected to revise and improve your weekly submissions in the final report. The tutor will grade the final submission based on the assessment criteria (indicated in the relevant section).

Timeline of the submission of the weekly activities which contribute towards the final report:

Week	Topic	Activity to submit by the end of each week

2	Organisational Culture	Select a real-world organization, or an organization you are currently working at, that has recently undergone a significant change or transformation in its culture and management practices. Describe the challenges that the organization faced, necessitating a cultural transformation. What can you learn from the case studies we examined this week?
3	Introduction to Organisational Behaviour	How does a solid understanding of Organizational Behavior (OB) contribute to effective management and a thriving workplace? Share your insights and any personal experiences that highlight the impact of OB on individual, group, or organizational levels. Additionally, discuss what you foresee as the future trends in Organizational Behavior and how they might shape the way we perceive and manage workplaces.
4	Teams	How do different group roles and dynamics impact the overall effectiveness and productivity of a team? Can you share a personal experience where the distribution of roles or the dynamics within a group positively or negatively influenced the team's outcomes? How could a better understanding and management of group roles and dynamics have enhanced the team's performance?
5	Change Management	Select an organization that recently underwent significant cultural change. Discuss the change management models and strategies employed in the organization and evaluate their effectiveness in driving the transformation. Analyze how these models contributed to overcoming resistance and facilitating the cultural change process.
6	Emotional Intelligence	Discuss the Crucial Role of Emotional Intelligence in Cultural Change Leadership: Share Instances of El Competencies Demonstrated by Leaders in Managing Organizational Transformation.
7	Introduction to Leading and Developing People	Reflect on the real-world example of the organization that you currently examine in your assignment. How did leadership styles and practices contribute to the organisation's change, and what impact did they have on employee development and engagement? Share your insights and evaluate the effectiveness of the leadership approach in facilitating the cultural shift."

The tasks of each activity should be submitted by the end of each week. Although the weekly submissions are not graded, it is required that all tasks are **attempted (and submitted on time)** to pass the assignment.

## **Assessed work 2: Examination**

A 1,5hour unseen examination will be held during the examination period at the end of the semester. This assessed work is worth 50% of the final grade. The exam will consist of essay-style questions on the theoretical aspects of the module and will meet learning outcomes 2 and 3 of the module:

- 2.Critically interpret the impact of leadership and leaders on major organisational issues, e.g., motivation, engagement, performance.
- 3.Evaluate the latest leadership and management trends in shaping strategic development of organisations.

## Module pass requirements

The final grade for the module is the average of the overall self-filmed presentation (50%) and examination mark (50%). To pass, a student must achieve an overall weighted average of 50%, aggregated across all assessments.

## **Tutor contact details**

	Module leader/tutor
Name	Dr Marilena Antoniadou
Tel.	24 694000
Email	Mantoniadou1@uclan.ac.uk
Office hours:	Office hours vary per semester. Consult module's Blackboard space for the tutor's office hours. You can also email the tutor to arrange an online/in-class meeting at another convenient time.

# Purpose of the study guide

The purpose of this study guide is twofold:

- 1. provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying,
- 2. point to study material and provide self-assessment exercises to enhance students' knowledge and skills.

The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists keywords, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material.

Note that the study time includes the material study, searching for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It also includes the time required to viewing any offline recordings.

It should also be noted that this study guide should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

The study guide is revised and updated at the beginning of each academic year, to include any new content and requirements, which are also uploaded on Blackboard.

## L1 – Organisational Culture: key concepts and frameworks

(WEEK 1)

## Introduction and overview

The purpose of the first session of this module is to introduce the concept of Organisational Culture. We will look into fundamental aspects of organisational culture and go through the core concepts and framework that form it. Organisational culture is considered to play a critical role in determining how employees as individuals think, act and interact with each other within the work environment. By getting a clear understanding of its foundations, we can obtain valuable insights into the dynamics and complexities which shape and affect organisational culture.

We will start by defining and explaining the importance of organisational culture. Organisational culture has a variety of definitions, but it is mainly perceived as the collective values, beliefs, attitudes, and behaviours which form and determine how employees interact and work together. A positive, strong, and "healthy" organisational culture can foster and encourage harmony, cohesion, collaboration and an alignment with a company's mission, vision and values. Organisational culture plays a fundamental role in forming and affecting employee attitudes, behaviour, and overall organisational performance. As such we will discuss how organisational culture can influence a variety of aspects such as efficiency, innovation and employee satisfaction and motivation.

We will also investigate the dimensions of organisational culture, such as values, beliefs, norms, symbols, routines, rituals and role models. The dimensions of culture in general (such as power distance, individuals, feminism, uncertainty avoidance) formed by Hofstede will also be discussed, considering the effect of country culture on organisational culture. To take a closer look into the analysis of organisational culture, relevant frameworks will be considered. These include frameworks such as the "Cultural Web" and the OCAI (Organisational Culture Assessment Instrument). These frameworks allow companies to analyse their cultures via a systematic approach and assists in diagnosing issues within the culture.

The types of organisational culture will also be review. Examples of culture types are clan culture, adhocracy culture, market culture and hierarchy culture. These will be examined relevant to their attributes, advantages, and potential issues. Finally, the link between organisational culture and performance will be covered. There is a large body of research and literature delving on this topic and there is a multiplicity of findings and relevant arguments. It will be indicated how a strong and aligned culture that fits market demands and a changing environment, can be a significant determinant of organisational success, while also highlighting challenges and issues in the process of aligning culture during times of crisis or change in order for companies to purse growth or to achieve desired outcomes in their strategy.

As such, students by then of this session, will gain a solid understanding of the key concepts and frameworks in examining organisational culture. The knowledge gained is the foundation of the next session where contemporary challenges relevant to organisational cultures will be discussed.

## **Learning outcomes**

After completing this week's study, students are expected to be able to:

- Understand the definition and importance of organisational culture and its role on employee attitudes, behaviour, productivity, and performance.
- Determine and explain the core dimensions of organisational culture.
- Apply and utilise cultural frameworks, such as the Cultural Web and the OCAI.
- Differentiate between different types of organisational culture and assess their applicability across different contexts and markets, as well as their strengths and weaknesses.

## **Keywords**

Organisational Culture	Cultural frameworks	Hofstede
Values	Beliefs	Norms
Symbols	Rituals	Role models
Cultural Web	OCAI	Organisational Culture types

# **Bibliography**

## **Primary:**

Jolita Vveinhardt (2018) *Organizational Culture*. IntechOpen. Available at: <a href="https://doi.org/10.5772/intechopen.74347">https://doi.org/10.5772/intechopen.74347</a>. **Chapter 1** 

The Organizational Culture Assessment Instrument (OCAI), developed by Kim Cameron and Robert Quinn: https://www.ocai-online.com/about-the-Organizational-Culture-Assessment-Instrument-OCAI

McDonald, S. and Foster, R.A. (2013) 'The use of Johnson's Cultural Web to improve understanding of organisational culture: a critical review', *International journal of management*, 30(4), p. 340–.

## Supplementary:

Explore through the culture dimensions available in Hofstede's official website: <a href="https://www.hofstede-insights.com/">https://www.hofstede-insights.com/</a>

A Closer Look at Organizational Culture in Action (2021). IntechOpen. Available at: https://doi.org/10.5772/intechopen.77624.

Elsbach, K.D. and Stigliani, I. (2018) 'Design Thinking and Organizational Culture: A Review and Framework for Future Research', *Journal of Management*, 44(6), pp. 2274–2306. Available at: <a href="https://doi.org/10.1177/0149206317744252">https://doi.org/10.1177/0149206317744252</a>.

Goodman, E.A., Zammuto, R.F. and Gifford, B.D. (2001) 'The competing values framework: Understanding the impact of organizational culture on the quality of work life', *Organization development journal*, 19(3), p. 58.

Rao, J. and Weintraub, J. (2013) 'How innovative is your company's culture?', MIT Sloan management review, 54(3), p. 29–.

Spicer, A. (2020) 'Organizational Culture and COVID-19', *Journal of management studies*, 57(8), pp. 1737–1740. Available at: <a href="https://doi.org/10.1111/joms.12625">https://doi.org/10.1111/joms.12625</a>.

## **Self-assessment exercises**

#### **Activity 1:**

**Discussion Forum Question:** 

A study by the Boston Research Group into governance, culture and leadership asked employees from all hierarchical levels about their company's culture. Some saw their employer's culture as being top-down, but with skilled leadership, many rules and a mixture of carrots and sticks – 'the informed acquiescence approach'. Others described their company's culture as being based on command-and-control, top-down management or leadership-by-coercion – the 'blind obedience approach'. Still others, reported a culture where employees were guided by a set of core principles and values that inspired them to align their behaviour with their firm's mission – 'the self-governance approach'. Into which of these three categories would you place your own organization's culture? (*The Economist*, 2011).

Post your answers and replies to other students to our dedicated space on Blackboard.

#### **Activity 2:**

Watch on YouTube Jay Wilkinson's TED talk, Company culture (21:10). Wilkinson discusses whether an organization's culture is determined by design or by default. What do you think? Watch the video and share your thoughts in our Teams group chat: <a href="https://www.youtube.com/watch?v=WDFqEGI4QJ4">https://www.youtube.com/watch?v=WDFqEGI4QJ4</a>

## Recommended study time

Approx. 10 hours

# L2 – Contemporary challenges in Organisational Cultures: insights from real-world cases

(WEEK 2)

## Introduction and overview

The purpose of this session is to introduce the concept is to explore and take a deeper look into specific companies and the contemporary challenges in shaping organisational cultures. By investigating real-world cases, valuable insights on success and failure will be gained as well as examples of managing the complexities associated with organisational cultures across different contexts.

Firstly, the organisational culture of **Netflix** will be explored. Several books and papers have been written analysing the success factors of Netflix's culture. One very interesting book is 'NO RULES RULES: Netflix and the Culture of Reinvention' (2020) in which "Netflix co-founder Hastings and business guru Meyer hold forth on the unusual workplace culture – high performance, top pay, no rules, and constant candor – behind the entertainment company's streaming success". Netflix has gained a lot of recognition due to its high-performance culture and its distinctive approach to talent management, flexibility, autonomy, and accountability. We will explore how Netflix's organisational culture has been formed in promoting innovation and employee self-sufficiency and freedom while reflecting on the applicability or suitability of this approach in different markets and contexts.

In addition to the above case, we will briefly consider other interesting cases of Organisational cultures. We will explore the organisational culture of **Google** and how it has evolved. Google's culture has been famous for the emphasis placed on creativity, experimentation, and employee empowerment. The company has used a variety of strategies across its history to maintain a dynamic work environment while highlighting innovation. Although there have been different criticisms across the application of such strategies, the lessons gained from this approach will be considered. Other cases, such as **Uber's** cultural crisis and its approach towards transformation will be used to explore challenges in cultures, relevant to toxicity, discrimination or lack of diversity and inclusion. The strategies planned for the future of Uber's culture will be review. Finally, we will investigate **Amazon's** organisational culture to discuss challenges faced due to criticisms relevant to a high-pressure work environment, employee well-being and work-life balance. The lessons learned from this case can be discussed in relation to companies experience enormous growth and evolution and how in the process of pursuing business success, employee well-being can be promoted and maintained for sustainable growth and stakeholder trust.

## **Learning outcomes**

After completing this week's study, students are expected to be able to:

- Determine contemporary challenges in organisational culture
- Review and analyse real-world cases of companies addressing challenges relevant to their organisational culture
- Consider the application of best practices across different contexts including your own
- Understand the role and significance of organisational culture on company success, performance, and adaptation.

## **Keywords**

Organisational Culture	Netflix	Google
Autonomy	Flexibility	Talent Management
Innovation	Creativity	Empowerment
Inclusion	Toxicity	High-pressure

## **Bibliography**

## **Primary:**

Browse through the book:

'NO RULES RULES: Netflix and the Culture of Reinvention' (2020) *Kirkus Reviews*. Austin: Kirkus Media LLC.

## **Complementary:**

Dutta, D. (2018) 'In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture', Technology innovation management review, 8(6), pp. 5–14. Available at: https://doi.org/10.22215/timreview/1161.

Fesharaki, F. (2022) 'Memetic mapping and genealogy of Google's organizational culture', *International journal of organizational analysis* (2005), 30(6), pp. 1271–1285. Available at: https://doi.org/10.1108/IJOA-07-2020-2284.

Morrow, M. (2017) 'Uber's culture crash and how to avoid it', CIO [Preprint].

Van Den Berg, P.T. and Wilderom, C.P.M. (2004) 'Defining, measuring, and comparing organisational cultures: Challenges for Research in Work and Organisational Psychology', Applied psychology, 53(4), pp. 570–582.

## **Self-assessment exercises**

## **Activity:**

Select a real-world organisation, or an organisation you are currently working at, that has recently undergone a significant change or transformation in its culture and management practices. In the MS Teams space of the module, upload a short (5-minute) presentation (slides are optional) briefly discussing the key success factors of the company's organisational culture and lessons gained.

## Recommended study time

Approx. 10 hours

## L3 – Introduction to Organisational Behavior

(WEEK 3)

## Introduction and overview

The purpose of this session is to introduce the concept of organisational behaviour and the analysis its historical elements. One of the main goals of organizational behavior is to revitalize organizational theory and develop a better conceptualization of organizational life. Taking this into consideration the students will understand where the concept emerged from and the need to be studied further.

Organizational Behaviour (OB) is the study of human behaviour in organizational settings, the interface between human behaviour and the organization, and the organization itself. According to Keith Davis "organizational behaviour is the study and application of knowledge about how people act within organizations. It is human tool for the human benefit. It applies broadly to behaviour of people in all type of organization such as business, government, schools, etc. it helps people, structure, technology, and the external environment blend together into an effective operative system".

Stephen Robins defines organizational behavior as a "field of study that investigates the impact that individuals, groups, and structure have an organization for the purpose of applying such knowledge improving an organisation's effectiveness. Organizational Behavior researchers study the behaviour of individuals primarily in their organizational roles. One of the main goals of organizational behaviour is to revitalize organizational theory and develop a better conceptualization of organizational life.

As a multidisciplinary field, organizational behaviour has been influenced by developments in a number of allied disciplines including sociology, psychology, economics, and engineering as well as by the experience of practitioners.

**Definition by Fred Luthans** "Organizational behaviour is directly concerned with the understanding, prediction, and control of human behaviour in organizations." —

According to L. M. Prasad, "Organisational behaviour can be defined as the study and application of knowledge about human behaviour related to other elements of an organisation such as structure, technology and social systems."

Organizational behaviour has emerged as a separate field of study.

## The nature it has acquired is identified as follows:

#### 1. A Separate Field of Study and Not a Discipline Only:

By definition, a discipline is an accepted science that is based on a theoretical foundation. But, O.B. has a multiinterdisciplinary orientation and is, thus, not based on a specific theoretical background. Therefore, it is better reasonable to call O.B. a separate field of study rather than a discipline only.

## 2. An Interdisciplinary Approach:

Organizational behaviour is essentially an interdisciplinary approach to study human behaviour at work. It tries to integrate the relevant knowledge drawn from related disciplines like psychology, sociology and anthropology to make them applicable for studying and analysing organizational behaviour.

## 3. An Applied Science:

The very nature of O.B. is applied. What O.B. basically does is the application of various researches to solve the organizational problems related to human behaviour. The basic line of difference between pure science and O.B. is that while the former concentrates of fundamental researches, the latter concentrates on applied researches. O.B. involves both applied research and its application in organizational analysis. Hence, O.B. can be called both science as well as art.

#### 4. A Normative Science:

Organizational Behaviour is a normative science also. While the positive science discusses only cause effect relationship, O.B. prescribes how the findings of applied researches can be applied to socially accepted organizational goals. Thus, O.B. deals with what is accepted by individuals and society engaged in an organization. Yes, it is not that O.B. is not normative at all. In fact, O.B. is normative as well that is well underscored by the proliferation of management theories.

## 5. A Humanistic and Optimistic Approach:

Organizational Behaviour applies humanistic approach towards people working in the organization. It, deals with the thinking and feeling of human beings. O.B. is based on the belief that people have an innate desire to be independent, creative and productive. It also realizes that people working in the organization can and will actualise these potentials if they are given proper conditions and environment. Environment affects performance or workers working in an organization.

#### **6.A Total System Approach:**

The system approach is one that integrates all the variables, affecting organizational functioning. The systems approach has been developed by the behavioural scientists to analyse human behaviour in view of his/her socio-psychological framework. Man's socio-psychological framework makes man a complex one and the systems approach tries to study his/her complexity and find solution to it.

Organisational Behaviour - Scope

## The scope of the organizational behaviour is as under:

- Impact of personality on performance
- Employee motivation
- Leadership
- How to create effective teams and groups
- Study of different organizational structures

- Individual behaviour, attitude and learning
- Perception
- Design and development of effective organization
- Job design
- Impact of culture on organizational behavior
- Management of change
- Management of conflict and stress
- Organizational development
- Organizational culture
- Study of emotions

The field of the organizational behaviour does not depend upon deductions based on gut feelings but attempts to gather information regarding an issue in a scientific manner under controlled conditions. It uses information and interprets the findings so that the behaviour of an individual and group can be canalized as desired.

Large number of psychologists, social scientists and academicians has carried out research on various issues related to organization behaviour. Employee performance and job satisfaction are determinants of accomplishment of individual and organizational goals.

Organizations have been set up to fulfil needs of the people. In today's competitive world, the organizations have to be growth oriented. This is possible when productivity is ensured with respect to quantity of product to be produced with zero error quality. Employee absenteeism and turnover has a negative impact on productivity.

#### **Goals of Organizational Behaviour**

The goals of the organizational behaviour are as follow.

- **01-** The employee absenteeism, productivity and turnover are emphasized.
- 02- The employee performance is determined by the organizational citizenship concept.
- **03-** Attitudes consist of evaluative statements that are favourable or unfavourable and concern with people, objects or events.
- **04-** The attitude is formed from three basic elements that are cognition, effect & behaviour.
- **05-** The beliefs, knowledge, opinions & information possessed by a person constitute the cognitive element of that person.
- **06-** The feelings or emotions constitute the effective element of the attitude.
- **07-** The intention to act in a specific way represents the behavioural element of the attitude of a person.
- **08-** There are three major job related attitudes which are job involvement, job satisfaction & organizational commitment.

## **Learning outcomes**

After completing this week's study, the students are expected to be able to:

- Understand the concept of organisational behaviour in general and identify its importance in the business world.
- Discuss how organisational behaviour has emerged as a separate field of study and not a discipline.
- Understand Organisational behaviour as an applied and a normative science.
- Discuss the scope and the goals of organisational behaviour

## **Keywords**

Organisational behaviour	Concept	Applied science
Discipline	Normative science	Field of study
Scope	Goals	Emotions
Interconnectedness	Links	Behavioral operations

## **Bibliography**

Reference the following bibliography to study this week's material:

#### Core reading:

Robins, S.P. and Judge, T.A. (2023) Essentials of organisational behaviour, Fifteenth Edition, Pearson
 Chapter 1

A very important and interesting reading for the first 6 lectures that are dedicated to organisational behaviour. The concepts and ideas of organisational behaviour are well explained and evaluated in this book, using a well-understandable language.

#### **Complementary reading:**

• Hosain, M.S. (2019). Unethical pro-organisational behaviour: Concepts, motives and unintended consequences. *Asia-Pacific Journal of Management Research and Innovation*, *15*(4), 133-137.

An interesting article that will help all students get into the idea of what is ethical and what is unethical in regard to organizational behaviour whilst evaluating the core concepts of this topic.

McCormick, L., & Donohue, R. (2019). Antecedents of affective and normative commitment of organisational volunteers. *The International Journal of Human Resource Management*, *30*(18), 2581-2604.

## **Self-assessment exercises**

## Exercise (the discipline of organisational behaviour)

Discussion Forum Question: "How does a solid understanding of Organisational Behavior (OB) contribute to effective management and a thriving workplace? Share your insights and any personal experiences that highlight the impact of OB on individual, group, or organizational levels. Additionally, discuss what you foresee as the future trends in Organisational Behavior and how they might shape the way we perceive and manage workplaces."

Post your answers on our dedicated Blackboard space.

#### **Reflection Exercise:**

In a job interview, you are asked about the following problem: You are supervising a team of six people. The performance of one of your more experienced and long serving team members has started to fall sharply: poor timekeeping, slow responses to requests for assistance, careless work, not sharing information. You can see no obvious reason for this. How will you approach this problem in order to find a solution?

Share your thoughts in our Teams group chat.

## **Recommended study time**

Approx. 10 hours

## L4 - Understanding group roles in organisational behaviour

(WEEK 4)

## **Introduction and Overview**

The purpose of this session is to enable students to understand the importance of groups in an organisation and how correct group development works towards achieving a positive organisational structure. The group development is a core concept in the area of organisational behaviour and the evaluation of group development will help the students understand how groups are formed, developed, executed and in the end how they build a positive e organisational culture.

## Topic 1: What is a workplace group?

A workplace group is a collection of two or more people who join together within an organization for a particular goal or job. These people cooperate to complete a shared task, which could be a one-time endeavor or an ongoing aim. A work group may be formal or informal, depending on whether it was established formally or informally. While informal groups frequently develop naturally among employees based on shared interests or personalities, formal or informal, depending on whether it was established formally or informally. While informal groups frequently develop naturally among employees based on shared interests or personalities, formal groups may be created by management to accomplish particular goals.- Achieving organizational objectives and maximizing team performance both depend on effective group management in the workplace.

#### Key characteristics:

- Statues of each member
- Cohesiveness and diversity
- Separation of roles in a group
- The size and norms of a group

## Topic 2: What is a Role?

A role can be defined as the set of expected behavioral patterns for an employee occupying a certain position. Note that this definition also extends outside the workplace into other positions held in a family and general society. As you can guess by the word "role", it seems to imply some form of acting, such as a movie star having a role in a movie. Essentially, there is some natural overlap here as people in particular roles will adopt different behavioral patterns across their roles. For example, an executive working in an office will behave differently in that role, as compared to when they are home with their family and children playing the role of a parent.

#### **Multiple Roles**

It is important to understand that people will play a number of roles both inside and outside the workplace. This will mean that individuals behavior vary across their roles on an ongoing basis.

For example, inside a workplace one individual could be a specialist/expert in a particular department, they could also be a manager of staff, as well as being a mentor to new staff, and they could also be somebody who represents the organization to external parties, and so on. While outside of the workplace they could have the roles of partner, parent, member of a sporting team, involved in the community or community club, and so on. While most individuals will behave in a manner appropriate to the role at the time, it is also likely that this overlap of roles is likely to influence their behavior and decisions in other situations, and even may create personal conflicts (please refer to role conflict below).

## **Role Perception**

Role perception refers to how we perceive that we need to act in the role that we are "playing" at the time, either in a workplace or a personal environment. For example, if you were a manager in the accounting and finance area, you might see the role of that manager as being conservative, considered, and analytical. Whereas, if you were a manager in the advertising department, then you might see the role as creative, outgoing, ideas-driven, and so on.

It is also likely that the perception of the different roles – accounting versus advertising in this case – would also influence that person's appearance, dress, degree of social interaction with others, the use of humor in the workplace, and so on – as perceived as necessary by them to play the role.

The same role perception influence carries into an individual's personal life, where they think about how a partner, or parent, or teammate, or a member of the local community or club, should be acting.

#### **Role Expectations**

While role perception is the individual's perception of their own role, role expectations is how others perceive how the role should be played. For example, again using the accounting versus advertising manager positions

above – many people would have an expectation that an accountant is quite conservative in their dress and commentary, while generally expecting the advertising manager to be more creative, energetic and outgoing. You should note that these role expectations and perceptions are strongly tied to a stereotype view of the role.

#### **Psychological Contract**

In terms of role expectations, there is an unwritten "agreement" that could be considered a psychological contract in the workplace. Because it is unwritten, it is not actually a contract of any form, but an expectation on how you should behave/interact in your role and how the role (you) should be treated by management and the organization.

Sometimes this information is captured in various human resources policies and conditions. Some organizations would have policies on how to interact with employees, counsel them, motivate them and so on.

The important thing to note here is that role expectations and the psychological contract works on both sides – that is, it is a set of mutual expectations between management and employees.

#### **Role Conflict**

As highlighted above, individuals will play multiple roles in their life, including multiple roles in the same workplace. If there is a difference required between their values and/or decision making across their various roles, then this will lead to potentially role conflict.

As an example of potential role conflict, consider an individual who has the role of partner and parent in their home life, and who is also a human resources executive. Let's now assume that they are required to structure a policy on parental leave. In this case it is likely that their personal views on family and work life balance will influence their parental policy development to some extent.

To extend this example into a more conflicted situation, assume that this human resources manager was directed by senior management to reduce or eliminate parental benefits throughout the organization as a cost-saving measure. This directive is likely to be in direct conflict with their values as a parent and their role as a professional human resources manager.

#### **Role Adaptation**

## **Zimbardo's Prison Experiment**

Zimbardo's Prison Experiment was an identity and role experiment conducted at Stanford University many years ago. As part of this experiment they effectively created a "prison" and hired relatively average/normal students – in terms of personality and intelligence – to play the role of either a guard or a prisoner.

Obviously all the participants knew it was an experiment for psychological research purposes, and not a real prison, but they were willing to play along and act out their roles for the exercise.

The "prisoners" first had to adjust to the other students (that is, those acting as guards) having full authority over them, which should have been a difficult adjustment for some independent young students.

Consistent with social identity theory – where people will associate with their membership group and disassociate with people not in their group – this experiment set up an "us versus them" mentality. As a result, the students acting as guards became more aggressive and authoritative towards the "prisoners", while prisoner students became quite passive and almost defeated.

What this experiment highlights from a role perspective is that people can adapt to new roles relatively quickly. For instance, this exercise/experiment only ran for six days yet in that time these independent thinking students became totally engrossed and committed to their new roles.

## **Topic 3: Group development**

The five-stage group-development model suggests that all groups go through distinct stages in their overall development. These five stages are:

- the forming stage
- the storming stage
- the norming stage
- the performing stage
- the adjourning stage

#### Forming stage

This is the first stage of group formation. At this stage, there is a degree of uncertainty about the group, individual relationships may be new, and standard and accepted approaches and behaviours are generally unclear.

## **Storming stage**

The second stage of group development is the storming stage. As suggested by the word "storm", there is some potential conflict involved between the individual members. This conflict usually occurs because individual views

and approaches need to be aligned with overall group thinking. Occasionally there are very dominant individuals who want to make all the decisions, but in a relatively equal group this is unlikely to be agreed by all its members. Sometimes there is conflict on over who should be the group leader (if there is one) or how the group should proceed and whose plan should be implemented.

It is common to see the storming stage of group development portrayed in reality TV shows where contestants are required to form groups for an activity or task. Typically, you will see some of these contestants continuing to "battle for control". To move past this stage, there must be an acceptance to make decisions on behalf of the team, rather than being focused on individual decisions.

#### Norming stage

The norming stage occurs when the group finally settles into some sort of agree pattern of behavior and decisions. This is after the conflict has been resolved from the storming stage (perhaps not to everyone satisfaction), but sufficiently enough for the group to go forward on a consistent basis with an agreed plan and approach to their operations.

#### **Performing stage**

The performing stage of group-development is when the group is focused on getting the job done. At this stage, the team's focus passes to the actual activities and tasks required. The individuals of the group are keen to move forward and complete the objective.

Please note, that the word "performing" does not necessarily relate to high-performance, it simply relates to the completion of the task.

#### Adjourning stage

The final stage of group development relates to temporary teams and groups, where there is an end to the group and the individuals stop being a group.

Depending upon the group dynamics and the success of team, there will be mixed reactions and emotions in regards to the finalization of the group. For example, some members may be quite upset that the project has come to an end, whereas others would be pleased that the project has finalized. This would be due to a combination of personal interactions along the way, as well as the overall enjoyment/satisfaction of the project and its ultimate success/failure.

#### Group performance should improve over time

The research into this five stage group model research generally suggests that group performance will increase over time as the group moves through its different stages. This occurs because a more established team will have a better alignment of skills, a clearer agreement of goals and approaches, and the synergy of the overall team and the individual's skills and capabilities.

As you can probably imagine, each of these stages may take considerable time to progress. This time factor will relate to the importance of the task, the personality of the individuals involved, as well as the individuals'

experience in dealing with these sorts of groups. For example, an experienced manager who has been assigned to multiple project teams previously would have a good sense of how teams evolve, as opposed to somebody relatively new to organizational teams.

#### The expectation of conflict

There needs to be an expectation that groups will move through this form of process. For example, the second stage – the storming stage – is sometimes viewed as unusual or negative. With the result that on occasions the "conflicting" team members being counseled. However, this storming stage should be viewed as a natural progression of a group development and is an important stage to help clarify roles, plans and the working process.

#### Inefficient group development

Depending upon the time period involved – such as a weekend management retreat – there may not be time enough for groups to evolve through the five stages. Consequently, it is possible that quickly formed groups end up operating both in the storming stage and in the performing stage. In this case, there is no set agreement about the approach or plan, with the individuals in the group implementing the task (that is, the performing stage) but essentially executing their own plan or ideas (working somewhat independently).

The role of the organization with the five-stage group development model

Given the five stages of group development, the organization's management has a role to play in ensuring that groups develop effectively and achieve their required outcomes.

As part of this, there should be an expectation of conflict in the early stages (that is, the storming stage). And rather than this stage being seen as abnormal, the organization should view it as a normal progression of group development that will lead to a clarification of approaches.

Likewise, it is helpful to provide sufficient time for the group to progress through these various time group development phases. To aid this process, some organizations allow "bonding time" (that is, "getting to know" time). Although some organizations may see this as an inefficient use of time, it should generally help improve group performance (particularly for new teams of employees less familiar with working in groups).

The use of experienced people along with inexperienced employees (relative to group work) would also be helpful. This is because experienced employees (having been on various groups/committees before) would have a good sense of how groups progress over time, whereas relatively group members may perceive conflict and the progression of group development as a sign of concern and problems.

The only time that organization should be more directly involved in group issues is where it is apparent that two or more individuals within the group are refusing to align to group decisions and continually pursue individual ideas and tasks. That is, the group is unable to navigate past the storming stage due to individuals – the solution here is generally a new team composition (that is, adding/removing on or more team members)

## **Learning outcomes**

After completing this week's study, the students are expected to be able to:

- Understand what is a work group and a role within a group.
- Discuss about the different group roles and how you identify yourself in a group.
- Identify the five-stage group development model
- Evaluate the importance of social identity in an organisation
- Being able to identify themselves as part of a group and discuss about the importance of their sense of belonging.

## **Keywords**

group	Group development	Group role
Five-stage group development	forming	Storming
norming	performing	adjourning
Formal groups	Informal groups	Teams
Types of teams		

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Core reading:**

Lencioni, O. (2002) The Five Dysfunctions of a Team: A Leadership Fable. Jossey-Bass. Chapter 2

For twenty years, *The Five Dysfunctions of a Team* has been engaging audiences with a page-turning, realistic fable that follows the travails of Kathryn Petersen, DecisionTech's CEO, as she faces the ultimate leadership crisis. She must unite a team in such disarray that it threatens to derail the entire company. A very interesting book to read.

## **Complementary material**

Begerowski, S. R., Traylor, A. M., Shuffler, M. L., & Salas, E. (2021). An integrative review and practical guide to team development interventions for translational science teams: One size does not fit all. *Journal of Clinical and Translational Science*, 5(1)

This article seeks to integrate theories, methodologies, and frameworks from various disciplines across a team of researchers while placing emphasis on translation of findings in order to offer practical solutions to real-world problems. While translational research leads to a number of positive outcomes, there are also a multitude of barriers to conducting effective team science, such as effective coordination and communication across the organizational, disciplinary, and even geographic boundaries of science teams. Given these barriers to success, there is a significant need to establish team interventions that increase science team effectiveness as translational research becomes the new face of science. This review is intended to provide translational scientists with an understanding of barriers to effective team science and equip them with the necessary tools to overcome such barriers.

Mathieu, J. E., Gallagher, P. T., Domingo, M. A., & Klock, E. A. (2019). Embracing complexity: Reviewing
the past decade of team effectiveness research. *Annual Review of Organizational Psychology and*Organizational Behavior, 6, 17-46.

This article conceptualises organizational teams as dynamic systems evolving in response to their environments. They review the past 10 years of team effectiveness research and summarize its implications by categorizing studies under three main overlapping and coevolving dimensions: compositional features, structural features, and mediating mechanisms. Furthermore, the authors highlight prominent work that focused on variables in each of these dimensions and discuss their key relationships with team outcomes. Furthermore, there is a review on how contextual factors impact team effectiveness. On the basis of this review, the authors advocate that future research seek to examine team relationships through a dynamic, multilevel perspective, while incorporating new and novel measurement techniques. A very interesting article to read.

## **Self-assessment exercises**

#### **Forum Discussion Question:**

"In your opinion, how do different group roles and dynamics impact the overall effectiveness and productivity of a team? Can you share a personal experience where the distribution of roles or the dynamics within a group positively or negatively influenced the team's outcomes? How could a better understanding and management of group roles and dynamics have enhanced the team's performance?"

Post your answers in our dedicated Blackboard space.

#### Test: Belbin's Roles:

WHICH OF BELBIN'S TEAM ROLES ARE YOU? Do the test to find out which of Belbin's team roles you are (the test is available on Blackboard resources). Then share your findings with our group on MS Teams.

## **Real-life Case Study**

## Multicultural Multinational Teams at IBM

When many people think of a traditional, established company, they think of IBM. IBM has been famous for its written and unwritten rules—such as its no-layoff policy, its focus on individual promotions and achievement, the expectation of lifetime service at the company, and its requirement of suits and white shirts at work. The firm was one of the mainstays of the "man in a gray flannel suit" corporate culture in the United States.

Times have certainly changed.

IBM has clients in 170 countries and now does two-thirds of its business outside the United States. As a result, it has overturned virtually all aspects of its old culture. One relatively new focus is on teamwork. While IBM uses work teams extensively, like almost all large organizations, the way it does so is unique.

To foster appreciation of a variety of cultures and open up emerging markets, IBM sends hundreds of its employees to month-long volunteer project teams in regions of the world where most big companies don't do business. Al Chakra, a software development manager located in Raleigh, North Carolina, was sent to join GreenForest, a furniture manufacturing team in Timisoara, Romania. With Chakra were IBM employees from five other countries. Together, the team helped GreenForest become more computer-savvy to increase its business. In return for the IBM team's assistance, GreenForest was charged nothing.

This is hardly altruism at work. IBM firmly believes these multicultural, multinational teams are good investments. First, they help lay the groundwork for uncovering business in emerging economies, many of which might be expected to enjoy greater future growth than mature markets. Stanley Litow, the IBM VP who oversees the program, also thinks it helps IBMers develop multicultural team skills and an appreciation of local markets. He notes, "We want to build a leadership cadre that learns about these places and also learns to exchange their diverse backgrounds and skills." Among the countries where IBM has sent its multicultural teams are Turkey, Tanzania, Vietnam, Ghana, and the Philippines.

As for Chakra, he was thrilled to be selected for the team. "I felt like I won the lottery," he said. He advised GreenForest on how to become a paperless company in 3 years and recommended computer systems to boost productivity and increase exports to western Europe.

Another team member, Bronwyn Grantham, an Australian who works at IBM in London, advised GreenForest about sales strategies. Describing her team experience, Grantham said, "I've never worked so closely with a team of IBMers from such a wide range of competencies."

Sources: Based on C. Hymowitz, "IBM Combines Volunteer Service, Teamwork to Cultivate Emerging Markets," Wall Street Journal (August 4, 2008), p. B6; S. Gupta, "Mine the Potential of Multicultural Teams," HR Magazine (October 2008), pp. 79–84; and H. Aguinis and K. Kraiger, "Benefits of Training and Development for Individuals and Teams, Organizations, and Society," Annual Review of Psychology 60, no. 1 (2009), pp. 451–474.

## **Questions:**

1. If you calculate the person-hours devoted to IBM's team projects, they amount to more than 180,000 hours of management time each year. Do you think this is a wise investment of IBM's human resources? Why or why not?

- 2. Why do you think IBM's culture changed from formal, stable, and individualistic to informal, impermanent, and team-oriented?
- 3. Would you like to work on one of IBM's multicultural, multinational project teams? Why or why not?
- 4. Multicultural project teams often face problems with communication, expectations, and values. How do you think some of these challenges can be overcome?

Post your answers in our dedicated space on Blackboard.

## Recommended study time

Approx. 10 hours

## L5 - Change management

(WEEK 5)

## Introduction and overview

The purpose of this week's lecture is to help students identify first of all themselves as the ambassadors of change in any organisation, thus creating the environment of acceptance to change. Through the lectures and the various activities, the students will be able to discuss and analyse the concepts around change management and specifically focus on the role of leaders in change management.

#### Topic 1: Change management

Change management is defined as the methods and manners in which a company describes and implements change within both its internal and external processes. This includes preparing and supporting employees, establishing the necessary steps for change, and monitoring pre- and post-change activities to ensure successful implementation.

Significant organizational change can be challenging. It often requires many levels of cooperation and may involve different independent entities within an organization. Developing a structured approach to change is critical to help ensure a beneficial transition while mitigating disruption.

Changes usually fail for human reasons: the promoters of the change did not attend to the healthy, real and predictable reactions of normal people to disturbance of their routines. Effective communication is one of the most important success factors for effective change management. All involved individuals must understand the progress through the various stages and see results as the change cascades.

Steps to implement change management:

- 1. Define the change.
- 2. Select the change management team.
- 3. Identify management sponsorship and secure commitment.
- 4. Develop implementation plan including metrics.
- 5. Implement the change—in stages, if possible.
- 6. Collect and analyse data.
- 7. Quantify gaps and understand resistance.
- 8. Modify the plan as needed and loop back to the implementation step.

Topic 2: Leading change management

The following list of 10 guiding principles for change can help executives navigate the treacherous shoals of transformation in a systematic way.

- Lead with the culture. Lou Gerstner, who as chief executive of IBM led one of the most successful business transformations in history, said the most important lesson he learned from the experience was that "culture is everything." Yet change leaders often fail to address culture—in terms of either overcoming cultural resistance or making the most of cultural support. Among respondents whose companies were unable to sustain change over time, a startling 76 percent reported that executives failed to take account of the existing culture when designing the transformation effort.
- 2. Start at the top. Although it's important to engage employees at every level early on, all successful change management initiatives start at the top, with a committed and well-aligned group of executives strongly supported by the CEO. This alignment can't be taken for granted. Rather, work must be done in advance to ensure that everyone agrees about the case for the change and the particulars for implementing it.
- 3. Involve every layer. Strategic planners often fail to take into account the extent to which midlevel and frontline people can make or break a change initiative. The path of rolling out change is immeasurably smoother if these people are tapped early for input on issues that will affect their jobs. Frontline people tend to be rich repositories of knowledge about where potential glitches may occur, what technical and logistical issues need to be addressed, and how customers may react to changes. In addition, their full-hearted engagement can smooth the way for complex change initiatives, whereas their resistance will make implementation an ongoing challenge.
- 4. Make the rational and emotional case together. Leaders will often make the case for major change on the sole basis of strategic business objectives such as "we will enter new markets" or "we will grow 20 percent a year for the next three years." Such objectives are fine as far as they go, but they rarely reach people emotionally in a way that ensures genuine commitment to the cause. Human beings respond to calls to action that engage their hearts as well as their minds, making them feel as if they're part of something consequential.
- 5. Act your way into new thinking. Many change initiatives seem to assume that people will begin to shift their behaviors once formal elements like directives and incentives have been put in place. People who work together on cross-functional teams will start collaborating because the lines on the chart show they are supposed to do so. Managers will become clear communicators because they have a mandate to deliver a message about the new strategy.
- 6. Engage, engage, engage. Leaders often make the mistake of imagining that if they convey a strong message of change at the start of an initiative, people will understand what to do. Nothing could be further from the truth. Powerful and sustained change requires constant communication, not only throughout the rollout but after the major elements of the plan are in place. The more kinds of communication employed, the more effective they are, which is why HP's tearing down that fence was so important: Symbols reinforce the impact of words.
- 7. **Lead outside the lines.** Change has the best chance of cascading through an organization when everyone with authority and influence is involved. In addition to those who hold formal positions of power—the company's recognized leaders—this group includes people whose power is more informal and is related to their expertise, to the breadth of their network, or to personal qualities that engender trust.
- 8. **Leverage formal solutions.** Persuading people to change their behavior won't suffice for transformation unless formal elements—such as structure, reward systems, ways of operating, training, and development—are redesigned to support them. Many companies fall short in this area.

- 9. **Leverage informal solutions.** Even when the formal elements needed for change are present, the established culture can undermine them if people revert to long-held but unconscious ways of behaving. This is why formal and informal solutions must work together.
- 10. Assess and adapt. The Strategy&/Katzenbach Center survey revealed that many organizations involved in transformation efforts fail to measure their success before moving on. Leaders are so eager to claim victory that they don't take the time to find out what's working and what's not, and to adjust their next steps accordingly. This failure to follow through results in inconsistency and deprives the organization of needed information about how to support the process of change throughout its life cycle.

# **Learning outcomes**

After completing this week's study, the students are expected to be able to:

- · Discuss and evaluate change management
- Identify the positive and negative outcomes of change
- Identify themselves as ambassadors of change
- Learn about the change management challenges as an employee and as a manager respectively

# Keywords

change	Organisational change	Commitment to change
Change management	alternatives	Challenges
Change ambassadors	Group work	

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### Core textbook:

• Mansaray, H. E. (2019). The role of leadership style in organisational change management: a literature review. *Journal of Human Resource Management*, 7(1), 18-31.

A must-read article in regards to change management. Managing the steps to change is always a challenging procedure. The article is examining this element.

#### **Complementary material**

• Mansaray, H. E. (2019). The role of leadership style in organisational change management: a literature review. *Journal of Human Resource Management*, 7(1), 18-31.

A must-read article in regards to change management. Managing the steps t change is always a challenging procedure. The article is examining this element.

• Karácsony, P., Metzker, Z., Vasic, T., & Koltai, J. P. (2023). Employee attitude to organisational change in small and medium-sized enterprises. *E & M Ekonomie A Management*.

The crisis caused by the coronavirus pandemic affects the daily operation of organisations, which also brings changes in the life of their workforce. Managing organisational change has been a significant challenge for organisations for several decades. The aim of the research is to assess the behaviour of affected employees toward organisational change. It is examined how different groups of employee's experience change in general and what they think about organisational change. Furthermore, it is explored whether employees understand the motivation behind the change and how does the change impact their organisation.

• Mullins, L. J., & McLean, J. E. (2019). Organisational behaviour in the workplace. Harlow: Pearson.

An inspiring book, helping students identify themselves as parts of the process of change management and the implications of resistance to change. After reading this book, the student will be able to identify themselves, as co-workers, leaders and change ambassadors.

#### **Self-assessment exercises**

#### Video Exercise: Become an organisation owner for a day

This highly energetic activity will enhance creativity skills while implementing what the students have learned. The students are requested to create their own case study in regards to an organisation planning and implementing change. They have to explain in a short video (5 minutes) the issue that has led to the decision of change and how they plan to implement it. A short discussion of the expected obstacles must be included in the end of their case study.

Post your video/podcast on our Teams group chat.

#### **Discussion forum Question:**

"Select an organization that recently underwent significant cultural change. Discuss the change management models and strategies employed in the organisation and evaluate their effectiveness in driving the transformation. Analyse how these models contributed to overcoming resistance and facilitating the cultural change process."

Post your answers in our dedicated Blackboard space.

# Recommended study time

### Introduction and overview

Emotional intelligence is a concept that after it emerged, took a lot of attention by organisational behaviour researchers. Working in an environment where people have a high degree of emotional intelligence has been proved to be tremendously important in terms of creating a positive organisational culture. During this session, the students will be able to identify what emotional intelligence is and get an understanding of the benefits for themselves and the organisation.

#### Topic 1: What is emotional intelligence?

Emotional intelligence is our ability to:

- Accurately identify emotions in ourselves and others
- Understand and manage emotions
- Use and effectively communicate emotional feelings

# Know Yourself (Awareness)

- Increasing self-awareness and recognizing patterns and feelings lets you understand what makes you tick.
- This is the first step to growth.

# Choose Yourself (Intentionality)

 Building selfmanagement and selfdirection allows you to consciously choose your thoughts, feelings, and actions (vs. reacting unconsciously).

#### Give Yourself (Purpose)

- Aligning your daily choices with your larger sense of purpose unlocks your full power and potential.
- It comes from using empathy and principled decision-making to increase wisdom.

Emotional intelligence, also called EQ, is the ability to be aware of and to manage emotions and relationships. It's a pivotal factor in personal and professional success. IQ will get you in the door, but it is your EQ, your ability to connect with others and manage the emotions of yourself and others, that will determine how successful you are in life.

We have all worked with and listened to brilliant people. Some of them were great and... well, some were not so great. The mean and the meek and all those in between can teach us more than they realize. When we look at the truly extraordinary people who inspire and make a difference you will see that they do this by connecting with people at a personal and emotional level. What differentiated them was not their IQ but their EQ – their emotional intelligence.

Some thoughts on emotional intelligence:

- **Lea Brovedani**: "Using emotional intelligence helps us effectively deal with whatever we are handed in life."
- Reuven Bar-On, Ph.D.: "Emotional intelligence is an array of personal, emotional, and social
  competencies and skills that influence one's ability to succeed in coping with environmental demands
  and pressures."
- John Mayer, Ph.D. and Peter Salovey Ph.D.: "[Emotional intelligence is] the ability to perceive, appraise, and express emotion accurately and adaptively; the ability to understand emotion and emotional knowledge; the ability to access and/or generate feelings when they facilitate thought (use); and the ability to regulate emotions in ways that assist thought (manage)."
- Mayer and Salovey developed the PUUM Model:
  - Perceive
  - Use
  - Understand
  - Manage
- **Daniel Goleman:** "Emotional Intelligence is the capacity not only to be aware of and able to express our emotions but to manage and moderate them effectively too. Emotional Intelligence is what prevents anger from turning into rage and sadness into despair."

#### Topic 2: What is Optimism?

A pessimist is one who makes difficulties of his opportunities; an optimist is one who makes opportunities of his difficulties.

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	Optimistic View	Pessimistic View
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Success	<ul><li>Long term/global</li><li>"Due to hard work."</li><li>Meaningful/global</li></ul>	<ul><li>Short term/narrow</li><li>"Due to accident/fate."</li><li>Not meaningful/local</li></ul>		
Failure	<ul><li>Short term/narrow</li><li>"Due to lack of my work."</li><li>Not meaningful/local</li></ul>	<ul><li>Long term/global</li><li>"Due to others."</li><li>Meaningful/global</li></ul>		

Reprinted from 6 Seconds Web site: <a href="www.eqtoday.com/jpcoptimism.html">www.eqtoday.com/jpcoptimism.html</a>

#### When to use Optimism:

- If you are in a situation where you are trying to achieve, use Optimism. (Examples: getting a new job, selling a product, winning at a game)
- If you are concerned about how you will feel about something, use Optimism. (Examples: fighting off depression, keeping up morale)
- If you want to inspire people, teach people, or lead people, use Optimism.

#### When not to use Optimism:

The fundamental guideline for not using optimism is to ask yourself what the cost of failure is in the particular situation. If the cost of failure is high, then optimism is the wrong strategy.

If deciding whether or not to risk all of your money in a toss of the dice, or decide whether or not to drive in the storm, or dive off of the bridge into unknown waters, you should not use optimism. You may be risking bankruptcy, death, or being paralyzed.

- If your goal is to plan for a risky and uncertain future, do not use Optimism.
- If your goal is to counsel others whose future is dim, do not use Optimism initially.
- If you want to appear sympathetic to the troubles of others, do not begin with Optimism. However, using it later, once confidence and empathy are established, may help.

In a study of optimists and pessimist, death rates were compared. Every 10 point increase in pessimism was associated with a 19% increase in death rate. Staying optimistic means that we will live longer.

- From Learned Optimism by Dr. Martin Seligman

Topic 3: Validating Emotions in Others

Use the VALUE technique when someone is talking:

V	Validate
Α	Ask questions

L	<b>Listen</b> , especially listen to the vocal (the tone) as well as the verbal (the words)
U	Understand the meaning that can be behind the words
E	Empathize

Validation does not mean solving a problem or offering a solution. When we validate we acknowledge that we heard what the other person was saying. When someone is talking, listen without interrupting. Paraphrase, nod your head, or make appropriate listening responses to what they have said to show you are listening. Allow for pauses and silence.

Use the SOLER technique while you are listening:

S	<b>Sit</b> quietly with your arms and legs uncrossed. Crossed limbs can be interpreted as unwilling to listen, closed-minded.
O	Maintain an <b>open</b> posture.
L	<b>Lean</b> slightly forward in the direction of the speaker.
E	Maintain <b>eye contact</b> . Be sensitive though – some people are uncomfortable with extended eye contact.
R	Stay <b>relaxed</b> . Pay particular attention to your shoulders and neck.

Ask open-ended questions that require more than a yes or no response. Ask the person for their perception of the problem.

Listen to what the person has to say. Defer judgment on what someone is saying and focus on finding out more. Don't jump in with a solution when someone is starting to express their concerns. Continue to listen until the speaker has finished.

Understand the non-verbal clues. Look at their body language. In communication, the visual and the vocal account for 93% of the communication. The actual words someone uses accounts for only 7% of what they are really communicating. Recognize when someone's non-verbal behavior (e.g. eye contact and body posture) does not match what he or she is saying.

Empathize, don't just sympathize. You do not need to agree, but you should try to understand why the person feels the way they do. Do you really understand the other person's perspective?

**Topic 4: Emotions** 

The Seven Human Emotions

Most social scientists agree that there are seven emotional expressions that are basic to every culture. The thing to keep in mind is that our face is often displaying more than one emotion at a time, so we often see things like a person smiling although their eyes are sad.

According to Dr. Paul Ekman, a renowned psychologist, the seven emotions are:

#### **Sadness**

The inner corners of the eyebrows come up and together when a person is sad. This creates a set of wrinkles in the form of an upside-down U at the middle of the brow. There is also a slight vertical furrow between the eyes. Taken together, this is called Darwin's grief muscle. The outside corners of the mouth point down.

#### **Anger**

When people are angry, the inner corners of their eyebrows are drawn down and together in a prominent vertical wrinkle called a knit brow or furrowed brow. They may open their upper eyelids more widely, displaying the whites of their eyes. They may also create an intense expression by contracting the lower eyelids. Lips may be tightly pressed together, and the pink part of the upper lip may disappear.

#### Fear

A frightened person's eyebrows may appear nearly horizontal, with wrinkles stretched across the entire brow. As with anger, scared people show more of the whites of their eyes as the upper eyelid is raised. The corners of their lips may be pulled to the sides of the face in a tight horizontal line.

#### **Happiness**

Happiness causes muscles in the cheeks to rise, and muscles around the eyes to contract. This creates wrinkles in the corners of the eyes. The corners of the mouth also curve upward, in a symmetrical smile. Eye wrinkles are the main way to tell authentic smiles from phony ones. French neurologist Guillaume-Benjamin-Amand Duchenne de Boulogne is credited with identifying an authentic smile from an inauthentic smile. An authentic smile is known as a Duchenne smile.

#### **Surprise**

When people are surprised, they typically raise their upper eyelids, exposing the whites of their eyes. Also, the mouth or jaw may drop open.

#### Contempt

When people feel contempt, the left corner of the lip is pulled out to the side, creating a dimple. An eye roll often accompanies contempt as well.

### Disgust

When people are disgusted, they often wrinkle their noses as if smelling something bad. As a result, horizontal wrinkles may appear at the top of the nose between the eyes, and the upper lip may be raised.

#### What Do Emotions Tell Us?

Emotion	What it tells us	
Sadness	Lost something of value	
Anger	Way is blocked or get out of my way	
Fear	Possible threat – be prepared	
Happiness	Gained something of value, the way is safe	
Surprise	Something unexpected happened	

Contempt	Not worthy of care, hardening of feelings
Disgust	Rules are violated

Emotional expressions don't tell us the cause. You have to take into account the situation in which the emotion was expressed and how your own emotions affect the situation. Emotions in themselves are neither positive nor negative. It is what we do with the emotion that creates the outcome.

# **Learning outcomes**

After completing this week's study, the students are expected to be able to:

- Understand the concept of emotional intelligence (EQ)
- Evaluate the five elements of EQ
- Study the benefits of EQ at a personal level
- Study the benefits of EQ at an organisational level
- Identify ways to increase EQ levels in an organisation

# **Keywords**

Emotions	Emotional intelligence	empathy
Behaviours	Self-awareness	Self-development
understanding	Creating relationships	Understanding others

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### Core textbooks:

 Goleman, D. (2005) Emotional Intelligence: Why it can matter more than IQ. Random House Publishing. Chapters 1 & 2

Everyone knows that high IQ is no guarantee of success, happiness, or virtue, but until *Emotional Intelligence*, we could only guess why. Daniel Goleman's brilliant report from the frontiers of psychology

and neuroscience offers startling new insight into our "two minds"—the rational and the emotional—and how they together shape our destiny.

Drawing on groundbreaking brain and behavioral research, Goleman shows the factors at work when people of high IQ flounder and those of modest IQ do surprisingly well. These factors, which include self-awareness, self-discipline, and empathy, add up to a different way of being smart—and they aren't fixed at birth. Although shaped by childhood experiences, emotional intelligence can be nurtured and strengthened throughout our adulthood—with immediate benefits to our health, our relationships, and our work.

The twenty-fifth-anniversary edition of *Emotional Intelligence* could not come at a better time—we spend so much of our time online, more and more jobs are becoming automated and digitized, and our children are picking up new technology faster than we ever imagined. With a new introduction from the author, the twenty-fifth-anniversary edition prepares readers, now more than ever, to reach their fullest potential and stand out from the pack with the help of this book.

#### **Complementary material**

• Dixit, O., & Singh, S. (2019). Moderating influence of emotional intelligence on organisational citizenship behaviour and counterproductive work behaviour. *Journal of Strategic Human Resource Management*, 8(1), 26-31.

Emotions play a significant role in the organisational setting. It helps in building the social relationships which fosters the commitment of the employees towards the organisation which in turn affect the productivity of the organisation. The purpose of this very interesting article is to understand the influence the emotional intelligence on organisational citizenship behaviour and counterproductive work behaviour. Emotional intelligence would play a moderating role and would be positively correlated with organisational citizenship behaviour, and negatively correlated with counterproductive work behaviour. The results are very interesting to read and evaluate.

• George, O. J., Okon, S. E., & Akaighe, G. (2022). Emotional intelligence and work engagement: a serial mediation model. *Journal of Organizational Effectiveness: People and Performance*, *9*(2), 193-211.

Emotional intelligence (EQ) plays a vital role in work and non-work outcomes. Gaps exist in the role of contextual factor (i.e. perceived organisational support, POS) and personal resource (i.e. psychological capital, PsyCap) in investigating employees' EI. This current research draws on the cognitive—motivational—reactional theory of emotions and conservation of resources theory in examining the serial explanatory pathways between EI and work engagement.

• Supramaniam, S., & Singaravelloo, K. (2021). Impact of emotional intelligence on organisational performance: An analysis in the Malaysian Public Administration. *Administrative Sciences*, *11*(3), 76.

Organisations have shifted from traditional beliefs to the incorporation of agile methods for attaining high levels of performance through its established goals and objectives. Emotional intelligence (EI) is envisaged to contribute to the achievement of higher levels of performance. With the current global economic crisis and the pandemic situation, it has become very critical to achieve higher levels of performance with

limited resources. Countries confront challenges by way of attaining a higher level of emotional maturity and realisation in order to sail through the current economic storm.

# **Case study**

Study the case study by using the link here ( <a href="https://www.rochemartin.com/sky-better-business-emotional-capital">https://www.rochemartin.com/sky-better-business-emotional-capital</a>).

When you study what the specific organization has done and how they have perceived the importance of emotional intelligence, discuss in depth what you believe has helped the organization do by adopting this approach. In order for you to answer this question you need to study the organization further and their achievements. Share your thoughts on Blackboard's dedicated space.

#### **Exercises**

- 1. PLAY: TRUE OR FALSE Available on Blackboard
- 2. VOTE: Have you noticed instances in your personal or professional life where applying emotional intelligence has positively impacted your relationships or decision-making? https://take.quiz-maker.com/poll5000752xec132801-153
- 4. Discussion Forum Question:

Discuss the Crucial Role of Emotional Intelligence in Cultural Change Leadership: Share Instances of El Competencies Demonstrated by Leaders in Managing Organizational Transformation.

Post your answers in our dedicated space on Blackboard

#### 5. Reflective activity

In our lives, we have had people that have had a profound effect on us. They have helped nurture us and helped us grow as individuals. They may or may not know the effect they had on us. Sometimes they were teachers who taught us in a way that made us want to achieve. They saw something in us that we couldn't see in ourselves. Sometimes it was a friend and sometimes a boss that saw something special in us and gave us the chance to grow and excel.

Write down the names of at least two people who have had a profound effect on you.

Person #1: _	 	 	
Person #2: _	 	 	

What do you admire about them? Pick from the list or choose your own term (or terms) that describe what you admire about the people you chose. Pick at least 5 and a maximum of 10.

Ambitious	
Balanced	
Caring	
Committed	
Compassionate	
Courageous	
Creative	
Dependable	
Educated	
Fair	
Faithful	
Forgiving	
Fun	
Giving	
Industrious	
Loyal	
Moral	
Organized	
Patient	
Powerful	
Principle centered	
Pro-active	
Respectful	
Responsible	
Selfless	
Self-reliant	
Sensitive	
Thankful	

Tolerant	
Truthful	
Wise	

Activity 2: Creating your Vision Statement
To become the best person I can be I will:
LEAD a life centered around the principles of,,,
<del></del>
REMEMBER that what is important in life is,,,
, and
RESPECT admirable characteristics in others such as being,
, and, and attempt to implement similar characteristics in my own life.
RECOGNIZE my strengths and develop talents as a person who is,
ACKNOWLEDGE that I can be,, and
, and be constantly striving to change my weaknesses into strengths.
ENVISION myself becoming a person who:
My, (name of peer) thinks is,, and

(Boss's name)	thinks is	,, and	
·			
(Personal friend)	thinks is	,, and	
(client or subordinate)	thinks is	,, and	

# Recommended study time

#### **Introduction and Overview**

The purpose of this week's topic is to present an introduction to Leading and Developing People. The lecture examines the theoretical foundations of leading, managing and developing people, including leadership development, flexibility, agile working and the psychological contract. Topics covered in the lecture also include delegation, empowerment and giving and receiving feedback. This ensures that you are fully prepared to lead, manage and develop staff in the new world of work.

Leaders and managers are responsible for leading, managing and developing workers as well as acting as role models across the organisation. In addition to their direct supervisory responsibilities, they indirectly influence how other staff are managed and supervised. Leaders and managers need to be able to:

- demonstrate an inclusive, enabling and participatory leadership approach with individuals and teams working within the organisation
- take lead responsibility for reviewing, overseeing and participating in the safe selection and recruitment of workers
- initiate, develop and implement systems, procedures and practices to support staff engagement, development and retention
- initiate, develop and implement systems, procedures and practices that ensure health and safety at work
- role model and promote a culture which values staff health and wellbeing and supports work-life balance
- provide reflective supervision which includes both challenge and support and is responsive to workers' diverse learning needs and professional experience
- actively support and encourage learning and development for individual staff and teams including the provision of coaching and mentoring support
- identify and address any concerns with the quality of staff performance at individual, team or service level
- be prepared to challenge and address any breach of professional values, ethics and/or codes of practice including seeking support or specialist advice when required
- monitor, oversee and support workforce development in order to continuously improve the quality of support for people who use services, families and careers
- promote and contribute to a learning culture across the organisation.

More specifically, the lecture looks at some specific ways that workplaces and leaders use in order to develop people. The workplace offers many opportunities to develop people including:

- **Secondment** working temporarily in another job, or part of the organisation. Often used during sickness; or maternity leave.
- **Projects** one off tasks with a specific outcome to be achieved
- Team Learning from fellow employees
- Delegation carrying out tasks from a job above your level
- **Job rotation** planned sequence of jobs e.g. stock control; till/serving; customer service counter; changing each shift or week to become familiar with a range of jobs
- Courses and conferences
- On the job coaching

# **Learning outcomes**

After completing this week's study, you will be able to:

- 1. Understand the theory and practice of leading, managing and developing people in the workplace
- 2. Debate and critically evaluate the characteristics of effective leadership and the methods used to develop people in organisations.
- 3. Explore the responsibilities that the manager has for training and development

# Keywords

Delegation	Empowerment	Psychological Contract
Flexibility	Feedback	Motivation
Coaching	CPD	Development

# **Bibliography**

#### **Primary material**

 Aguinis, H., & Kraiger, K. (2009). Benefits of training and development for individuals and teams, organizations, and society. *Annual review of psychology*, 60, 451-474.

This article provides a review of the training and development literature since the year 2000.

Rayner, C., & Adam-Smith, D. (2009). Managing and leading people. Chapter 1: Managing and Leading
 People in High Performance Organisations, Chartered Institute of Personnel and Development.

This book reflects developments in management and leadership and adopts an international perspective. Key topics include the strategic context, ethics and diversity, the psychological contract, motivation and reward, recruitment and selection and developing for the future.

Rees, Gary, and Raymond French, (2016) eds. Leading, managing and developing people. Chapter 5:
 Leadership and Leader Development, Kogan Page Publishers.

Provides comprehensive coverage of key issues including leadership development, professionalism, motivation at work, employee engagement and retention. Chapter 5 focuses on specific themes within the area of leading, managing and developing people.

#### **Self-assessment exercises**

#### **Discussion Forum Question:**

Reflect on the real-world example of the organization that you currently examine in your assignment. How did leadership styles and practices contribute to the organisation's change, and what impact did they have on employee development and engagement? Share your insights and evaluate the effectiveness of the leadership approach in facilitating the cultural shift."

Post your answers in our dedicated Blacboard space.

#### Padlet:

Post a photo of a Leader who is well known for their contribution in helping to develop people. Then write under the photo what type of leader they are, using the theories we examined in the Lecture. https://padlet.com/m antoniadou/week7

VOTE: Which employee development method do you find most appealing or effective?

https://take.quiz-maker.com/poll5000759xE1884D6D-153

Assess your Leadership Style: On Blackboard you will find a leadership style questionnaire. The purpose is:

- 1. To identify your style of leadership
- 2. To examine how your leadership style relates to other styles of leadership

# Recommended study time

# L8 – Developing Strategic Human Resource Capability – High performance work systems and HRM

(WEEK 8)

## Introduction

The purpose of this week's lecture is to cover the fundamentals of developing a strategic Human Resource (HR) capability, which will comprise of high performance work systems and human resource management. Strategic capability refers to the ability of an organisation to develop and implement strategies that will achieve sustained competitive advantage. Human resource capability is valuable, rare, irreplaceable, and difficult to imitate; therefore, it is crucial for creating sustainable competitive advantages. Human resource capability can be appropriately used to improve the performance of an organisation. More specifically, strategic human resource management (strategic HRM) provides a framework linking people management and development practices to long-term business goals and outcomes. It focuses on longer-term resourcing issues within the context of an organisation's goals and the evolving nature of work. It also informs other HR strategies, such as reward or performance, determining how they are integrated into the overall business strategy.

The lecture starts by defining Strategic HR Capability and how it links with business strategy. It looks at various perspectives on the specific activities of HR capability (e.g. planning, employment, evaluation, rewards, and development. One framework is presented by Pfeffer (1998) who outlined seven categories of HR practices: employment security, selective hiring, self-managed teams, high compensation contingent on company performance, extensive training, reduced status distinctions, and information sharing. By comparison, McDonough (2000) advocated that three crucial, closely related, and highly complementary HR practices are the key for innovation-oriented organisations to develop cross-functional teams: (a) training, in which skills and human capital are invested; (b) pay for performance, which emphasises rewarding employee contributions and achievements; and (c) team development, in which team-based activities are actively developed and promoted. It then discusses its links with human capital management and business performance, while it places emphasis on people analytics as a key work system which involves the use of workforce data to drive effective decision making. People analytics now forms part of both operational and strategic decision making in organisations.

Finally, the lecture highlights how a good business strategy is informed by people factors. This is driving demand for greater evaluation and reporting of human capital data. Individual HR strategies may be shaped by the business strategy. For example, a business strategy for improving customer service may translate into discrete

HR strategies involving the use of training plans or performance improvement plans. However, it is too simplistic to suggest that strategic HRM simply follows on from business strategy – the two must inform one another. The way in which people are managed, motivated and deployed, and the availability of skills and knowledge, should all shape the business strategy. Indeed, it's now increasingly common to find business strategies that are inextricably linked with, and incorporated into, strategic HRM, defining the management of all resources within the organisation.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Define and explain Strategic HR Capability
- Analyse key external and contextual developments which influence HR strategy
- Apply contemporary theoretical and practical knowledge of HR development

# **Keywords**

Strategic HR	Strategy	Business growth
People factors	Sustainable competitive advantage	Capabilities

# **Bibliography**

#### **Primary material**

• McDonough III, E. F. (2000). Investigation of factors contributing to the success of cross-functional teams. Journal of Product Innovation Management: *An International Publication of the Product Development & Management Association*, 17(3), pp. 221-235.

In looking at how to achieve successful teams, many factors have been suggested in the literature by a number of different researchers. The author suggests a model of these factors that divides them into three categories that help achieve success.

- Pfeffer, J. (1998). Seven practices of successful organizations. *California management review*, 40(2), pp. 96-124. Jeffrey Pfeffer outlines the seven practices of effective management of people that can substantially produce enhanced economic performance.
  - Sikora, D. M., & Ferris, G. R. (2014). Strategic human resource practice implementation: The critical role of line management. *Human Resource Management Review*, 24(3), pp. 271-281.

This paper uses social context theory to propose that line manager HR implementation is influenced by organizational culture, climate, and political considerations.

#### Self-assessment exercise

#### Simulation:

**Scenario**: Imagine you are an HR manager in a mid-sized tech company facing challenges related to employee turnover. While the company has been successful in attracting top talent, retaining skilled employees has become increasingly difficult. The turnover rate has risen, impacting team stability and project continuity.

**Question:** As an HR strategist, outline a plan to address the employee turnover issue. Consider strategic HR practices such as talent management, employee engagement, and development. What specific initiatives would you propose to enhance employee retention? How would you align these initiatives with the company's overall strategy and business objectives?

#### Virtual Discussion on Case Study of Strategic Human Resource Management in Walmart Stores

#### <u>Introduction</u>

Sam Walton established Walmart in 1962 on 3 revolutionary philosophies: respect for the individual, service to our customers and strive for excellence. Walmart, Inc. is not only the largest discounted retailer in the world, it also ranks as the largest corporation in the world. The retail giant dwarfs its nearest competition, generating 3 times the revenues of the world's number two retailer, France's Carrefour SA. Domestically, Walmart has more than 1.2 million workers, making it the nation's largest nongovernmental employer. US operations include 1,478 Walmart discount stores (located in all 50 states). Its international operations commenced in 1991 covering Canada and Puerto Rico, including Walmart Supercenters in Argentina, Brazil, China, Germany, Mexico, Puerto Rico, South Korea and the United Kingdom

Walmart strives to maintain its competitive advantage through its satellite-based distribution system and by keeping store location costs to a minimum by placing stores on low-cost land outside small- to medium-sized towns, both in the United States and in its overseas affiliations.

#### **Corporate Strategy and HR Strategy at Walmart**

Walmart purchased massive quantities of items from its suppliers to form a scale economy, and its efficient stock control system helped in making its operating costs lower than those of its competitors. It also imported many goods from China, "the world's factory," for their low cost.

Managers engage in three levels of strategic planning: the corporate-level strategy; the business-level strategy and the function-level strategy. The functional strategy should serve the overall company strategy so that the corporate strategy could be implemented more effectively and efficiently.

The basic premise underlying SHRM is that organizations adopting a particular strategy require HR practices that are different from those required by organizations adopting alternative strategies (Jackson and Schuler, 1995). Generally, there are two primary SHRM theoretical models: the universalistic best practices and the contingency perspective of "best fit." The contingency perspective of "best fit" elucidates that individual HR practices will be selected based on the contingency of the specific context of a company. Walmart has different corporate strategies with those retailers with a differentiation strategy, and this enables Walmart to actually cultivate the primary contingency factor described in the SHRM literature. What's more, we should remember that individual HR practices will interact with the firm's strategy to result in organizational performance, and these interaction effects which make up the "universal best practices" of the firm may not apply so well in another company.

In the following paragraphs we'll examine the "fitness" of HR practices in Walmart against this theoretical model, which is also the integration process of HR practices with the contingency variables to some extent.

With regard to recruitment, for example, *The New York Times* (January 2004) reported on an internal Walmart audit which found "extensive violations of child-labor laws and state regulations requiring time for breaks and meals." The cheap cost of child labor and the employment of minors enable Walmart to earn a more cost-competitive advantage over other companies. Walmart has also faced a barrage of lawsuits alleging that the company discriminates against workers with disabilities, for the recruitment of these people means providing more facilities for them and the loss of efficiency to some extent.

From the training perspective, through training on the behavioral requirements for success and encouragement, Walmart tried to adjust employee behaviors and competencies to what the company's strategy required, which is to lower the cost more. This logic is also embodied in its "lockin" of the nighttime shift in various stores. Through this enforced policy, Walmart tried to prevent "shrinkage" behavior of its employees to eliminate unauthorized cigarette breaks or quick trips home.

From the performance management perspective, Walmart made highly demanding standards and job designs. *The New York Times* reported that Walmart resorted to extensive violations of state regulations requiring time for breaks and meals. There are so many instances of minors working too late, during school hours, or for too many hours in a day, because the performance appraising just forces them to do so. In career management also, Walmart goes to great lengths to reduce cost, and there are many cases in which women sued Walmart for its policy that discriminated against women by systematically denying them promotions and paying them less than men. Women are pushed into "female" departments, and are demoted if they complain about unequal treatment, just to enable more cost reduction against its competitors.

From the compensation management perspective, Walmart has also implemented very aggressive HR policies and activities. Walmart imported \$15 billion worth of goods from China, not only for the strategic consideration of the supplier chain economy, but also because Walmart has some factories in China, whose products are branded with the Walmart name. Through this method, Walmart pays

much less to the Chinese laborers in this "world factory" and earns some benefits, and so we can see how Walmart's corporate strategy is intensely integrated with its HR policy. In 2002, operating costs for Walmart were just 16.6% of total sales, compared to a 20.7% average for the retail industry as a whole, which supported the overall strategy greatly. Walmart workers in California earn on average 31% less than workers employed in other large retail businesses. Actually, with other operating and inventory costs fixed by the higher level management, store managers must turn to wages to increase profits, and Walmart expects labor costs to be cut by two-tenths of a percentage point each year.

From the employee benefit and safety perspective, workers eligible for benefits such as health insurance must pay over the odds for them. In 1999, employees paid 36% of the costs. In 2001, the employee burden rose to 42%. While employees of large firms in the United States pay on average 16% of the premium for health insurance, unionized supermarket workers typically pay nothing. Walmart was frequently accused of not providing employees with affordable access to health care, but the top managers and HR managers knew that their focus was just to try their most to implement Walmart's corporate strategy.

Finally, from the labor relations perspective, Sam Walton sought to bring great value to customers through aggressive discounting. Because unionized supermarket workers typically pay nothing, Walmart has a strong anti-union policy. Allegations of firing workers sympathetic to labor organizations have been made, and all new employees are shown a propaganda videotape, that says that joining a union would have bad implications for them and that the employees should never sign a union card. In the United Kingdom it was reported in *The Guardian* that Walmart is facing the prospect of a bruising legal battle with the GMB trade union in a row over collective bargaining rights as the union would not accept Walmart withdrawing a 10% pay offer to more than 700 workers after they rejected a new package of terms and conditions, which included giving up rights to collective pay bargaining. Here there may be some doubt as to why Walmart has recently allowed unionization in their stores in China, where unionization is mandatory. However, this mandatory rule was made a long time before Walmart's walk into China, and that is why Walmart gave up its persistence in not having some unions, and its former reason to the Chinese government was that it did not have any unions in its global business. So how do we see Walmart's compromise if that constitutes a "compromise"?

It has been argued that doing business in China is particularly difficult because of the higher relative importance of personal relationships (guanxi), as opposed to the specification and enforcement of contracts in the West. Walmart China has tried every effort to develop good relationships with the Chinese government and other influential groups. So, Walmart's exception of allowing unionizations is just in accordance with its corporate strategy and HR strategy. If it ignores the Chinese government's firm rule, its cost would just outweigh what it would save by organizing no unions in its labor relations management as Walmart provides little power for Chinese workers as the unions are controlled by the state.

#### Conclusion

Therefore, from the above discussion we know that Human Resource Management is of strategic importance to Walmart. Both the top managers and HR executives should pay more attention to employee management on a daily basis. They should play more positive roles in training and utilizing their human resources as well as cultivating a better organizational culture, all of which may prove to be more cost effective, and correspondingly help realize Sam Walton's simple philosophy of "bringing more value to customers."

#### Questions:

- How does Walmart's corporate strategy align with its HR practices, and in what ways does this
  alignment contribute to the company's competitive advantage? Discuss specific examples
  from the case study that highlight the integration of HR practices with the overarching
  corporate strategy.
- 2. The case study outlines instances where Walmart's HR practices, such as recruitment and labour relations, have faced ethical scrutiny. How can organisations balance the pursuit of strategic goals with ethical considerations in HR management? In your opinion, what ethical principles should guide HR practices to ensure a fair and supportive work environment? Support your response with insights from the case study.

Post your answers in the dedicated Blackboard space.

# Recommended study time

# L9 – People Resourcing: Workforce Planning and Design, succession planning and talent management

(WEEK 9)

#### Introduction and overview

In this week's lecture we look at the concept of People Resourcing, which includes three areas around: workforce planning and design, succession planning and talent management. These areas are extremely important and essential management practices. In this lecture, then, we will explore information on resourcing and talent planning and management, including talent audits and latent pools, career planning, management and development (including promotion and secondment), succession planning, turnover and retention.

One important area of people strategy is workforce planning. Workforce planning is a core business process which aligns changing organisation needs with people strategy. It can be the most effective activity an organisation can engage in. It can provide market and industry intelligence to help organisations focus on a range of challenges and issues, and prepare for initiatives to support longer term business goals. This helps organisations meet their future skills needs and support their long-term business goals. There is recently been renewed interest in this issue, largely driven by the realisation that in a fast-changing economy some degree of planning is vital to ensure the organisation is developing enough capacity to adapt to new trends and take advantage of emerging opportunities. Workforce planning involves putting business strategy into action. It must therefore be an iterative process - feeding information upwards on the capability and capacity of the workforce to deliver - and acting on forecast need for skills and capabilities to take the organisation forward.

Succession planning focuses on identifying and growing talent to fill leadership and business-critical positions in the future. In the face of skills shortages, succession planning has gained popularity, and is now carried out in both large and smaller organisations.

Talent management is the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation. This may be through their high potential or because they fulfil critical roles. Many organisations are broadening their definitions, looking at the 'talents' of all their staff and working on ways to develop their strengths (see 'inclusive versus exclusive approaches' below). At its broadest, then, the term 'talent' may be used to include an organisation's whole workforce. The interpretations emphasise that it's not enough just to focus on attracting talented individuals.

Managing, developing, and retaining them as part of a planned talent strategy is equally important. Talent management programmes can include a range of activities such as formal and informal leadership coaching and or mentoring, secondments, networking events and opportunities to meet board-level individuals or directors. Talent management has evolved from being associated solely with recruitment into an essential management practice, covering many areas such as organisational capability, workforce and succession planning, individual performance and development.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Discuss the functions of People Resourcing
- Examine the benefits and challenges of workforce planning succession planning and of talent management
- Outline effective succession and talent management practices

# Keywords

Talent management	Succession planning	Talent
Workforce planning	Internal skills development	Talent Planning

# **Bibliography**

#### **Primary material**

• Clutterbuck, D. (2012) *The talent wave: why succession planning fails and what to do about it.* Chapter 1: What's wrong with succession planning, London: Kogan Page.

This is helpful chapter that explains issues and challenges of succession planning.

• De Ameida, E. (2018) Seven things to learn about succession in organisations. *Global Focus*. 12(2), pp. 64-67.

Emerson *de Almeida* and co-authors report on a four-year research *study* in how to plan and execute a successful *successions* policy.

Rees, Gary, and Raymond French, (2016) eds. Leading, managing and developing people. Chapter 10:
 Developing Employees, Kogan Page Publishers.

The chapter helps to understand organisational and individual needs for training and development activities referring to contemporary debates and research, identifies where responsibility for training and development lies and why this is contested, critiques some of the more common training and development techniques,

explains the difference between career management and career development and identifies the rationale for career development from an organisational and individual view.

#### **Self-assessment exercises**

#### **Forum Discussion Question:**

Read the following article "BBC debate controversy and the importance of social media checks"

https://www.sterlingcheck.co.uk/blog/2019/07/sterling-bbc-press-release/

How would you feel if you knew your potential employer looked at your social media? Is there anything you might do differently with this knowledge? Where do you see HR's role in this?

#### Real-life Best Examples: Employer branding via social media as a recruitment tool

Access the article from Medium.com ♣ <a href="https://medium.com/hr-blog-resources/employer-branding-on-social-media-best-examples-">https://medium.com/hr-blog-resources/employer-branding-on-social-media-best-examples-</a>

84fec1f535e4#:~:text=Example%3A%20Marriott,often%20feature%20their%20employees'%20testimonials.

Think and share your thoughts in our Teams group chat: what ways does the article suggest companies can communicate their employer brand via social media? Have you seen any of such posts on social media before? How effective do you think they are?

#### **Real-life Application:**

Choose 1 of these companies and visit their social media websites

- 1. Dell (https://www.facebook.com/DellTechCareers/)
- 2. Lush (https://www.facebook.com/LUSHcareers/)
- 3. Salesforce (https://www.instagram.com/salesforcejobs/)
- 4. Under Armour (https://twitter.com/underarmourjobs?lang=en)
- 5. Taco Bell (https://www.facebook.com/tacobell.careers/)
- 6. Home Depot (https://www.facebook.com/homedepotcareers/)

How do they communicate their employer brand via social media? Post your answers to Blackboard.

# Recommended study time

# L10 - Managing Performance and Rewards

(WEEK 10)

#### Introduction

This session focuses on two core HRM activities that have important implications for the management and motivation of employees: performance management and reward management. The session sets out the rationale for, and key principles involved in, performance management and reward management strategies in organisations. We then consider some of the assumptions made when it comes to performance management and common critiques. The focus then moves to the key developments in reward management over time, and how these relate to developments in work design and the issue of employee motivation.

According to Armstrong and Baron (2004) Performance Management (PM) is a 'process' contributing to 'the effective management of individuals & teams' to 'achieve high levels of organisational performance'. They emphasise how it is a 'strategy' relating to 'every activity of the organisation', which 'establishes shared understanding about what is to be achieved' & provides 'an approach to leading & developing people' which will 'ensure' this happens. Armstrong (2006) extends this definition to include how PM is 'a strategic and integrated process' which 'delivers sustained success to organisations by improving the performance of the people who work in them and developing the capabilities of individual contributors and teams.' Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organisation" (Armstrong and Murlis, 2004: 14).

Some of the key HR activities associated with PM are:

- Determining performance requirements
- Communicating performance expectations
- Creating the conditions for performance
- Measuring/assessing performance
- Rewarding good performance
- Addressing poor performance

Underpinning performance management is motivation theory and, in particular, goal setting theory and expectancy theory. Goal setting theory (Locke,1968), suggests that the setting of specific goals results in enhanced performance and that, assuming the goals are accepted, increasing the challenge or difficulty of goals leads to increased motivation and increases in performance (Mitchell et al, 2000). Expectancy theory suggests that individuals change their behaviour according to their anticipated satisfaction in achieving certain goals (Vroom, 1964).

In the lecture we will further outline the benefits, but also look at the critique of PM (Operational Critique - it's a good idea but done badly and the Radical Critique - it's not a good idea in the first place) and explore additional considerations. For example, one of the principles underlying PM is that outcomes must be measurable. Fitz-Enz (1995) proposed five underlying principles of PM to highlight its measurable nature: the productivity and effectiveness of any function can be measured by some combination of cost, time, quantity, quality or human reaction indices; a measurement system promotes productivity by focussing attention on the important issues, tasks and objectives; performance should be measured at both individual and team levels; managers should be measured by the efficiency and effectiveness of the units they manage; And that the ultimate measurement is not efficiency, but effectiveness.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Explain the rationale for, and key principles of, performance management and reward management in organisations
- Articulate and critically evaluate performance management systems
- Interpret and evaluate key trends in reward management

# **Keywords**

Performance management	Reward management	Incentives
systems		
Appraisal review	Performance Appraisal	Benefits

# **Bibliography**

#### **Primary material**

- Chiang, F and Birtch, T (2012) 'The Performance Implications of Financial and non-Financial Rewards: An Asian Nordic Comparison', *Journal of Management Studies*, 49(3), pp. 538-570.
- McKenna, S., Richardson, J. & Manroop, L. (2011) 'Alternative paradigms and the study and practice of performance management and evaluation', *Human Resource Management Review*, 21:2, pp. 148-157.
- Rees, Gary, and Raymond French, eds. Leading, managing and developing people. Chapter 12: Performance
   Management, Motivation and Reward, Kogan Page Publishers, 2016.

There are also a range of CIPD resources on Performance Management and Reward, including surveys, research reports and podcasts. Available at: www.cipd.co.uk

# **Self-assessment exercises**

#### **Forum Discussion Question:**

Can you recall an incident when the organisation you work for had fallen short of, or exceeded, your expectations of how they rewarded you?

Post your answers to the dedicated Blackboard space.

#### **Padlet Photo Post Prompt:**

"Capture a visual representation that symbolises your idea of effective performance management and the role of rewards in motivating employees. It could be a photo, a diagram, or any visual that represents your insights. Share your creation on Padlet along with a brief description explaining the elements you've chosen. This visual storytelling will offer a unique perspective on managing performance and rewards in the workplace."

https://padlet.com/m antoniadou/week10

# Recommended study time

# L11 - Strategies for achieving equality, diversity and inclusion

(WEEK 11)

#### **Introduction and Overview**

The purpose of this week's topic is to give you an understanding of the strategies organisations use to achieve equality, diversity and inclusion. The content will be examining what equality, diversity and inclusion mean in the workplace and how an effective HR strategy can support business.

In the modern workplace, promoting and supporting equality and diversity is an important aspect of good people management - it's about valuing everyone in the organisation as an individual. However, to reap the benefits of a diverse workforce it is vital to have an inclusive environment where everyone feels able to participate and achieve their potential. While EU (and UK) legislation – covering age, disability, race, religion, sex and sexual orientation among others – sets minimum standards, an effective diversity and inclusion strategy goes beyond legal compliance and seeks to add value to an organisation, contributing to employee wellbeing and engagement.

Equality, diversity and inclusion are often used interchangeably or synonymously but they are different from one another. This means that organisations need to consider all of them in their people management practices and strategies.

- Equality in the workplace means equal job opportunities and fairness for employees and job applicants.
- Diversity is about recognising difference. It's acknowledging the benefit of having a range of
  perspectives in decision-making and the workforce being representative of the organisation's
  customers. It involves the range of people in the workforce. For example, this might mean people with
  different ages, religions, ethnicities, people with disabilities, and both men and women. It also means
  valuing those differences.
- Inclusion is where people's differences are valued and used to enable everyone to thrive at work. An inclusive working environment is one in which everyone feels that they belong without having to conform, that their contribution matters and they are able to perform to their full potential, no matter their background, identity or circumstances. An inclusive workplace has fair policies and practices in place and enables a diverse range of people to work together effectively. Reflect on inclusion practice

in your organisation with our inclusion health checker tool. An inclusive workplace can help lower the risk of bullying, harassment and discrimination.

The lecture shows that there is a compelling moral case for equality, diversity and inclusion in the workplace and beyond. Ensuring everyone is treated equally, with dignity and has their fair share of resources - whether that be access to work or equitable pay - is simply the right thing to do. Work is a key aspect of our lives, so when work is not good for everyone it has the ability to create barriers, such as marginalisation and discrimination that impact on different groups in society (Hocking, 2017).

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Understand the differences between equality, diversity and inclusion
- Examine strategies that achieve and promote equality, diversity and inclusion
- Evaluate successful strategies from the current workplace

# **Keywords**

Age diversity	Disability	Race inclusion
Gender equality	Religion and belief	Sexual orientation

# **Bibliography**

- Frost, S. and Kalman, D. (2016) *Inclusive talent management: how business can thrive in an age of diversity*. Chapter 1: Homogenous Talent Management, London: Kogan Page.
- Frost, S. and Kalman, D. (2016) *Inclusive talent management: how business can thrive in an age of diversity*. Chapter 4: Inclusive Talent Management, London: Kogan Page.
- Hocking, C. (2017) Occupational justice as social justice: the moral claim for inclusion. *Journal of Occupational Science*. 24(1), pp. 29–42

#### Self-assessment exercises

#### **Discussion Forum Question:**

Watch the TEDx video 'How to get serious about diversity and inclusion in the workplace' by Janet Stovall:

https://www.ted.com/talks/janet stovall how to get serious about diversity and inclusion in the workplace?language=en

Share your thoughts why is Equality, Diversity and Inclusion (EDI) an important concern for contemporary organizations? What are the benefits of having a diverse workforce and how can we create workplaces where people feel safe and expected to be their unassimilated, authentic selves?

#### **Real-life Case Studies:**

#### Pick one of the EDI issues from the following scenario:

A UK-based marketing and sales agency is committed to CSR and strives to achieve a more inclusive and diverse workforce. It currently has a workforce in which:

- 35% are female
- 10% are under-represented ethnic minorities (BAME)
- 5% identify as LGBTQ
- 7% reported as having a disability

The company wants to increase its diversity and has made an effort to recruit more employees from minority groups. While the company has been able to recruit such employees, it has issues retaining them, as many individuals leave the company in less than a year. To understand why this is happening, the company has investigated this issue; Exit interviews and the annual employee climate survey show that some employees do not feel the workplace is truly inclusive, despite there being policies in place that are designed to create a welcoming climate where everyone is treated equally. Specifically, there seem to be ongoing problems with racism, ableism, sexism, xenophobia, homophobia and transphobia

Read the sources provided on Blackboard (see separate folders for: Gender, race, disability, LGBTQ). Based on this, think the following:

- What is the business case for the case study organisation to increase diversity regarding this particular group?
- What barriers are there for this group and employment?
- How might the case study organisations reduce those barriers? What kind of initiatives could HRM implement to attract and retain talent from this particular group?

# Recommended study time

# L12 – Improving performance through organisational learning

(WEEK 12)

#### **Introduction and Overview**

The purpose of this week's lecture is concerned with the concept of organisational learning as a way of improving organisational performance. We will how *learning* facilitates behavior change that leads to *improved* performance (Slater and Narver, 1995). Organisational learning is not only the notion of one of the biggest breakthroughs in business and management thinking, but also is one of the few management ideas which is sustainable.

The lecture starts by defining organisational learning, while it later discusses its relationship with business performance. We will also see that organisational learning has the power of creating competitive advantage for firms too. Nevis *et al.* (1995) defined organizational learning as "the capacity or processes within an organization to maintain or improve performance based on experience" while Dodgson (1993) described organizational learning as the ways organizations build, supplement and organize knowledge and routines around their activities, and adapt or develop organizational efficiency through improving the use of their workforce's broad skills.

Theoretically, the relationship between organizational learning and business performance is embedded in organizational learning definitions themselves. A variety of definitions exist concerning organizational learning which imply the existence of a relationship between organizational learning and company's performance. For example, organizational learning is:

- the process of improving actions through better knowledge and understanding (Fiol and Lyles, 1985);
- the capacity or processes within an organization to maintain or improve performance based on experience (Nevis et al., 1995);
- organizational learning occurs with an organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights (Garvin, 1993); and
- learning facilitates behavior change that leads to improved performance (Slater and Narver, 1995).

# **Learning outcomes**

After completing this week's study, you will be able to:

- Understand organisational learning and its role in improving performance
- Recognise the relationship between organisational learning and business performance
- Appreciate the value of learning for behaviour change and improved organisational performance

# **Keywords**

Learning	Innovation	Competitive advantage
Organisational learning capability	Business Performance	Management commitment to learning

# **Bibliography**

- Dodgson, M. (1993), "Organizational learning: a review of some literatures", Organization Studies, 14(3), pp. 375-394
- Fiol, C.M. and Lyles, M.A. (1985), "Organizational learning", Academy of Management Review, 10(4), pp. 803-813.
- Rupčić, N. (2022). Team learning in the context of learning organizations. *The Learning Organization*, 29(2), pp. 191-201.

# **Self-assessment exercises**

#### **Forum Discussion Question:**

Five learning theories are evaluated in this lecture; these underpin the methods used in leadership and management development.

Which learning theories best apply to the development of managers in your organisation? Illustrate through the use of examples.

Post your answers to the dedicated Blackboard space.

#### **Exercise: WHICH LEARNING TYPE ARE YOU?**

Complete the learning styles questionnaire (Honey and Mumford) in additional materials for this lecture.

•What type of learner are you? Why do you think this is?

Share your answers to the dedicated Blackboard space.

# Recommended study time

#### **Introduction and Overview**

The purpose of this week's session is to offer the students the opportunity to refresh their memories and strengthen their understanding of the material covered as part of the module. Week 13 is also a study week so students can prepare for their forthcoming assessment. In this last session, we will review what we covered so far and see how organisational members lead and develop people and processes. This revision lecture will touch base on the material covered over the module by way of highlighting the pivotal concepts and issues underpinning each topic. Furthermore, it will challenge the students to consider the integration of the two parts of the module and how in particular the people part integrates with the process part in forming a complex system.

#### Revise the salient material of the module

The following are examined and discussed:

- Organisational culture and contemporary challenges
- · The importance of Organisational behaviour
- The elements of team formation
- The change management process
- Developing Strategic Human Resource Capability High Performance Work Systems and HRM
- People Resourcing: Workforce Planning and Design, Succession Planning and Talent Management
- Managing Performance and Rewards
- Strategies for achieving Equality, Diversity and Inclusion
- Improving performance through Organisational Learning

# **Learning outcomes**

After completing this week's study, you will be able to:

- Summarise the module's content.
- Exhibit a reinforced understanding and critical appraisal of the material covered in this module with emphasis on the pivotal issues underpinning each topic of the syllabus as outlined above.

 Develop a good understanding of how to represent and think of an organization in terms of both processes and people for effective analysis and decision making.

#### **Keywords**

Organisational Culture	Organisational behaviour	Group roles
Change Management	Teams formation	Emotional Intelligence
People issues	Human factor	Human resources
Interconnections	Interrelations	Interdependencies
Leading change	Leadership	Learning
Capabilities	Performance	Equality Diversity and Inclusion

#### **Bibliography**

Students to refer to the bibliography indicated per study week to improve their understanding of each week's lecture.

#### **Self-assessment exercises**

#### Case study and discussion activity:

#### Case Study: "HarmonyTech Solutions"

HarmonyTech Solutions is a global technology company that has been experiencing rapid growth and expansion over the past few years. As the organisation has scaled, it has encountered various challenges related to organisational culture, behaviour, change management, emotional intelligence, leadership, HRM, diversity, and organisational learning.

Scenario:

#### **Organisational Culture (Week 1):**

HarmonyTech has a strong emphasis on innovation but is grappling with a clash between its original startup culture and the demands of a larger, more structured organization. Employees are divided on the company's cultural direction.

#### **Change Management (Week 5):**

The CEO has initiated a major restructuring to accommodate the growth, leading to resistance and uncertainty among employees. The change management process is not unfolding as smoothly as anticipated.

#### **Emotional Intelligence (Week 6):**

The leadership team lacks cohesion, and there are signs of emotional intelligence gaps. This is affecting team dynamics, decision-making, and overall organizational morale.

#### **Leading and Developing People (Week 7):**

HarmonyTech is facing challenges in developing effective leaders within its rapidly expanding teams. Leadership training programs have been implemented, but their impact is yet to be realised.

#### Strategic HRM (Week 8):

The HR department is tasked with aligning the workforce with the company's strategic goals. However, there are issues related to workforce planning, succession planning, and the implementation of high-performance work systems.

#### **Diversity and Inclusion (Week 11):**

There are concerns about the lack of diversity and inclusion in key leadership positions. The company is receiving external pressure to improve its diversity efforts.

#### **Organisational Learning (Week 12):**

HarmonyTech is struggling to create a culture of continuous learning. Knowledge sharing is limited, and the organization is not leveraging its collective intelligence effectively.

#### **Discussion Points:**

- 1. How can the organisation manage the clash of cultures during this growth phase?
- 2. What change management strategies would you recommend to overcome resistance to restructuring?
- 3. How can emotional intelligence be improved within the leadership team, and what impact might this have on organizational performance?
- 4. What approaches would you suggest for developing effective leaders within the organization?
- 5. How can HRM practices be aligned with the company's strategic goals?
- 6. What steps can be taken to enhance diversity and inclusion within the leadership ranks?
- 7. How can the organisation foster a culture of continuous learning and knowledge sharing?

#### Recommended study time

Approx. 10 hours

#### **BM3041 – Managing People and Leading Organisations**

#### Interactive activities per session

## L1 – Organisational Culture: key concepts and frameworks

(WEEK 1)

1. Discussion Forum Question based on a real study

A study by the Boston Research Group into governance, culture and leadership asked employees from all hierarchical levels about their company's culture. Some saw their employer's culture as being top-down, but with skilled leadership, many rules and a mixture of carrots and sticks – 'the informed acquiescence approach'. Others described their company's culture as being based on command-and-control, top-down management or leadership-by-coercion – the 'blind obedience approach'. Still others, reported a culture where employees were guided by a set of core principles and values that inspired them to align their behaviour with their firm's mission – 'the self-governance approach'. Into which of these three categories would you place your own organization's culture? (*The Economist*, 2011).

Post your answers and replies to other students to our dedicated space on Blackboard.

2. Video followed by a virtual discussion on real-world applications of the content

Watch on YouTube Jay Wilkinson's TED talk, Company culture (21:10). Wilkinson discusses whether an organization's culture is determined by design or by default. What do you think?

Watch the video and share your thoughts in our Teams group chat: <a href="https://www.youtube.com/watch?v=WDFqEGI4QJ4">https://www.youtube.com/watch?v=WDFqEGI4QJ4</a>

# L2 – Contemporary challenges in Organisational Cultures: insights from real-world cases

(WEEK 2)

Portfolio assessment	Activity 1:

#### **Video creation: Organisational Transformation**

This is the first component of the portfolio assessment:

Select a real-world organisation, or an organisation you are currently working at, that has recently undergone a significant change or transformation in its culture and management practices. In the MS Teams space of the module, upload a short (5-minute) presentation (slides are optional) briefly discussing the key success factors of the company's organisational culture and lessons gained.

Word count: 400 words max

#### L3 – Introduction to Organisational Behavior

(WEEK 3)

#### 1. Portfolio assessment Activity 2: Discussion Forum Question:

"How does a solid understanding of Organizational Behaviour (OB) contribute to effective management and a thriving workplace? Share your insights and any personal experiences that highlight the impact of OB on individual, group, or organizational levels. Additionally, discuss what you foresee as the future trends in Organizational Behaviour and how they might shape the way we perceive and manage workplaces."

Post your answers on our dedicated Blackboard space.

#### 2. Problem solving: A Situational Interview Scenario

In a job interview, you are asked about the following problem: You are supervising a team of six people. The performance of one of your more experienced and long serving team members has started to fall sharply: poor timekeeping, slow responses to requests for assistance, careless work, not sharing information. You can see no obvious reason for this. How will you approach this problem in order to find a solution?

Share your thoughts in our Teams group chat.

#### L4 – Understanding group roles in organisational behaviour

(WEEK 4)

#### 1. Portfolio assessment Activity 3: Forum Discussion Question:

"How do different group roles and dynamics impact the overall effectiveness and productivity of a team? Can you share a personal experience where the distribution of roles or the dynamics within a group positively or negatively influenced the team's outcomes? How could a better understanding and management of group roles and dynamics have enhanced the team's performance?"

Post your answers in our dedicated Blackboard space.

#### 2. Personality Test: WHICH OF BELBIN'S TEAM ROLES ARE YOU?

**Belbin's Roles:** Do the test to find out which of Belbin's team roles you are (The test is available on Blackboard resources). Then share your findings with our group on MS Teams.

#### 3. Real-life Case Study

#### Multicultural Multinational Teams at IBM

When many people think of a traditional, established company, they think of IBM. IBM has been famous for its written and unwritten rules—such as its no-layoff policy, its focus on individual promotions and achievement, the expectation of lifetime service at the company, and its requirement of suits and white shirts at work. The firm was one of the mainstays of the "man in a gray flannel suit" corporate culture in the United States.

Times have certainly changed.

IBM has clients in 170 countries and now does two-thirds of its business outside the United States. As a result, it has overturned virtually all aspects of its old culture. One relatively new focus is on teamwork. While IBM uses work teams extensively, like almost all large organizations, the way it does so is unique.

To foster appreciation of a variety of cultures and open up emerging markets, IBM sends hundreds of its employees to month-long volunteer project teams in regions of the world where most big companies don't do business. Al Chakra, a software development manager located in Raleigh, North Carolina, was sent to join GreenForest, a furniture manufacturing team in Timisoara, Romania. With Chakra were IBM employees from five other countries. Together, the team helped GreenForest become more computer-savvy to increase its business. In return for the IBM team's assistance, GreenForest was charged nothing.

This is hardly altruism at work. IBM firmly believes these multicultural, multinational teams are good investments. First, they help lay the groundwork for uncovering business in emerging economies, many of which might be expected to enjoy greater future growth than mature markets.

Stanley Litow, the IBM VP who oversees the program, also thinks it helps IBMers develop multicultural team skills and an appreciation of local markets. He notes, "We want to build a leadership cadre that learns about these places and also learns to exchange their diverse backgrounds and skills." Among the countries where IBM has sent its multicultural teams are Turkey, Tanzania, Vietnam, Ghana, and the Philippines.

As for Chakra, he was thrilled to be selected for the team. "I felt like I won the lottery," he said. He advised GreenForest on how to become a paperless company in 3 years and recommended computer systems to boost productivity and increase exports to western Europe.

Another team member, Bronwyn Grantham, an Australian who works at IBM in London, advised GreenForest about sales strategies. Describing her team experience, Grantham said, "I've never worked so closely with a team of IBMers from such a wide range of competencies."

Sources: Based on C. Hymowitz, "IBM Combines Volunteer Service, Teamwork to Cultivate Emerging Markets," Wall Street Journal (August 4, 2008), p. B6; S. Gupta, "Mine the Potential of Multicultural Teams," HR Magazine (October 2008), pp. 79–84; and H. Aguinis and K. Kraiger, "Benefits of Training and Development for Individuals and Teams, Organizations, and Society," Annual Review of Psychology 60, no. 1 (2009), pp. 451–474.

#### **Questions:**

- 1. If you calculate the person-hours devoted to IBM's team projects, they amount to more than 180,000 hours of management time each year. Do you think this is a wise investment of IBM's human resources? Why or why not?
- 2. Why do you think IBM's culture changed from formal, stable, and individualistic to informal, impermanent, and team-oriented?
- 3. Would you like to work on one of IBM's multicultural, multinational project teams? Why or why not?
- 4. Multicultural project teams often face problems with communication, expectations, and values. How do you think some of these challenges can be overcome?

Post your answers in our dedicated space on Blackboard.

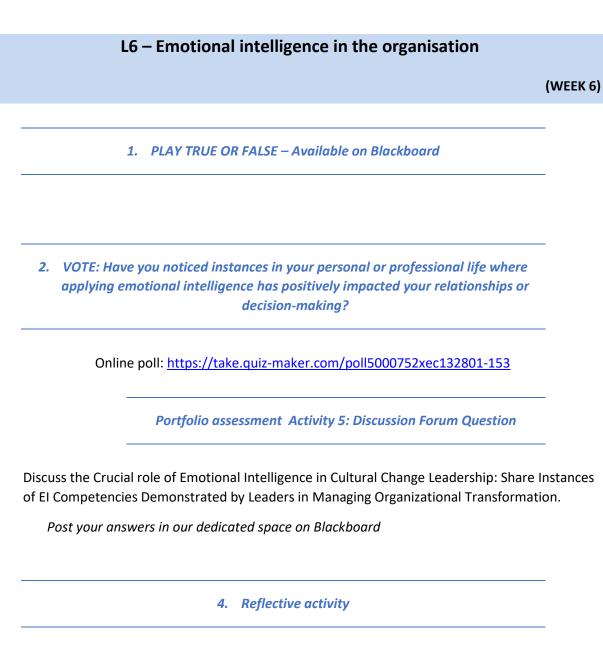
# L5 – Change management (WEEK 5) 1. Simulation: Become an organisation owner for a day!

This highly energetic activity will enhance creativity skills while implementing what the students have learned. The students are requested to create their own case study in regards to an organisation planning and implementing change. They have to explain in a short video (5 minutes) the issue that has led to the decision of change and how they plan to implement it. A short discussion of the expected obstacles must be included in the end of their case study. *Post your video/podcast on our Teams group chat.* 

#### Portfolio assessment Activity 4: Discussion forum Question:

"Select an organisation that recently underwent significant cultural change. Discuss the change management models and strategies employed in the organization and evaluate their effectiveness in driving the transformation. Analyse how these models contributed to overcoming resistance and facilitating the cultural change process."

Post your answers in our dedicated Blackboard space.



In our lives, we have had people that have had a profound effect on us. They have helped nurture us and helped us grow as individuals. They may or may not know the effect they had on us. Sometimes they were teachers who taught us in a way that made us want to achieve. They saw something in us that we couldn't see in ourselves. Sometimes it was a friend and sometimes a boss that saw something special in us and gave us the chance to grow and excel.

Write down the names	of at least two people	who have had a	profound effect	on you.
Person #1:				
Person #2:				
What do you admire all describe what you adm			•	•
	Ambitious			
	Balanced			

Balanced Caring Committed Compassionate Courageous Creative Dependable Educated Fair Faithful Forgiving Fun Giving Industrious Loyal Moral Organized Patient Powerful Principle centered Pro-active Respectful	Ambitious	
Committed  Compassionate  Courageous  Creative  Dependable  Educated  Fair  Faithful  Forgiving  Fun  Giving  Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Balanced	
Compassionate  Courageous  Creative  Dependable  Educated  Fair  Faithful  Forgiving  Fun  Giving  Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Caring	
Courageous Creative Dependable Educated Fair Faithful Forgiving Fun Giving Industrious Loyal Moral Organized Patient Powerful Principle centered Pro-active	Committed	
Creative  Dependable  Educated  Fair  Faithful  Forgiving  Fun  Giving  Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Compassionate	
Dependable  Educated  Fair  Faithful  Forgiving  Fun  Giving  Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Courageous	
Educated Fair Faithful Forgiving Fun Giving Industrious Loyal Moral Organized Patient Powerful Principle centered Pro-active	Creative	
Fair  Faithful  Forgiving  Fun  Giving  Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Dependable	
Faithful Forgiving Fun Giving Industrious Loyal Moral Organized Patient Powerful Principle centered Pro-active	Educated	
Forgiving  Fun  Giving  Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Fair	
Fun Giving Industrious Loyal Moral Organized Patient Powerful Principle centered Pro-active	Faithful	
Giving Industrious Loyal Moral Organized Patient Powerful Principle centered Pro-active	Forgiving	
Industrious  Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Fun	
Loyal  Moral  Organized  Patient  Powerful  Principle centered  Pro-active	Giving	
Moral Organized Patient Powerful Principle centered Pro-active	Industrious	
Organized  Patient  Powerful  Principle centered  Pro-active	Loyal	
Patient  Powerful  Principle centered  Pro-active	Moral	
Powerful Principle centered Pro-active	Organized	
Principle centered  Pro-active	Patient	
Pro-active Pro-active	Powerful	
	Principle centered	
Respectful	Pro-active	
	Respectful	

Responsible	
Selfless	
Self-reliant	
Sensitive	
Thankful	
Tolerant	
Truthful	
Wise	

### **Creating your Vision Statement**

To become the best person I can be I will:  LEAD a life centered around the principles of
REMEMBER that what is important in life is,,
, and
RESPECT admirable characteristics in others such as being,
attempt to implement similar characteristics in my own life.
RECOGNIZE my strengths and develop talents as a person who is,
, and
ACKNOWLEDGE that I can be,, and
, and be constantly striving to change my weaknesses into strengths.
ENVISION myself becoming a person who:
My, (name of peer) thinks is,, and
·
(Boss's name) thinks is,, and
<del>-</del>
(Personal friend), and

(client or su	ıbordinate)	thinks is	,	, and
	L7 Introdu	ction to Leading and D	eveloping Peo <sub>l</sub>	ple (WEEK 7)
	1. Portfolio assessi	ment Activity 6: Discussion F Reflection	orum Question: Le	adership
assignment what impac evaluate the	. How did leadership et did they have on e e effectiveness of the	ple of the organization that your styles and practices contributing and practices contributing and ended ended and ended and ended and ended end	ate to the organisating agement? Share	ion's change, and your insights and
		2. Post on Padlet:		
write under		well known for their contribute of leader they are, using the dou/week7	, -	
3.	VOTE: Which empl	loyee development method o effective?	do you find most ap	ppealing or
Online Poll:	https://take.quiz-m	aker.com/poll5000759xE188	4D6D-153	
4.	Assess your Leade	ership Style: On Blackboard yo questionnaire. The purp	-	ership style

- 1. To identify your style of leadership
- 2. To examine how your leadership style relates to other styles of leadership

#### **Assessing Your Leadership Style**

Note: This test is designed to help determine your personal leadership style. There is no right or wrong answer. Just choose the answer which seems most like what you would naturally do.

- 1. When your chapter is meeting, it is most important to you that:
  - a. You stay on schedule and get through the material you planned for the group
  - b. You make sure that each person has had a voice in the discussion
  - c. You let the discussion run its natural course and see what happens
- 2. If you are leading a discussion and you find one person dominating it, do you:
  - a. Invite others to participate in the discussion
  - b. Hope that the person will eventually get the hint and stop talking so much
  - c. Tell the person that you'd like others to have a chance to participate
- 3. You arrive late to an important chapter event and discover that the two freshmen in charge have not set the room up properly and are busy in last minute preparations. Do you:
  - a. Figure it's too late to do anything and roll with the punches
  - b. Pull them aside and tell them what has to be done
  - c. Ask them if they can try to improve the room set up
- 4. Your chapter Secretary has consistently forgotten to submit the proper paperwork to your schools administration. Do you:
  - a. Find someone else that can do the job
  - b. Ask the Secretary about what's going on and offer to help
  - c. Ask the Secretary to try harder next time
- 5. You've just asked another chapter member to join the chapters' leadership team. The best way to get them started in their new role is to:
  - a. Make sure they have an opportunity to really get to know the other chapter leaders
  - b. Let them have enough 'adjustment' time to get used to the new role
  - c. Make sure they understand very clearly what is expected of them
- 6. The best way to keep the chapter up to date on schedule changes is to:
  - a. Let everyone learn about the changes through regular interaction and let them know if anyone has questions to get in touch with you
  - b. Send out an email explaining the changes
  - c. Ask the chapter President to put it on the meeting agenda
- 7. You happen to be one of the main student leaders of your schools band. In a leader's meeting, one of the younger leaders questions a decision you have made. Do you:
  - a. Try to explain why you arrived at your decision
  - b. Ask the person to elaborate on why they question your decision
  - c. Ask the person what decision they would have made

- 8. You discover that a member of you chapter has been openly critical of your leadership. Do you:
  - a. Set up a meeting to discuss why this person has been critical
  - b. Wait for the other person to bring it up to you directly
  - c. Immediately meet with the person and confront them on their attitude
- 9. You are the chapter President and you have some strong thoughts on how to lead the chapter. However, your chapter sponsor disagrees. Do you:
  - a. Allow a little time to go by and see if the sponsor changes their mind
  - b. Ask the sponsor to suggest other alternatives that will work
  - c. Tell your sponsor that you appreciate the other ideas, but you have strong reasons for your decision and that you need to be trusted
- 10. When solving a problem that affects others, do you:
  - a. Present the problem, the solution and each person's part in the implementation
  - b. Discuss the problem and try to get everyone to agree on a common solution
  - c. Trust that each person will solve their part of the problem that affects them
- 11. You are in charge of planning anchapter fundraiser. Do you:
  - a. Encourage spontaneous meetings to discuss plans
  - b. Check to see that everyone knows what to do
  - c. Let people get in touch with you if they have any questions
- 12. In establishing a committee to plan an event it is best to:
  - a. Allow the committee to function at their own pace
  - b. Ask the committee to establish their own timeline after they understand the objectives
  - c. Give the committee clearly defined objectives, a timeline and standards of operating
- 13. The best way to handle a difference in opinion between two members in your chapter is to:
  - a. State the differences of opinion and present a compromise position that both can accept
  - b. Encourage the two to meet together and work out their differences
  - c. Bring the two people together and help them arrive at a solution
- 14. In a group of friends, do you;
  - a. Try to make sure everyone has been heard
  - b. Enjoy listening to the ideas of others
  - C. Easily offer your opinion

### **Scoring the Leadership Profile**

Question	<u>Directive</u>		<u>Consultative</u>	Free Rein
1	Α	В	С	

2	C	Α	В
3	В	C	A
4	Α	В	C
5	C	A	В
6	В	C	A
7	Α	В	C
8	C	A	В
9	C	В	A
10	Α	В	C
11	В	A	C
12	C	В	A
13	Α	C	В
14	C	A	В
TOTAL			

My natural leadership style is:

#### **DIRECTIVE LEADERSHIP STYLE**

- 1. In challenging situations, you feel most comfortable working from clear guidelines.
- 2. In meetings, you take charge early and become anxious to get down to business.
- 3. You find it easy to assign tasks, provide schedules, and monitor progress.
- 4. You may tend to become impatient when subordinates want to prolong a discussion. You tend to be more concerned with getting the job done than you are with meeting interpersonal needs.
- 5. In situations in which you have complete control you tend to relax more, assume an easy-going manner, and become more patient and considerate.

#### **CONSULTIVE LEADERSHIP STYLE**

- 1. The primary goal is to have good interpersonal relations with others-even at the sacrifice of the goal.
- 2. You tend to be very sensitive to the individual members of the group and are especially concerned with their feelings.
- 3. In a meeting you tend to encourage the participation of various members of the group.
- 4. In high stress situations you tend to find it more difficult to reach the goal.
- 5. You function best in moderate control situations where you are able to deal with interpersonal relations and deal effectively with difficult subordinates.

#### FREE-REIN LEADERSHIP STYLE

- 1. In challenging situations, you allow the greatest freedom to your subordinates.
- 2. You can become overly tolerant of non-productive members of your team.
- 3. Your "best" day is one in which you have spent the majority of your time working on projects and administrative functions.
- 4. You schedule meetings, but may tend to have a difficult time bringing the discussion to any definitive conclusion or implementation plan.
- 5. You tend to function best with subordinates who enjoy working on their own and need little day-to-day supervision from you.

## **Comparison of Leadership Styles**

Area of Concern	Directive (Control Orientated)	Consultative (Team Approach)	Free Rein (Laissez- Faire)
Who does the planning?	Leader	Leader plus group	Individuals or groups
Who does the Problem Solving?	Leader	Leader plus group	Individuals or groups
Who makes decisions?	Leader	Leader plus group	Individuals or groups
What is the direction of communication?	Down	Down, up and across	Across
Where is the responsibility for achievement felt?	Leader	Leader plus group	Not Felt
Where does the responsibility actually lie?	Leader	Leader	Leader
Leader's confidence level in subordinates	Little to none	High	High
Leader's rapport with subordinates	Low	High	Questionable
Amount of delegation of authority by leader	None	Lots	Lots
Crisis Management	Good	Poor	Chaotic
Change Management	Poor	Good	Ineffective

#### **Behaviors That Work For and Against Leadership Selection**

The behavioral approach to leadership suggests that people can behave in ways that may lead to their being selected as leaders or distinguish them as leaders. This is similar to the trait approach, except that traits are considered more or less inborn attributes, while behaviors can be learned and refined. The list below shows behaviors that have been identified as being related to being selected or not selected as a leader in groups.

Contributing Behaviors	Interfering Behaviors
<ul> <li>high participation and talking</li> <li>comfort and fluency in delivering information</li> <li>forceful and energetic in presentation</li> <li>does not express strong opinions early in group (can later)</li> <li>initiates conversation</li> <li>introduces new themes and topics</li> <li>seeks comments from others (Gatekeeper role)</li> <li>sits at head of table</li> <li>in a position of receiving, dispensing, or coordinating information</li> <li>avoids obviously persuading other to a point of view</li> <li>interacts flexibly with others; changes style as needed but not seen as chameleon</li> <li>promotes identity of group ("we, us, our", etc.)</li> <li>listens accurately to other's contributions</li> <li>demonstrates achievement, goal orientation and task structure</li> </ul>	<ul> <li>low level of participation, involvement or contribution</li> <li>uninformed contribution</li> <li>overly directive comments</li> <li>offensive language (including sexist and profanity)</li> <li>stilted, overly formal language</li> <li>dominates conversation</li> <li>absent from meetings</li> <li>volunteers as secretary or recorder of meetings</li> <li>takes role of joker</li> <li>shows contempt for leadership</li> <li>willing to do as told</li> <li>presents self too strongly early in group discussion</li> </ul>

Go back over the above lists and reflect on the differences between them. What are the principles involved? What makes a person desirable or undesirable as a leader based on behavior?

# L8 – Developing Strategic Human Resource Capability – High performance work systems and HRM

(WEEK 8)

1. Simulation: Scenario solving

**Scenario**: Imagine you are an HR manager in a mid-sized tech company facing challenges related to employee turnover. While the company has been successful in attracting top talent, retaining skilled employees has become increasingly difficult. The turnover rate has risen, impacting team stability and project continuity.

**Question:** As an HR strategist, outline a plan to address the employee turnover issue. Consider strategic HR practices such as talent management, employee engagement, and development. What specific initiatives would you propose to enhance employee retention? How would you align these initiatives with the company's overall strategy and business objectives?

2. Virtual Discussion on Real Life Case Study of Strategic Human Resource
Management in Walmart Stores

#### **Introduction**

Sam Walton established Walmart in 1962 on 3 revolutionary philosophies: respect for the individual, service to our customers and strive for excellence. Walmart, Inc. is not only the largest discounted retailer in the world, it also ranks as the largest corporation in the world. The retail giant dwarfs its nearest competition, generating 3 times the revenues of the world's number two retailer, France's Carrefour SA. Domestically, Walmart has more than 1.2 million workers, making it the nation's largest nongovernmental employer. US operations include 1,478 Walmart discount stores (located in all 50 states). Its international operations commenced in 1991 covering Canada and Puerto Rico, including Walmart Supercenters in Argentina, Brazil, China, Germany, Mexico, Puerto Rico, South Korea and the United Kingdom

Walmart strives to maintain its competitive advantage through its satellite-based distribution system and by keeping store location costs to a minimum by placing stores on low-cost land outside small- to medium-sized towns, both in the United States and in its overseas affiliations.

**Corporate Strategy and HR Strategy at Walmart** 

Walmart purchased massive quantities of items from its suppliers to form a scale economy, and its efficient stock control system helped in making its operating costs lower than those of its competitors. It also imported many goods from China, "the world's factory," for their low cost.

Managers engage in three levels of strategic planning: the corporate-level strategy; the business-level strategy and the function-level strategy. The functional strategy should serve the overall company strategy so that the corporate strategy could be implemented more effectively and efficiently.

The basic premise underlying SHRM is that organizations adopting a particular strategy require HR practices that are different from those required by organizations adopting alternative strategies (Jackson and Schuler, 1995). Generally, there are two primary SHRM theoretical models: the universalistic best practices and the contingency perspective of "best fit." The contingency perspective of "best fit" elucidates that individual HR practices will be selected based on the contingency of the specific context of a company. Walmart has different corporate strategies with those retailers with a differentiation strategy, and this enables Walmart to actually cultivate the primary contingency factor described in the SHRM literature. What's more, we should remember that individual HR practices will interact with the firm's strategy to result in organizational performance, and these interaction effects which make up the "universal best practices" of the firm may not apply so well in another company.

In the following paragraphs we'll examine the "fitness" of HR practices in Walmart against this theoretical model, which is also the integration process of HR practices with the contingency variables to some extent.

With regard to recruitment, for example, *The New York Times* (January 2004) reported on an internal Walmart audit which found "extensive violations of child-labor laws and state regulations requiring time for breaks and meals." The cheap cost of child labor and the employment of minors enable Walmart to earn a more cost-competitive advantage over other companies. Walmart has also faced a barrage of lawsuits alleging that the company discriminates against workers with disabilities, for the recruitment of these people means providing more facilities for them and the loss of efficiency to some extent.

From the training perspective, through training on the behavioral requirements for success and encouragement, Walmart tried to adjust employee behaviors and competencies to what the company's strategy required, which is to lower the cost more. This logic is also embodied in its "lock-in" of the nighttime shift in various stores. Through this enforced policy, Walmart tried to prevent "shrinkage" behavior of its employees to eliminate unauthorized cigarette breaks or quick trips home.

From the performance management perspective, Walmart made highly demanding standards and job designs. *The New York Times* reported that Walmart resorted to extensive violations of state regulations requiring time for breaks and meals. There are so many instances of minors working too late, during school hours, or for too many hours in a day,

because the performance appraising just forces them to do so. In career management also, Walmart goes to great lengths to reduce cost, and there are many cases in which women sued Walmart for its policy that discriminated against women by systematically denying them promotions and paying them less than men. Women are pushed into "female" departments, and are demoted if they complain about unequal treatment, just to enable more cost reduction against its competitors.

From the compensation management perspective, Walmart has also implemented very aggressive HR policies and activities. Walmart imported \$15 billion worth of goods from China, not only for the strategic consideration of the supplier chain economy, but also because Walmart has some factories in China, whose products are branded with the Walmart name. Through this method, Walmart pays much less to the Chinese laborers in this "world factory" and earns some benefits, and so we can see how Walmart's corporate strategy is intensely integrated with its HR policy. In 2002, operating costs for Walmart were just 16.6% of total sales, compared to a 20.7% average for the retail industry as a whole, which supported the overall strategy greatly. Walmart workers in California earn on average 31% less than workers employed in other large retail businesses. Actually, with other operating and inventory costs fixed by the higher level management, store managers must turn to wages to increase profits, and Walmart expects labor costs to be cut by two-tenths of a percentage point each year.

From the employee benefit and safety perspective, workers eligible for benefits such as health insurance must pay over the odds for them. In 1999, employees paid 36% of the costs. In 2001, the employee burden rose to 42%. While employees of large firms in the United States pay on average 16% of the premium for health insurance, unionized supermarket workers typically pay nothing. Walmart was frequently accused of not providing employees with affordable access to health care, but the top managers and HR managers knew that their focus was just to try their most to implement Walmart's corporate strategy.

Finally, from the labor relations perspective, Sam Walton sought to bring great value to customers through aggressive discounting. Because unionized supermarket workers typically pay nothing, Walmart has a strong anti-union policy. Allegations of firing workers sympathetic to labor organizations have been made, and all new employees are shown a propaganda videotape, that says that joining a union would have bad implications for them and that the employees should never sign a union card. In the United Kingdom it was reported in The Guardian that Walmart is facing the prospect of a bruising legal battle with the GMB trade union in a row over collective bargaining rights as the union would not accept Walmart withdrawing a 10% pay offer to more than 700 workers after they rejected a new package of terms and conditions, which included giving up rights to collective pay bargaining. Here there may be some doubt as to why Walmart has recently allowed unionization in their stores in China, where unionization is mandatory. However, this mandatory rule was made a long time before Walmart's walk into China, and that is why Walmart gave up its persistence in not having some unions, and its former reason to the Chinese government was that it did not have any unions in its global business. So how do we see Walmart's compromise if that constitutes a "compromise"?

It has been argued that doing business in China is particularly difficult because of the higher relative importance of personal relationships (guanxi), as opposed to the specification and enforcement of contracts in the West. Walmart China has tried every effort to develop good relationships with the Chinese government and other influential groups. So, Walmart's exception of allowing unionizations is just in accordance with its corporate strategy and HR strategy. If it ignores the Chinese government's firm rule, its cost would just outweigh what it would save by organizing no unions in its labor relations management as Walmart provides little power for Chinese workers as the unions are controlled by the state.

#### **Conclusion**

Therefore, from the above discussion we know that Human Resource Management is of strategic importance to Walmart. Both the top managers and HR executives should pay more attention to employee management on a daily basis. They should play more positive roles in training and utilizing their human resources as well as cultivating a better organizational culture, all of which may prove to be more cost effective, and correspondingly help realize Sam Walton's simple philosophy of "bringing more value to customers."

#### Questions:

- 1. How does Walmart's corporate strategy align with its HR practices, and in what ways does this alignment contribute to the company's competitive advantage? Discuss specific examples from the case study that highlight the integration of HR practices with the overarching corporate strategy.
- 2. The case study outlines instances where Walmart's HR practices, such as recruitment and labour relations, have faced ethical scrutiny. How can organisations balance the pursuit of strategic goals with ethical considerations in HR management? In your opinion, what ethical principles should guide HR practices to ensure a fair and supportive work environment? Support your response with insights from the case study.

Post your answers in the dedicated Blackboard space.

L9 – Pe	ople Resourcing: Workforce Planning and Design, succession plan	ıning
	and talent management	
	(WE	EK 9)
_		
	1. Forum Discussion Question:	

Read the following article "BBC debate controversy and the importance of social media checks"

#### https://www.sterlingcheck.co.uk/blog/2019/07/sterling-bbc-press-release/

How would you feel if you knew your potential employer looked at your social media? Is there anything you might do differently with this knowledge? Where do you see HR's role in this?

2. Real-life Best Examples: Employer branding via social media as a recruitment tool

Access the article from Medium.com: <a href="https://medium.com/hr-blog-resources/employer-branding-on-social-media-best-examples-">https://medium.com/hr-blog-resources/employer-branding-on-social-media-best-examples-</a>

 $\underline{84 fec1 f535 e4 \#: \text{``:text=Example\%3A\%20Marriott,} of ten\%20 feature\%20 their\%20 employees'\%20 testimonials.}$ 

Think and share your thoughts in our Teams group chat: what ways does the article suggest companies can communicate their employer brand via social media? Have you seen any of such posts on social media before? How effective do you think they are?

3. Simulation: Real-life Applications

#### Choose 1 of these companies and visit their social media websites:

- 1. Dell (https://www.facebook.com/DellTechCareers/)
- 2. Lush (https://www.facebook.com/LUSHcareers/)
- 3. Salesforce (https://www.instagram.com/salesforcejobs/)
- 4. Under Armour (https://twitter.com/underarmourjobs?lang=en)
- 5. Taco Bell (https://www.facebook.com/tacobell.careers/)
- 6. Home Depot (https://www.facebook.com/homedepotcareers/)

How do they communicate their employer brand via social media? Post your answers to Blackboard.

# L10 – Managing Performance and Rewards (WEEK 10) 1. Forum Discussion Question: Reflection

Can you recall an incident when the organisation you work for had fallen short of, or exceeded, your expectations of how they rewarded you?

Post your answers to the dedicated Blackboard space.

## 2. Padlet Photo Post Prompt:

"Capture a visual representation that symbolises your idea of effective performance management and the role of rewards in motivating employees. It could be a photo, a diagram, or any visual that represents your insights. Share your creation on Padlet along with a brief description explaining the elements you've chosen. This visual storytelling will offer a unique perspective on managing performance and rewards in the workplace."

Post your padlet here: https://padlet.com/m antoniadou/week10

# L11 – Strategies for achieving equality, diversity and inclusion (WEEK 11) 1. Discussion Forum Question: Watch a video

Watch the TEDx video 'How to get serious about diversity and inclusion in the workplace' by Janet Stovall:

https://www.ted.com/talks/janet stovall how to get serious about diversity and inclusion in the workplace?language=en

Share your thoughts why is Equality, Diversity and Inclusion (EDI) an important concern for contemporary organizations? What are the benefits of having a diverse workforce and how can we create workplaces where people feel safe and expected to be their unassimilated, authentic selves?

2. Simulation: Working on Real-life EDI Cases

**Pick one of the EDI issues from the following scenario:** A UK-based marketing and sales agency is committed to CSR and strives to achieve a more inclusive and diverse workforce. It currently has a workforce in which:

• 35% are female

- 10% are under-represented ethnic minorities (BAME)
- 5% identify as LGBTQ
- 7% reported as having a disability

The company wants to increase its diversity and has made an effort to recruit more employees from minority groups. While the company has been able to recruit such employees, it has issues retaining them, as many individuals leave the company in less than a year. To understand why this is happening, the company has investigated this issue; Exit interviews and the annual employee climate survey show that some employees do not feel the workplace is truly inclusive, despite there being policies in place that are designed to create a welcoming climate where everyone is treated equally. Specifically, there seem to be ongoing problems with racism, ableism, sexism, xenophobia, homophobia and transphobia

Read the sources provided on Blackboard (see separate folders for: Gender, race, disability, LGBTQ). Based on this, think the following:

- What is the business case for the case study organisation to increase diversity regarding this particular group?
- What barriers are there for this group and employment?
- How might the case study organisations reduce those barriers? What kind of initiatives could HRM implement to attract and retain talent from this particular group?



Five learning theories are evaluated in this lecture; these underpin the methods used in leadership and management development.

Which learning theories best apply to the development of managers in your organisation? Illustrate through the use of examples.

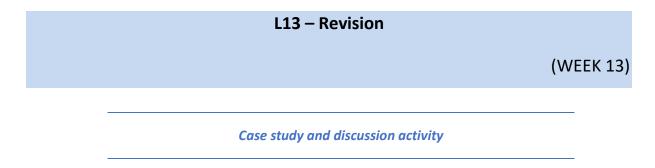
Post your answers to the dedicated Blackboard space.

# 2. PERSONALITY CHECK: WHICH LEARNING TYPE ARE YOU?

Complete the learning styles questionnaire (Honey and Mumford) in additional materials for this lecture on Blackboard.

•What type of learner are you? Why do you think this is?

Share your answers to the dedicated Blackboard space.



#### Case Study: "HarmonyTech Solutions"

HarmonyTech Solutions is a global technology company that has been experiencing rapid growth and expansion over the past few years. As the organisation has scaled, it has encountered various challenges related to organisational culture, behaviour, change management, emotional intelligence, leadership, HRM, diversity, and organisational learning.

Scenario:

#### Organisational Culture (Week 1):

HarmonyTech has a strong emphasis on innovation but is grappling with a clash between its original startup culture and the demands of a larger, more structured organization. Employees are divided on the company's cultural direction.

#### **Change Management (Week 5):**

The CEO has initiated a major restructuring to accommodate the growth, leading to resistance and uncertainty among employees. The change management process is not unfolding as smoothly as anticipated.

#### **Emotional Intelligence (Week 6):**

The leadership team lacks cohesion, and there are signs of emotional intelligence gaps. This is affecting team dynamics, decision-making, and overall organizational morale.

#### **Leading and Developing People (Week 7):**

HarmonyTech is facing challenges in developing effective leaders within its rapidly expanding teams. Leadership training programs have been implemented, but their impact is yet to be realised.

#### Strategic HRM (Week 8):

The HR department is tasked with aligning the workforce with the company's strategic goals. However, there are issues related to workforce planning, succession planning, and the implementation of high-performance work systems.

#### **Diversity and Inclusion (Week 11):**

There are concerns about the lack of diversity and inclusion in key leadership positions. The company is receiving external pressure to improve its diversity efforts.

#### Organisational Learning (Week 12):

HarmonyTech is struggling to create a culture of continuous learning. Knowledge sharing is limited, and the organization is not leveraging its collective intelligence effectively.

#### **Discussion Points:**

- 1. How can the organisation manage the clash of cultures during this growth phase?
- 2. What change management strategies would you recommend to overcome resistance to restructuring?
- 3. How can emotional intelligence be improved within the leadership team, and what impact might this have on organizational performance?
- 4. What approaches would you suggest for developing effective leaders within the organization?
- 5. How can HRM practices be aligned with the company's strategic goals?
- 6. What steps can be taken to enhance diversity and inclusion within the leadership ranks?
- 7. How can the organisation foster a culture of continuous learning and knowledge sharing?

Share your answers to the dedicated Blackboard space.

#### Managing People and Leading Organisations – Week 4 Forum



Marilena Antoniadou (School of Business and Management) 24/10 11:30

### **Week 4 Forum Question**



#### Understanding Groups in OB

In your opinion, how do different group roles and dynamics impact the overall effectiveness and productivity of a team? Can you share a personal experience where the distribution of roles or the dynamics within a group positively or negatively influenced the team's outcomes? How could a better understanding and management of group roles and dynamics have enhanced the team's performance?

Collapse all



- Tream dynamics are the unconscious psychological influences that shape and direct a team's behaviour, rapport and performance. Team members' roles and responsibilities often affect these dynamics, which then directly affect the group's productivity. When the team starts to work together, people's individual behaviours become dependent on the interactions around them, influencing their demeanour, manners and conduct. From here, the dynamic can evolve people's motivations, attitudes and cognition start to emerge, influencing how everybody feels about each other, their team and their project.
- 2. As I referred in the forum 2 my job as engineer is very male dominated. Before I worked in this organization there were only men as mechanical engineers in my company. In the beginning my colleagues had faced me as a little stupid girl without knowledge and powers. They believed that a woman doesn't give anything in this kind of job, and they asked me continuously why I studied mechanical engineering. However, my boss saw this situation and he arranged a meeting with all the engineers of the company. In the meeting he said that our company needed the woman's view and we needed to transform our culture in this theme. He put some limits on them, so they don't interfere in my work while previously they wanted to control me. In simple terms, he developed our roles in order to make a strong group with different roles to achieve the aims of company. After a year we became a dream team with my colleagues. This intervention of my boss helped us to realize each one of our responsibilities, our limits and to become a strong team. A good team dynamic ensures that everyone understands every person's role and respects it giving the right person the perfect opportunity to become a strong leader. Great leaders inspire everyone within their team to achieve their full potential whether that be growing into a new position or guiding them to their ultimate professional goals. Effective leaders also provide clarity of purpose, motivation and new, out-of-the-box ideas. Put quite simply, strong leadership increases the team's productivity and growth.
- 3. When a positive atmosphere and good dynamic exists within a team working toward a common goal, each member will perform effectively and achieve goals set by the group. As a result, its members are more successful, and there is less chance of disagreements and conflicts.

See less





arilena Antoniadou (School of Business and Management) 24/10 21:13

- your personal experience and the transformation of your engineering team are excellent examples of how group roles and dynamics can significantly impact a team's effectiveness and productivity. Your story highlights the initial challenges and biases that



Marilena Antoniadou (School of Business and Management) 24/10 21:13

- your personal experience and the transformation of your engineering team are excellent examples of how group roles and dynamics can significantly impact a team's effectiveness and productivity. Your story highlights the initial challenges and biases that can exist when team members do not understand or appreciate each other's roles and contributions.

The intervention of your boss, in reshaping roles and setting clear expectations, is a great illustration of how better understanding and management of group roles and dynamics can enhance a team's performance. By recognizing the unique perspectives and contributions that each team member brings, and by fostering a more inclusive and respectful atmosphere, your team was able to thrive and become a "dream team."

Your mention of strong leadership and how it can positively influence team dynamics is also spot on. Effective leaders, as you pointed out, provide clarity of purpose, motivation, and fresh ideas, which can significantly boost the team's productivity and growth. Your response not only addresses the questions effectively but also provides valuable insights into the practical aspects of managing group roles and dynamics. Well done!

See less



dent) 24/10 22:30

u (Student) how does diversity, in terms of gender or other factors, contribute to the overall effectiveness and creativity of a team?



u (Student) 25/10 12:27

(Student) Crafting a team with varied thoughts, equal gender mix, backgrounds and inputs can help your team discover creative ways to solve problems. This is because each team member has different perspectives and ideas that more homogenous teams might not uncover. With increased team creativity, teams also benefit from improved innovation. It is worth mentioning that teams with an equal gender mix perform better than male-dominated teams in terms of sales and profits. Teams with lower percentages of women have lower sales and lower profits than teams with a balanced gender mix. I hope i answered your question!

See less



25/10 12:34

Different group roles and dynamics play a crucial role in determining the overall effectiveness and productivity of a team. Here's how they can impact a team's performance:

- Roles and Responsibilities: The distribution of roles within a team is essential for a well-functioning group. When each team
  member has a clearly defined role and understands their responsibilities, it promotes efficiency and prevents duplication of
  effort. A lack of role clarity can lead to confusion and inefficiency.
- Leadership and Hierarchy: The dynamics of leadership within a team can greatly influence its performance. Effective leadership
  helps in decision-making, maintaining order, and motivating team members. On the other hand, poor leadership or power
  struggles can hinder progress and create conflicts.
- Communication: Effective communication is a linchpin of successful teamwork. A team with open and transparent
  communication is better equipped to share information, resolve conflicts, and collaborate efficiently. Inadequate
  communication can lead to misunderstandings and misalignment.
- Conflict Resolution: The way a team handles conflicts is vital. Constructive conflict resolution can lead to improved decision-making and innovative solutions. However, unresolved or poorly managed conflicts can result in tension, hinder teamwork, and negatively impact outcomes.
- Diversity and Inclusion: The diversity of a team can bring various perspectives, skills, and ideas to the table. Embracing
  diversity and fostering an inclusive environment can enhance problem-solving and creativity. However, if diversity isn't
  managed well or inclusivity is lacking, it can lead to conflicts and hinder collaboration.
- Groupthink and Conformity: Group dynamics can sometimes lead to groupthink, where team members conform to the
  dominant opinions rather than expressing dissenting views. This can stifle creativity and lead to suboptimal decisions.
- · Motivation and Team Cohesion: Positive group dynamics, where team members support and motivate each other, can

 Motivation and Team Cohesion: Positive group dynamics, where team members support and motivate each other, can significantly enhance productivity. A cohesive team is more likely to work cohesively and achieve its goals.

As for a personal experience, I've been part of both highly effective and less effective teams, and group roles and dynamics played a crucial role in these experiences. In one project, the team had a clear distribution of roles, effective communication, and open discussions. This positively influenced our outcomes, leading to a successful project completion with innovative solutions.

Conversely, in another project, there was a lack of role clarity, poor communication, and unresolved conflicts. This negatively affected the team's performance, resulting in delays and a less successful outcome.

In both cases, better understanding and management of group roles and dynamics could have enhanced the team's performance. This includes ensuring that roles and responsibilities are clear, promoting open communication, addressing conflicts constructively, and fostering a positive team environment. Team leaders and members should be aware of these dynamics and work proactively to create a productive and cohesive team.

See less



(Student) 25/10 12:46

Student) In your personal experience what is your role and how did you manage your role in the case of your unsuccessful team?



Student) 25/10 16:11

in my personal experience it was in a group project about the war in ukraine. my role was to perfom the situation with the video about the situation and show some materials. One guy haven't done his interview to manage my role. I did with him open communication and honest conversation after we have done his part.





(Student) 26/10 18:27

Hi everyone, I also wanted to share my experiences on this topic.

1. I believe that group roles and dynamics fundamentally and directly impact the effectiveness and productivity, and also efficiency of a team. Ultimately a team is comprised of various personalities, and skillsets and knowledge levels, and for a team to work successfully these different people need to have complimenting roles and positive dynamics between them. The responsibility distribution for each member should be very clear and contribute to the other members. There should be bridges between each member where they can collaborate on different tasks, and these areas of collaboration should be determined by each members' skills. Otherwise, there can be confusion, miscommunication, tension, disconnect between tasks and inability to meet deadlines. Also, determining team member dynamics and forming efficient groups are very important, we should always remember that everyone has a different character and aligning these characters well impacts productivity. I recommend a book for this called, "Surrounded by idiots" — Thomas Erikson.

2.and3. To share a personal example — Our accounting team had some trouble with the group dynamic and working together as everyone had different working styles. We had very experienced members, contrasting with very new talented members, which created a disconnection and difficulties synchronising between the team. I experienced that matching or forming teams within the same age group (of similar years of experience) actually improved work efficiency and the work atmosphere. We need to understand that there are differences between generations and differences in how the work is done between these generations. In my company's accounting team, matching these individuals created a much more dynamic culture and we achieved faster results from each group. Of course, it is important to have a mix of experiences, so for teams with mostly lower age and less years of experience, we assigned a team member who has more years of experience, as a team lead. We set clear goals for each team and with guidance they were able to work much for efficiently as they understood their ways of working better and contributed to each other's work more effectively. The tasks and goals were created according to the SMART guidelines (i.e., Specific, Measurable, Achievable, Relevant, and Time-Bound).

See less

#### Week 1 FORUM



Marilena Antoniadou (School of Business and Management) 02/10 13:03

#### WEEK 1 Forum Discussion:

Post your answers below (just click reply) to our Discussion Forum, based on the below case:

- A study by the Boston Research Group into governance, culture and leadership asked employees from all hierarchical levels
  about their company's culture. Some saw their employer's culture as being top-down, but with skilled leadership, many rules
  and a mixture of carrots and sticks 'the informed acquiescence approach'. Others described their company's culture as being
  based on command-and-control, top-down management or leadership-by-coercion the 'blind obedience approach'. Still
  others, reported a culture where employees were guided by a set of core principles and values that inspired them to align their
  behaviour with their firm's mission 'the self-governance approach'. Into which of these three categories would you place your
  own organization's culture?
- · Expand your answer using examples and theory from our session.

#### See less

#### v Collanse all



(Student) 04/10 14:28

First of all I am mechanical engineer and I am working as sale engineer in a company in Nicosia in last 6 years. We are expert of machinery of heating and cooling systems. I have two responsibilities in my work. First, I provide offers in response to inquiries and give advises and support in the stage of pre-sale and after sale. My second responsibility is that I contact with the our foreign suppliers to submit our orders and following I contact with forwarding agent in order to deliver the goods in Cyprus.

I believe that my company has excellent leadership and culture, and this seems from the years I belong to this organisation. We have culture which describe a set of core principles and values that inspire us to align our behaviour with our firm's mission. For example, if the client refer that there is an error with heat pump we have steps which all employees follow to solve the technical problem. First if it's possible to solve it by phone, or not in the construction site by our technicians. Other example in the progress of the commissioning of a machine we have norms to avoid any complications of the process of the commissioning. We have key concept and frameworks which have impact on our performance. The norms and values embedded in organisational culture are very powerful influence on the workplace.

In conclusion in my view my company is belong in the category of "the self-governance approach" for the above reasons. Personally this category of culture forward their employees to focus on long-term outlook with hard work and value dedication.

See less





(Student) 04/10 14:30

What are the key principles and values within your company's culture that guide employees like you, a mechanical engineer working in sales, to effectively address technical issues and ensure a smooth process in tasks like providing offers, pre-sale and after-sale support, and coordination with foreign suppliers and forwarding agents?



(Student) 04/10 14:41

I don't work currently, but I'm actively researching the organisation where I aspire to work in the future: MSC Cruises, where I aim to become a Cruise Director. In this role, my responsibilities would encompass planning entertainment, communication with guests, and coordination with various departments.

I would categorise MSC Cruises under the 'Acquiescence Approach' because this approach typically describes a culture where there is some degree of top-down decision-making, but it is accompanied by skilled leadership, clear communication, and a mix of incentives and consequences to motivate employees.

At MSC Cruises, this approach is evident through the effective leadership that communicates the company's vision and goals, provides training and development opportunities to employees, and offers performance-based rewards and recognition.

MSC Cruises exhibits strong leadership and a well-defined organisational culture characterised by a set of core principles and values by guiding actions in alignment with the company's mission.

For instance, when faced with customer-reported issues or technical challenges on board of cruise ships, they have established procedures that all employees follow diligently. These procedures include immediate troubleshooting attempts via phone support or on-site assistance by skilled technicians. Similarly, during the commissioning of new machines and equipment, they adhere to well-defined norms and guidelines to ensure a smooth and complication-free process.

MSC Cruises operates with key concepts and frameworks that significantly impact performance and service quality. The embedded norms and values within organisational culture wield a powerful influence over workplace dynamics, fostering a sense of responsibility and commitment among team members.

In my view, MSC Cruises can be accurately placed in the 'Acquiescence Approach' category, as this culture encourages employees to maintain a long-term perspective, emphasising hard work, dedication, and a commitment to delivering exceptional cruise experiences to the passengers.

#### See less



(Student) 04/10 15:50

Hi Let me explain you! When i took my position in this organisation before 6 years, i done training for 3 months. In the training i had learned the core principles and values of this organisation. For an example a main principle is that we ALWAYS use the email and not only use phone. If you would like call a client, do it but after send an email regarding your previous telecom, especially if you talk about prices and orders. Another value of my company is that we develop friendly relationships with our client, it's such as our family, so they can't buy products from our competitors.

#### See less





Marilena Antoniadou (School of Business and Management) 04/10 18:21

(Student), thank you for sharing your perspective on your organization's culture. Based on the information you provided, it does indeed seem that your company falls into the category of 'the self-governance approach' as described in the study by the Boston Research Group.

Your description highlights a culture that emphasizes core principles and values, guiding employees to align their behavior with the firm's mission. This approach encourages self-motivation and dedication, where employees focus on a long-term outlook and demonstrate hard work. The examples you provided, such as following established steps to solve technical problems and adhering to norms during the commissioning process, reflect a proactive and responsible approach to work.

Moreover, your company's emphasis on adherence to specific guidelines and frameworks demonstrates a culture that promotes informed decision-making and responsibility, aligning with the concept of self-governance.

It's valuable to see how your experiences as a mechanical engineer and sales engineer contribute to this culture of self-governance, where employees are guided by principles and values to achieve organizational goals effectively and efficiently. Your insights shed light on how organizational culture impacts day-to-day operations and employee behaviors within your company. Well done!!!



(Student), you've provided a detailed and insightful response about MSC Cruises and its organizational culture, specifically categorizing it under the 'Acquiescence Approach.' You've effectively linked your aspiration to become a Cruise Director at MSC Cruises to the organizational culture. This shows a good understanding of how the culture aligns with your desired role and responsibilities. You've thoroughly explained why you believe MSC Cruises falls under the 'Acquiescence Approach,' using examples and characteristics from the provided study. This gives a clear understanding of how the organizational culture operates within the company. The examples you've provided, such as the procedures for customer-reported issues and adherence to norms during commissioning, demonstrate a practical understanding of the organizational practices at MSC Cruises, supporting your categorization.

Above all, your response is positive and optimistic, emphasizing the strengths of MSC Cruises' organizational culture and its alignment with your career goals. 😂 🍆

See less



(Student) 10/10 22:07 Edited

To begin with, I am an Electrical and Electronics Engineer currently working as an Electrical and Automations Engineer for a well-known brewery here in Cyprus.

I would place my organization's culture into two of the above categories. The reason behind my statement is that employees at the firm I work in are indeed guided by principles and values set by the management and are motivated based on the firm's mission. With that being said, a skilled top-down management structure with unavoidable rules, that are very much needed when we emphasize on health and safety, place my organization under the informed acquiescence and self-governance approaches.

I firmly believe that in an organization of this magnitude a top-down structure is vital to optimize efficiency and minimize costs. These goals can only be achieved by having skilled and open-minded leaders that consider ideas and observations from lower ranking employees while having the ability to make decisions based on the information they receive.

The past few month I've been a part of this firm I noticed how managers coordinate and cooperate with the rest to achieve goals, leaving everybody feeling included, important and heard, while also being motivated to attack new goals set.

#### See less



(Student) 10/10 22:52

I agree with you that this industry must to follow rules and protocols for healthy and safety for employees. However when organization belong in 2 categories is there confuse among employees regarding the vision and mission of the company? Are you fell free to make an importance decision for example?



(Student) 10/10 22:59

there's indefinite freedom when it comes to minor projects, but for big projects where lots of money is involved employees tend to work together to conclude to 2 or 3 options/approaches for the matter and then management will be responsible to conclude to the final decision. There's rarely any confusion as everybody has the same mindset and vision which is briefly efficiency, hygiene and to lower costs.



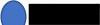






Marilena Antoniadou (School of Business and Management) 11/10 09:40

What a team! Well done for your contributions. Pantelis - you have provided a clear and well-structured response, effectively addressing the question about the organization's culture based on the given categories, Incorporating personal experience as an Electrical and Electronics Engineer in a brewery in Cyprus is excellent. It adds a practical dimension to the response. You accurately categorized the organization's culture into the 'informed acquiescence' and 'self-governance' approaches, providing clear explanations for this classification, could benefit from specific examples or instances that highlight how the organization aligns with the identified approaches. Adding anecdotes or scenarios would reinforce the points made @



tudent) 19/10 21:50

(Student) Can you elaborate on how the management principles and values influence employees' motivation and adherence to the firm's mission in your organization?



← Reply

#### **BLACKBOARD**

#### Week 6 Forum: Emotional intelligence

Discussion Student Activity

#### **Discussion Topic**



Discuss the Crucial Role of Emotional Intelligence in Cultural Change Leadership: Share Instances of El Competencies Demonstrated by Leaders in Managing Organizational Transformation.

#### Responses (2)



Type a response



In a world of constant culture change, emotionally intelligent leaders play a crucial role in successfully guiding their organizations through transformational journeys. By fostering empathy, self-awareness, and trust, these leaders create an environment that embraces change with openness and adaptability.

The El competencies of the successful leaders are the followings:

- · They know themselves well, are open about their flaws, and utilize their strengths.
- They are in tune with their emotions and know how to navigate them effectively.
- · They hold themselves accountable and have no shame in being called out by others.
- · They understand they cannot learn from living and leading in a vacuum and surrounding themselves with "yes people."
- They are okay with saying they don't know.
- They do what is necessary for the greater good, regardless of popularity.
- They are often connected to a deep sense of purpose.
- They understand that their reality is not shared with everyone and respect diverse thoughts.
- They appreciate gaining insight from others before making a decision.
- They do not let fear hold them back.
- They regularly check in with themselves and others' emotions.

#### Reply | Hide Replies (3)



Marilena Antoniadou

..

thank you for your reply to this week's forum! A thoughtful and well-structured response!

You provided a comprehensive list of emotional intelligence competencies demonstrated by leaders in managing organizational transformation. Indeed, these competencies encompass self-awareness, empathy, accountability, adaptability, humility, and more. It's evident that they have a good grasp of the concept of emotional intelligence and its relevance in leadership. The inclusion of Jeff Bezos, the CEO of Amazon, as an example of a leader who successfully applies emotional intelligence adds depth and relevance to the response. It's beneficial to illustrate theoretical concepts with real-world examples, and Bezos serves as an excellent case study. elaborated on three specific ways in which Jeff Bezos demonstrates emotional intelligence. These examples help to make the concept more tangible and relatable. They show how Bezos acknowledges challenges, remains even-keeled under scrutiny, and surrounds himself with talented individuals.

A strong response that not only covers the topic comprehensively but also enhances the understanding of emotional intelligence through practical examples. Make sure you add some citations/references too, as good practice for your assignment too!

Marilena

Reply • 08/11/2023, 10:23



Do you think in any way emotional intelligence can be improved at your organisation?

Reply | Hide Replies (1) • 09/11/2023, 16:54



Marilena Antoniadou Great question!

14/11/2023, 10:42



Type a reply

- · They appreciate gaining insight from others before making a decision.
- · They do not let fear hold them back.
- They regularly check in with themselves and others' emotions.
- · They do not condemn others for their shortcomings and offer support to help others develop their natural talents.
- · They know how to detach the situation or behavior from an individual's identity—thereby not allowing conflict to become personal.

#### Reply | Show Replies (1)



07/11/2023, 15:35

Emotional intelligence (EI) plays a crucial role in cultural change leadership, as it enables leaders to navigate and effectively manage organizational transformations. Cultural change is often a challenging process that involves shifting values, beliefs, behaviors, and norms within an organization. Here are some instances of EI competencies demonstrated by leaders in managing organizational transformation:

- Self-Awareness: A leader with high self-awareness understands their own emotions, strengths,
  weaknesses, and values. During a cultural change, self-awareness can help a leader recognize their own
  biases, which is essential for promoting a more inclusive culture. For example, a CEO acknowledging their
  own biases and seeking to address them can set an example for the entire organization.
- Self-Regulation: This competency involves managing one's emotions and reactions effectively. In the
  context of cultural change, leaders need to remain composed and adaptable, as resistance and challenges
  are common. Demonstrating self-regulation, a leader can respond to setbacks or opposition with patience
  and resilience rather than reacting impulsively.
- Motivation: Leaders with a high level of motivation have a clear vision of what they want to achieve. They
  can inspire and motivate their teams during cultural change by articulating a compelling vision of the
  desired culture. Their enthusiasm and dedication can encourage employees to embrace the changes.
- Empathy: Empathetic leaders can understand and relate to the emotions and perspectives of their
  employees. During cultural change, showing empathy is essential for addressing employees' concerns and
  fears. Leaders who actively listen and validate the feelings of their teams can build trust and cooperation.
- Social Skills: Strong social skills, including effective communication and relationship-building, are crucial
  for leaders driving cultural change. They need to communicate the reasons for change, create a sense of
  belonging, and facilitate open dialogue. These skills can help leaders build alliances and inspire
  collaboration.
- Conflict Resolution: Cultural change often leads to conflicts and disagreements. Leaders with excellent
  conflict resolution skills can address and resolve disputes constructively, fostering a more positive
  atmosphere and preventing disruptions in the change process.
- Adaptability: Cultural change can be unpredictable, and leaders must be adaptable in response to new
  challenges and unforeseen circumstances. Adaptable leaders can adjust their strategies and approaches to
  ensure the success of the transformation.

Reply | Show Replies (1)

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Marilena Antoniadou

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well done. You provided a well-structured and detailed response that effectively discusses the role of emotional intelligence (EI) in cultural change leadership.

You indeed outlined a wide range of EI competencies and explained how each competency is relevant in the context of cultural change leadership. This comprehensive approach offers a thorough understanding of how emotional intelligence is applied by leaders during organizational transformations. The inclusion of specific leaders, such as Steve Jobs and Tim Cook from Apple, as examples of how EI competencies are demonstrated in practice adds depth and credibility to the response. These real-life examples help illustrate how emotional intelligence is put into action in a corporate setting.

You directly addresses the topic of the role of emotional intelligence in cultural change leadership, aligning with our assignment's focus. The analysis of Apple's leaders, their El competencies, and their impact on the organization's success during times of transformation is thorough and insightful. It demonstrates a deep understanding of the subject matter.

Overall you provided a comprehensive view of how emotional intelligence competencies are applied by leaders during cultural change, using Apple's leaders as a compelling case study, but make sure you add the sources of your information!

Marilena

Reply • 08/11/2023, 10:26

#### **Home Viewing Example:**

# **Home viewing**





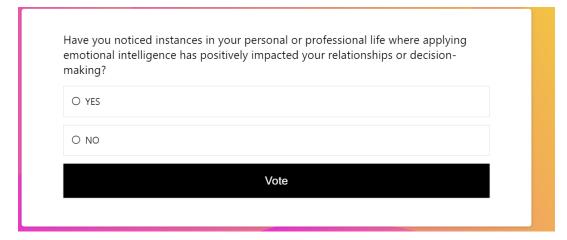
Management at the Belgian manufacturing company Solwal need to cut costs due to competition from Asia. This is the setting for **Two Days, One Night** (2014) which explores the consequences of the global financial crisis. Sandra Bya (played by Marion Cottilard) has been off work with depression. In her absence, Mr Dumont, the manager, decides that in Sandra's section they need only 16 workers and not 17. He calculates that the company can either pay the €1,000 annual bonuses for 16 employees, or cancel the bonuses and Sandra can stay. The staff vote 13 to 3 in favour of their bonuses. Sandra learns about this on the Friday before returning to work. However, one of Sandra's colleagues persuades Dumont to hold another ballot on Monday morning. Sandra is married with two children, and needs her job. Her husband persuades her to speak to those who voted for the bonuses, to ask them to change their minds. She has two days in which to do this. Sandra soon discovers that her colleagues have financial problems of their own.

How do you feel about Dumont's decision to let his employees decide whether to keep their bonuses, or to keep Sandra? At the end of the movie, how do you feel about Dumont's proposal to give Sandra her job back? Is it inevitable that, in a financial crisis, organizational and individual needs cannot both be satisfied? What else could management do in this situation?

POLL: Have you had instances in your personal or professional life where applying EI has positively impacted your relationships or decision-m...

Visible to students •

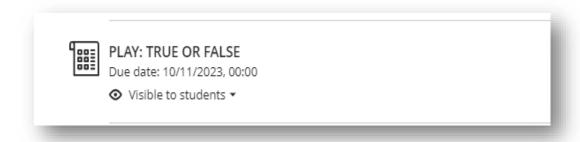
Take this short poll to gather thoughts and insights on the topic of emotional intelligence:

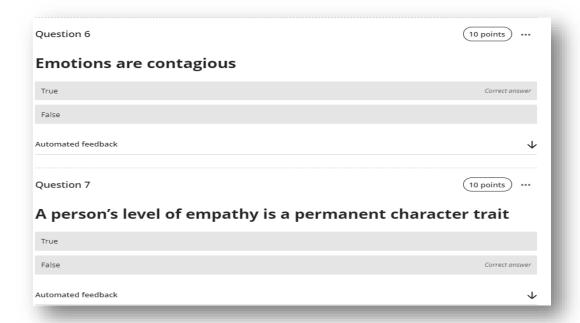


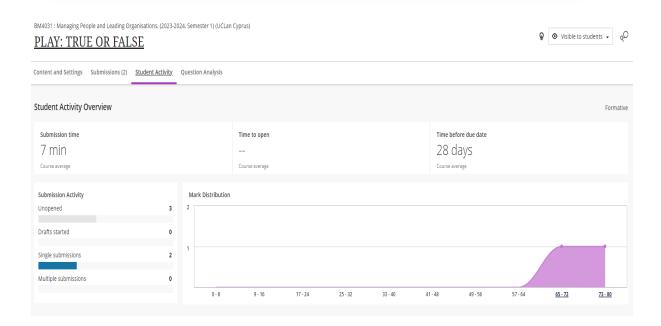
## Results:

# Results Breakdown - Part 2 / 6

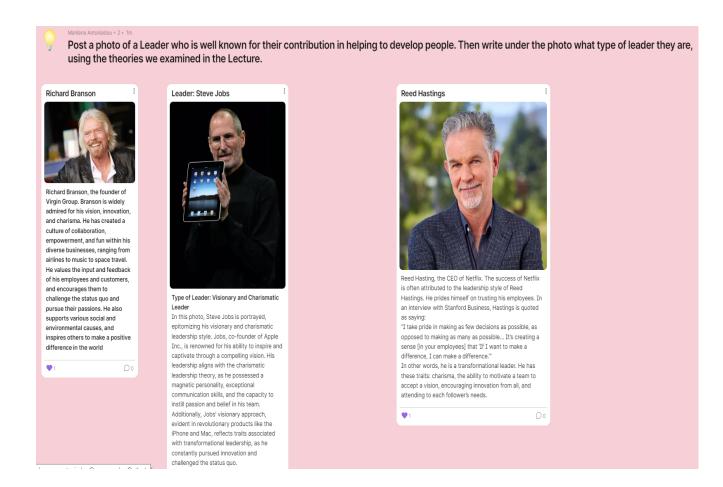






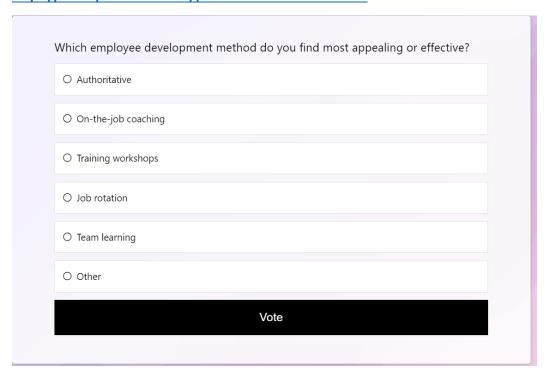


**Week 7:** Post a photo of a Leader who is well known for their contribution in helping to develop people. Then write under the photo what type of leader they are, using the theories we examined in the Lecture. <a href="https://padlet.com/m\_antoniadou/Week7">https://padlet.com/m\_antoniadou/Week7</a>



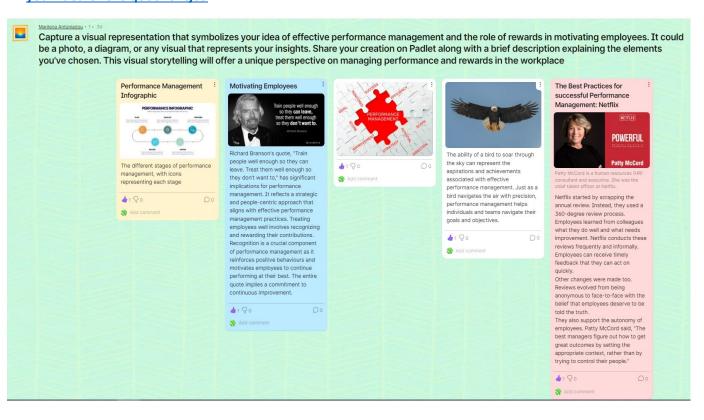
## Voting:

## https://take.quiz-maker.com/poll5000759xE1884D6D-153



Results Breakdown - Part 2 / 6		
	Sort Results	Show Cou
Authoritative		179
On-the-job coaching		09
Training workshops		09
Job rotation		179
Team learning		679
Other		09

Week 10: <a href="https://padlet.com/m\_antoniadou/capture-a-visual-representation-that-symbolizes-your-idea-of-5reigoo04okcj05">https://padlet.com/m\_antoniadou/capture-a-visual-representation-that-symbolizes-your-idea-of-5reigoo04okcj05</a>





Course: MBA Module Code: BM4031

Module Title: Managing People

and Leading Organizations

Title of the Brief: Assignment 1: Cultural Type of assessment: PORTFOLIO

Transformation Analysis

This assessment is worth [50%] of the overall module mark and should include your independent study to complete.

This Assessment Pack consists of a detailed assignment brief, guidance on what you need to prepare, and information on how class sessions support your ability to complete successfully. The module will have two assignment-specific sessions in the semester and Q&A sessions. You'll also find information on this page to guide you on how, where, and when to submit. If you need additional support, please make a note of the services detailed in this document.

How, when, and where to submit:

## Students will submit on Blackboard via the relevant Turnitin link.

If your work is submitted via the Turnitin link on Blackboard, the link will be visible to you in November 2023:

Feedback will be provided by: 4 weeks after the deadline

You should aim to submit your assessment in advance of the deadline.

Note: If you have any valid mitigating circumstances that mean you cannot meet an assessment submission deadline and you wish to request an extension, you will need to apply online, via <a href="MyUCLan">MyUCLan</a> with your evidence prior to the deadline. Further information on Mitigating Circumstances via <a href="this link">this link</a>.

We wish you all success in completing your assessment. Read this guidance carefully, and any questions, please discuss with your Module Leader.



## Additional Support available:

All links are available through the online Student Hub

- 1. Academic support for this assessment will be provided by contacting Dr Marilena Antoniadou MAntoniadou 1@uclan.ac.uk
- 2. Our Library resources link can be found in the library area of the Student Hub or via your subject librarian at <a href="mailto:CyprusLibrary@uclan.ac.uk">CyprusLibrary@uclan.ac.uk</a> or 24694020.
- 3. Support with your academic skills development (academic writing, critical thinking and referencing) is available through WISER on the Study Skills section of the <u>Student Hub</u>. For further information please contact us at <u>languageacademy@uclancyprus.ac.cy</u> or 24694000.
- 4. For help with Turnitin, see <u>Blackboard and Turnitin Support</u> on the Student Hub
- 5. If you have a disability, specific learning difficulty, long-term health or mental health condition, and not yet advised us, or would like to review your support, Student Support can assist with reasonable adjustments and support. To find out more, you can visit the Inclusive Support page of the Student Hub.
- 1. For mental health and wellbeing support, please complete our online referral form, or email <a href="wellbeing@uclancyprus.ac.cy">wellbeing@uclancyprus.ac.cy</a>. You can also call 24694050, attend a drop-in, or visit our UCLan <a href="The Psychological">The Psychological</a> Wellbeing and Counselling Centre for more information.
- 2. For any other support query, please contact Student Support via <u>CyprusStudentSupport@uclan.ac.uk</u>
- 3. For consideration of Academic Integrity, please refer to detailed guidelines in our <u>policy document</u>. All assessed work should be genuinely your own work, and all resources fully cited.

Preparing for your assignment.

Refer to the Module Information Pack to understand the Learning Outcomes and Marking Criteria.

### Assessment Pack Contents

In this assignment, we delve into the intricate world of organizational culture and management practices, focusing on real-world transformations within an organization. The objective is to conduct a critical analysis of a selected



organization that has recently undergone a substantial cultural shift or significant alterations in its management strategies. By applying renowned cultural frameworks like Schein's, Cultural Web, or OCAI, we aim to assess the organization's original culture and identify the pivotal challenges necessitating a cultural transformation. This analysis will illuminate the influence of the original culture on employee behavior and organizational outcomes. Additionally, we will explore the interplay between group roles, dynamics, and the change management strategies employed during the transformation. Furthermore, we will evaluate the leadership's role, emphasizing emotional intelligence, leadership styles, and practices in guiding this cultural metamorphosis. Through evidence, examples, and recommendations, we seek to unveil valuable insights and lessons that can serve as beacons for organizations navigating their path towards sustainable success through cultural change.

## Assessment pass requirements:

Two criteria apply to pass this assessment:

- 1. Minimum pass mark of the final report is 50%.
- 2. Submit the selective weekly activities which contribute towards the final report. Details of the submission of those weekly activities which contribute towards the final report are clearly indicated in subsequent sections.

## Assignment Description:

Select a real-world organization, or an organization you are currently working at, that has recently undergone a significant change or transformation in its culture and management practices (e.g. leadership change, merger, leadership succession, inclusion & diversity initiatives). In a 2000-word individual report, critically analyze the organization's journey to transform its culture, addressing the following key aspects:

- Begin by providing an overview of the organization's original culture. Apply relevant cultural frameworks (e.g., Schein's, Cultural Web, OCAI) to assess its previous culture. Describe the challenges that the organization faced, necessitating a cultural transformation. (Weeks 1, 2)
- Discuss how the organization's culture influenced employee behaviour and organizational outcomes before the transformation. (Week 3)
- Explore how group roles and dynamics within the organization contributed to or hindered the cultural change process. (Week 4)
- Analyse the change management strategies and techniques employed during the cultural transformation. Evaluate their effectiveness in overcoming resistance and driving change. (Week 5)
- Assess the role of emotional intelligence in the leadership and management of the cultural change process. Highlight any emotional intelligence competencies demonstrated by leaders. (Week 6)



• Discuss how leadership played a pivotal role in guiding the cultural transformation. Evaluate the leadership styles and practices employed. (Week 7)

In your report, provide evidence, examples, and recommendations for areas where the organization succeeded or faced challenges in its cultural transformation. Emphasize the interplay between organizational culture, leadership, and various HRM practices. Conclude with insights and lessons that can be applied to other organizations seeking cultural change for sustainable success.

## Deadline: 4th December 2023

Aspect	Assessment Criteria	Marks
Understanding of the Original Culture and Context	Demonstrates a clear understanding of the original culture and the organizational context. Exhibits critical thinking in the analysis.	10
Identification of Challenges and Need for Transformation	Clearly identifies and describes the challenges that necessitated cultural transformation. Demonstrates critical thinking in connecting challenges to the need for change.	10
Analysis of Cultural Influence on Behavior and Outcomes	Thoroughly analyses how the original culture influenced employee behavior and organizational outcomes. Shows critical thinking in assessing the impact.	10
Evaluation of Change Management Strategies and Impact	Provides a comprehensive evaluation of the change management strategies employed and their impact on the transformation. Demonstrates critical thinking and relevance in the assessment.	10
Assessment of Leadership's Role and Strategies	Conducts an insightful assessment of the role, strategies, and styles of leadership in guiding the cultural transformation. Demonstrates critical thinking and clarity in analysis.	10
Insights and Recommendations for Sustainable Change	Provides meaning ful insights and actionable recommendations for sustainable cultural change. Demonstrates critical thinking, relevance, and clarity in recommendations.	10
Final report presentation	Well-structured content, effective use of visual aids, professionalism, and the ability to engage and convey the significance of the work.	20



	○ OCEAN	
Report cohesion and	Includes the report's overall organization and	20
Referencing	coherence, including the logical flow, clarity,	
	consistency, and the proper referencing of sources	
	to maintain academic integrity and credibility.	

Generic feedback on the assessment should be provided by the tutor at that seminar.

Students requiring specific individual feedback and support should contact the Module Leader to arrange an appointment.

Feedback Guidance:

Reflecting on Feedback: how to improve.

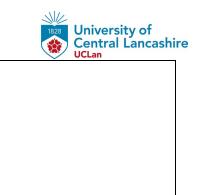
From the feedback you receive, you should understand:

- The grade you achieved.
- The best features of your work.
- Areas you may not have fully understood.
- Areas you are doing well but could develop your understanding.
- What you can do to improve in the future feed forward.

Use the <u>WISER</u>: Academic Skills Development service. WISER can review feedback and help you understand your feedback. You can also use the WISER <u>Feedback</u> <u>Glossary</u>

## Next Steps:

- List the steps have you taken to respond to previous feedback.
- Summarise your achievements
- Evaluate where you need to improve here (keep handy for future work):



## **Assignment Description:**

Select a real-world organization, or an organization you are currently working at, that has recently undergone a significant change or transformation in its culture and management practices (e.g. leadership change, merger, leadership succession, inclusion & diversity initiatives). In a 2000-word individual report, critically analyse the organization's journey to transform its culture, addressing the following key aspects:

- Begin by providing an overview of the organization's original culture. Apply relevant cultural frameworks (e.g., Schein's, Cultural Web, OCAI) to assess its previous culture. Describe the challenges that the organization faced, necessitating a cultural transformation.
- Discuss how the organization's culture influenced employee behaviour and organizational outcomes before the transformation. Explore how group roles and dynamics within the organization contributed to or hindered the cultural change process.
- Analyse the change management strategies and techniques employed during the cultural transformation. Evaluate their effectiveness in overcoming resistance and driving change.
- Assess the role of emotional intelligence in the leadership and management of the cultural change process. Highlight any emotional intelligence competencies demonstrated by leaders. Discuss how leadership played a pivotal role in guiding the cultural transformation. Evaluate the leadership styles and practices employed.

In your report, provide evidence, examples, and recommendations for areas where the organization succeeded or faced challenges in its cultural transformation. Emphasize the interplay between organizational culture, leadership, and various HRM practices. Conclude with insights and lessons that can be applied to other organizations seeking cultural change for sustainable success.

**Deadline: 4<sup>th</sup> December 2023** 

Aspect	Assessment Criteria	Marks
Understanding of the Original Culture and Context	Demonstrates a clear understanding of the original culture and the organizational context. Exhibits critical thinking in the analysis.	15
Identification of Challenges and Need for Transformation	Clearly identifies and describes the challenges that necessitated cultural transformation. Demonstrates critical thinking in connecting challenges to the need for change.	15

Analysis of Cultural Influence on Behaviour and Outcomes	Thoroughly analyses how the original culture influenced employee behaviour and organizational outcomes. Shows critical thinking in assessing the impact.	20
Evaluation of Change Management Strategies and Impact	Provides a comprehensive evaluation of the change management strategies employed and their impact on the transformation. Demonstrates critical thinking and relevance in the assessment.	20
Assessment of Leadership's Role and Strategies	Conducts an insightful assessment of the role, strategies, and styles of leadership in guiding the cultural transformation. Demonstrates critical thinking and clarity in analysis.	20
Insights and Recommendations for Sustainable Change	Provides meaningful insights and actionable recommendations for sustainable cultural change.  Demonstrates critical thinking, relevance, and clarity in recommendations.	10

#### **Indicative Content:**

- IBM: IBM is a classic example of an organization that has undergone multiple cultural and strategic transformations over the years. From its origins as a hardware-focused company, IBM has transformed into a global technology and consulting services provider, embracing open-source initiatives, cloud computing, and artificial intelligence.
- Microsoft: Microsoft's transformation under the leadership of Satya Nadella is a noteworthy
  case. The company shifted from a focus on software products to a cloud-first, mobile-first
  strategy. This transformation involved cultural shifts, including a greater emphasis on
  collaboration and agility.
- Netflix: Netflix is known for its dramatic shift from a DVD rental service to a streaming media powerhouse. This transformation required a cultural emphasis on innovation, content creation, and data-driven decision-making.
- General Electric (GE): GE has undergone several transformations throughout its history.
   Most recently, it shifted from an industrial conglomerate to a more focused digital industrial company. The change involved leadership succession and a strategic pivot.
- Amazon: Amazon has continually transformed itself from an online bookseller to a global ecommerce giant, a cloud services provider (Amazon Web Services), and a leader in smart

- devices (Amazon Echo). Its culture of customer obsession and innovation drives these transformations.
- Apple: Apple's transformation under Steve Jobs, from near bankruptcy to a leader in consumer electronics and software, is a classic case of innovation-driven change. The company's design-centric culture and focus on user experience have been central to its success.
- Ford: Ford Motor Company's transformation under Alan Mulally is often cited as a turnaround case. The "One Ford" strategy involved cultural change, global integration, and a focus on product quality and innovation.
- Starbucks: Starbucks has undertaken cultural shifts related to social responsibility and sustainability. The company's commitment to ethical sourcing and reducing its environmental footprint is part of its cultural transformation.
- Google: Google has evolved from a search engine company to a tech conglomerate under Alphabet Inc. The transformation reflects a culture of innovation and moonshot thinking, emphasizing ventures like self-driving cars and life sciences.
- Nissan: Nissan's turnaround under Carlos Ghosn is a prominent example of a cultural and operational transformation. The "Nissan Revival Plan" involved cost-cutting, global integration, and cultural changes to address financial challenges.

These organizations provide rich case studies for students to explore how changes in culture, leadership, strategic focus, and external factors can shape an organization's trajectory. Students can analyze these transformations in terms of the concepts and frameworks discussed in your module on managing people and leading organizations.

# Assignment Final

**Submission date:** 04-Dec-2023 09:59PM (UTC+0000)

**Submission ID:** 217867507

File name: Assignment\_Final(299.8K)

**Character count: 19070** 

## The journey from Twitter to X, a momentous transformation of organisational culture and leadership

#### Introduction

A company's success. Organizational culture can be defined as how members of an organization relate to each other, their work and the outside world in comparison to other organizations (Hofstede, 2005). It can be thus deduced that when these relations are not in balance, and there is decline in productivity or achievement or results, then cultural and leadership transformation may be required. A contemporary example of a company which has recently undergone significant changes in organizational culture and management, is the prominent technology company, Twitter. Twitter was founded in 2006 as an online social media and social networking service. In ten years, by 2016, there were 313 million active users monthly, 3,860 employees and over 35 offices worldwide (Burgess and Baym, 2020). In October 2022 the businessman Elon Musk acquired Twitter, beginning a high profile and controversial strategic and cultural transformation of the company. This report will explore the original organizational culture and leadership of Twitter and its significant transformation to what we now know as X.

\*\*excellent introduction!\*\*

#### Before the transformation

#### Previous organisational culture

Twitter's previous organisational culture from 2006 to 2022, can be analysed using different cultural frameworks. This report will use Edgar Schein's Model of Organizational Culture, since it provides an examination across different levels of culture, and clear distinctions between the visible experiences and the underlying invisible assumptions (Schein, 2010). Although Schein's model does not provide set criteria on which to assess an organisation's culture, the concept of good or effective culture is subjective and differs. Schein's model provides a methodical framework to examine how Twitter's cultural identity and behaviour was shaped across three levels: artifacts (visible aspects of culture), espoused values (the values expressed as important) and underlying assumptions (beliefs that are not explicitly stated).

Before the acquisition and cultural transformation, Twitter frequently ranked highly as the best company to work for (Lev-Ram, 2015; Deering, 2016), hence there are many examples of artifacts for Twitter. These artifacts illustrate the influences on employee behaviour.

#### Twitter was known to have:

- Transparency: via open office environment, open calendars, transparency with documents
  and work plans and roles and responsibilities (Rice, 2020; Callahan, 2022). This was designed
  to encourage collaboration, communication, transparency and trust across the organisation.
- Open communication channels: including tools like Slack, enabling global and remote
  collaboration (Prakash, 2023). Employees expressed their appreciation for the culture on
  online channels, calling it "people first" (Callahan, 2022). This sentiment was shared by many
  employees, with the hashtag #LoveWhereYouWork (Conger, 2021).
- Ethics first approach: open communication between staff on all levels, and despite
  disagreements, the staff-maintained dedication and honesty (Chowdhury, 2023).
   Additionally, Twitter had a dedicated team for addressing biases and promoting transparency
  in algorithmic processes (ibid.)
- Innovation: layout of offices, environmental sustainability, access to equipment, and rewarding creativity internally and with partners, were all geared towards increasing Twitter's innovation values (Twitter, 2018; Rice, 2020).
- Compensation and perks: employees expressed "great compensation, great culture"
   (Callahan, 2022). Perks included onsite gyms, free catering, healthcare, laundry service and

allotted work time for charity projects, training and development, professional development trainings and day-care facilities (Lev-Ram, 2015; Deering, 2016)

The next level of Schein's model is Espoused Values. Before the transformation, Twitter conveyed ten key values (Genius, n.d.; Twitter, 2023):

- 1. Grow our business in a way that makes us proud.
- 2. Recognize that passion and personality matter.
- 3. Communicate fearlessly to build trust.
- 4. Defend and respect the user's voice.
- 5. Reach every person on the planet.
- 6. Innovate through experimentation.
- 7. Seek diverse perspectives.
- 8. Be rigorous. Get it right.
- 9. Simplify.
- 10. Ship it.

The values demonstrate consistency with Twitter's artifacts, communication, innovation and inclusivity. Twitter reiterates their commitment to grow whilst in alignment with their values, and underlining passion, personality, trust, experimentation and diverse perspectives, the organisation seems to take a person culture approach, also known as existentialist culture (Handy, 1979).

Although encapsulating, it is not clear from these values what was the key driver behind the business strategy of Twitter. Even though it is mentioned that innovation was very important for Twitter, as "a source of new knowledge and ideas" (Cripps, Singh, Mejtoft, and Saloet, 2020), innovation was still limited and not prioritised above other values. There is criticism that Twitter has been slow to adapt, falling behind competitors, "it often takes years for Twitter to just copy something" (Wu and Calic, 2022). In addition, "the alleged favoritism towards liberal political content" also indicates that Twitter may have valued the ethics approach more highly (ibid).

Lastly, to highlight potential challenges for Twitter's organisational cultures and areas for improvement, Schein's model looks at underlying assumptions. Twitter assumes the importance of open communication, even though at times it has also hindered productivity (Conger, 2021). A large assumption is also that the continuation of these values and culture will generate growth. This assumption may stem from overreliance and trust in Twitter's innovative capabilities, and ability to

change and adapt to user and market needs. This indicates another assumption, that Twitter believes itself to be highly innovative, even though innovation was slowing down (Wu and Calic, 2022).

#### Challenges and reasons for the transformation

Although the organizational culture at Twitter may seem mostly positive. There were business challenges that required a strategic and arguably cultural change.

Whilst the communicative and collaborative values of Twitter are praised, there were also views that these were at levels that limited productivity (Conger, 2021). As such, there needs to be a significant change in the company to reverse embedded culture and habits, even if this means employee dissatisfaction (ibid.).

Twitter's Business Model has also been criticized, and whilst this could be seen as only on the business and strategy side, it is impacted by culture. As we saw via Schein's framework, by outlining and focusing on certain values, Twitter forewent others, such as strategic direction and establishing a profitable business model (Curran et al., 2011). Uncertain marketing strategy, lack of diversification of advertising and reliance on brand advertising or shutting down access to third-part apps hindered company growth (Curran et al., 2011; Harvard Business Review, 2023). Compared to other technology companies, twitter's growth can be seen as slow (Harvard Business Review, 2023). Twitter aimed to maintain user-centricity rather than profit-making or revenue generating (Curran et al., 2011), which created an open opportunity for new leadership to take over.

#### The transformation process

Digital technology firms need to define their organisational culture in alignment with their digital strategy to improve their performance (Martinez-Caro, Cegarra-Navarro, Alfonso-Ruiz, 2020). Twitter's digital strategy needed to change to increase growth and generate revenue, a shift to a more digital organisational culture can create the business value aspired. However, this change in focus may not directly lead to improvement in performance and organisational effectiveness, since organisational culture "exerts its influence through shaping the behaviour of organisational members" (ibid.). If the employees in the organisation are not prepared in a sudden transformation, tension is created.

At Twitter, much tension was created. The employees showed a strong and overwhelmingly negative response to the cultural change process. Following the acquisition, hundreds employees were laid off or quit the company and responded with #LoveWhereYouWorked (contradiction to previous #LoveWhereYouWork) (Dang, Dave and Jin, 2022; Amenabar, 2022). Elon Musk is reported to have given an ultimatum stating that employees should accept to work "long hours at high intensity" - a drastic change in the culture (Dang, Dave and Jin, 2022).

Musk's change process was described as confused, disjointed and lacking clear messaging (Hawkins, 2023). When looking at three key determinants and processes of organizational change, context of change, politics of change and substance of change (Dawson 1996, 2003), we see that Twitter's transformation was affected significantly on all three counts. There was no incremental adjustment, instead culture, human resources, management and corporate strategy was changed abruptly. Importantly in this transformation, Musk re-branded the organization from Twitter to X. This significant alteration highlights a change in vision, culture and processes (Hawkins, 2023).

The abrupt change could be explained by Musk's previous business strategies. However the same strategic approach can't be used and he wasn't experienced in transforming existing businesses (Wu and Calic, 2022). He followed a different change management approach to Twitter than he did with Tesla, including, not setting a clear goal or vision, rushing initiatives, not having clear workplans or business vision, not being transparent with employees, increasing work but decreasing resources, being callous with communication (Callahan, 2022; Joseph, 2023).

Using Schein's model at this stage in comparing the artifacts of X, there is a reversal from Twitter. Including the changes above, Musk made changes to the ethical culture of the organization, introducing a paid verification subscription feature to monetize the verification system (Newton, 2022), and then he loosened the platform's moderation policies, reinstating previously banned accounts which had violated platform rules (Hutchinson, 2022).

#### Leadership and management

Tannenbaum and Schmidt (1986) suggest that there are Seven Leadership Styles: Boss-Centered, Leader Asks for Information, Leader Sells the Decision, Leader Asks for Ideas, Leader Gets Consensus, Leader Develops Options with Subordinates, Subordinate-Centered.

Since the acquisition of Twitter, Musk's leadership style can be defined as Boss-Centered, where the leader makes most of the decisions and the rest of the management follows. This style may be effective in situations where there are urgent decisions and actions to be made, where there is a lack of managerial expertise. However, this type of leadership can cause resentment and dissatisfaction among employees and lower innovation (Tannenbaum and Schmidt, 1986). In the case of Twitter, Musk may have felt the need to make the decisions himself as he believed the top management lacked expertise, and decisions needed to be made about the future of the company immediately due to financial concerns. However, this has not been an appreciated leadership style during the transformation of Twitter to X.

Since the transformation, the changes have been described as a "culture of tyranny" (Benton, 2022) and "everything is unpredictable, bad management and communication" (Callahan, 2022). Musk has given employees two options, to adapt to his new leadership style and imposed culture, or leave the company. This may make sense, since employees are required to be aligned with the same vision as management. Even if Musk's approach or leadership style is not appreciated in the short run, he is still creating a new culture which may attract certain types of employees. This doesn't consider that knowledge and talent will be lost, and costs of re-hiring and re-training. Given this approach, it can be argued that Musk isn't changing the culture at all, rather, he is transforming the workforce and thus forcing a change in organizational culture (Salford Business School, 2022).

During the continuing cultural change in Twitter, it can be suggested that Elon Musk demonstrated varying levels of emotional Intelligence. According to Daniel Goleman (2005), El plays an important role in organizational culture change, enabling leaders and employees to navigate the complex emotions and social dynamics during periods of transformation. Five dimensions of Emotional Intelligence include Self-Awareness, Self-Regulation, Motivation, Empathy, Social Skills. Musk has showed motivation, some self-awareness and limited self-regulation. He recognised the need for change at Twitter, publicly acknowledging the company's shortcomings and expressed some vision in tweets and interviews. However, Musk's stance and actions still seemed to be in contrast with

twitter's original values, in see indicate a lack of full awaren displaying composure and res tendency to react emotionally with a twitter employee on th	ess and empathy. His self silience under pressure. H to criticism, which can und	f-regulation has been i lowever, he has shown	nconsistent, at times, impulsiveness and a
, , ,			

#### Conclusion

The transformation of the organizational culture of Twitter to X has been tumultuous and controversial. Elon Musk's leadership style and the abrupt changes have caused significant disruption and dissatisfaction among employees. While Musk's vision for Twitter may yet prove to be successful, the company is facing a significant challenge in adapting to its new culture.

To conclude, some recommendations can be offered. For more optimized organizational culture, clear communication and transparency must be prioritized. Although this may conflict with Musk's new corporate structure, to build trust and morale in this phase, employees need clear communication about goals and the vision of the company. Next, whilst the new strategy is focused on monetization, innovation should not be forgotten to stay relevant and competitive. Finally, X should invest in training and development programs to help employees adapt to the new culture and develop the skills they need to succeed. This may include supporting well-being of employees, which can be done without sacrificing business goals. By following these recommendations, X can create a more positive and productive organizational culture that will help the company to achieve its long-term goals.

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# Assignment Final \_Mustafa Ataoglu.pdf

**GRADEMARK REPORT** 

FINAL GRADE

**5**/100

**GENERAL COMMENTS** 

xx congratulations! I have thoroughly enjoyed reading your report!

Your report offers a thorough and insightful exploration of Twitter's/X cultural transformation, showcasing a deep understanding of pertinent concepts and frameworks. The structure is clear and logically organised, guiding the reader through a cohesive analysis. The inclusion of evidence, examples, and literature enriches the narrative, providing depth and credibility to your observations. Your critical reflection is evident, offering keen insights into various facets of the cultural transformation process. Appropriately cited sources contribute to the report's academic rigor, and the engaging writing style makes the content both informative and enjoyable. With regards to each assessment criterion:

Understanding of the Original Culture and Context: Excellent effort in providing an overview of Twitter's original culture. The application of Shein's cultural frameworks is appropriate, providing a solid foundation for the analysis.

Identification of Challenges and Need for Transformation:

A good description of the challenges prompting cultural transformation.

Analysis of Cultural Influence on Behaviour and Outcomes:

A good discussion on how Musk's entry influenced behaviour and outcomes with well-cited sources.

Evaluation of Change Management Strategies and Impact:

A comprehensive analysis of the change management strategies employed. The evaluation could be strengthened by discussing the tangible impact of these strategies on overcoming resistance and driving change.

Assessment of Leadership's Role and Strategies: A well-detailed assessment of leadership's role in guiding the cultural transformation. I would expect an even stronger critical evaluation of Musk's EI, and leadership style and practices, highlighting both strengths and areas for improvement. Likewise, for its impact on groups.

Insights and Recommendations for Sustainable Change: Great insights into the challenges of sustaining cultural change. Perhaps if you strengthened recommendations by providing actionable and context-specific strategies for long-term success would help.

Final Report Presentation: A well-organized and clear presentation of your report. Some visual elements would certainly be welcome so bear that in mind for your future work.

Report Cohesion and Referencing: Cohesion in your report is evident, making it easy to follow your analysis.

Keep up the good work and well done once again!

Marilena

PAGE 1	
	Text Comment. (Marilena Antoniadou) excellent introduction!
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## RUBRIC: BM4031 RUBRIC

## **CRITERION 1**

Understanding of the Original Culture and Context

0-39%	Limited or no understanding of the original culture and the contextual factors influencing the organization.
40-49%	Basic understanding with some gaps or oversights in contextual awareness.
50-59%	Adequate grasp of the original culture and context, demonstrating a foundational understanding.
60-69%	Comprehensive understanding with insightful insights into the original culture and context.
70-100%	Profound understanding, showcasing a nuanced and detailed awareness of the original culture and its context.

## **CRITERION 2**

Identification of Challenges and Need for Transformation

0-39%	Inability to identify key challenges or recognize the necessity for cultural transformation.
40-49%	Partial identification of challenges or a vague understanding of the need for transformation.
50-59%	Recognition of challenges and a basic understanding of the need for transformation.
60-69%	Thorough identification of challenges with a clear rationale for the need for transformation.
70-100%	Profound identification of challenges, demonstrating a compelling rationale for the cultural transformation.

## **CRITERION 3**

Analysis of Cultural Influence on Behavior and Outcomes

0-39%	Limited analysis of how the original culture influenced employee behavior and organizational outcomes.
40-49%	Basic analysis with some gaps in connecting cultural influences to outcomes.
50-59%	Adequate analysis demonstrating an understanding of cultural influences on behavior and outcomes.
60-69%	In-depth analysis with a comprehensive understanding of the intricate relationship between culture, behavior, and outcomes.

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Profound analysis showcasing a nuanced and detailed understanding of how culture shaped employee behavior and contributed to organizational outcomes.

## **CRITERION 4**

Evaluation of Change Management Strategies and Impact

0-39%	Ineffective evaluation of change management strategies and minimal insight into their impact.
40-49%	Basic evaluation with some gaps in assessing the effectiveness of change management strategies.
50-59%	Adequate evaluation demonstrating a basic understanding of change management strategies and their impact.
60-69%	Thorough evaluation with clear insights into the effectiveness of change management strategies.
70-100%	Comprehensive evaluation demonstrating a deep understanding of change management strategies and their tangible impact on the organization.

## **CRITERION 5**

Assessment of Leadership's Role and Strategies

0-39%	Limited assessment of leadership's role and strategies during the cultural transformation.
40-49%	Basic assessment with some gaps in understanding the leadership dynamics.
50-59%	Adequate assessment demonstrating a foundational understanding of leadership's role and strategies.
60-69%	Thorough assessment with clear insights into the pivotal role and effective strategies of leadership during the transformation.
70-100%	Profound assessment showcasing a nuanced and detailed understanding of leadership's role and strategies in driving cultural change.

## **CRITERION 6**

Insights and Recommendations for Sustainable Change

0-39%	Limited or no meaningful insights into the challenges of sustaining cultural change. Recommendations are absent or lack practicality.
40-49%	Partial insights or recommendations with limited depth or applicability. Some gaps in understanding the long-term impact of cultural change.
50-59%	Adequate insights and recommendations demonstrating a basic understanding of the challenges and potential solutions for sustainable change.

60-69%	Profound insights into the challenges of sustaining cultural change, with clear and practical recommendations. Demonstrates a solid understanding of long-term impact.
70-100%	Exceptional insights and recommendations for sustaining cultural change. Provides a nuanced understanding of challenges and offers comprehensive, innovative, and well-grounded recommendations for enduring transformation.

## CRITERION 7

# Final report presentation

0-39%	Poorly organized and presented report lacking clarity and coherence. Visual elements, if any, are confusing or detract from understanding.
40-49%	Adequate organization with room for improvement in clarity and presentation. Visual elements, if used, may lack effectiveness.
50-59%	Clear and organized presentation, effectively communicating the analysis and findings. Visual elements, if used, contribute to understanding.
60-69%	Well-organized, clear, and engaging presentation that enhances the reader's understanding. Effective use of visual elements, if applicable.
70-100%	Seamless cohesion and meticulous referencing, demonstrating a high level of academic rigor and professionalism.

## CRITERION 8

# Report cohesion and Referencing

0-39%	Incoherent structure and inadequate referencing, resulting in a lack of academic rigor. Citations may be inconsistent or poorly integrated.
40-49%	Some cohesion with room for improvement, and referencing may have minor issues. Citations are present but not consistently integrated.
50-59%	Adequate cohesion and referencing, demonstrating a basic understanding of academic standards. Citations are generally well-integrated.
60-69%	Seamless cohesion and meticulous referencing, contributing to a well-structured and academically sound report. Citations are consistently integrated.
70-100%	Impeccable cohesion and referencing, showcasing a thorough understanding of academic standards. Citations are seamlessly integrated and enhance the overall quality of the report. br /> br /> 

# BM4031 Portfolio

by xxx

**Submission date:** 05-Dec-2023 08:14AM (UTC+0000)

**Submission ID:** 217897570

File name: Assignment\_1.pdf (260.42K)

Word count: 1787

Character count: 11086

Assignment 1: Cultural 12/4/2023 Transformation Analysis General Electric cultural transformation Managing People and Leading Organizations

## Introduction

General Electric (GE) is a world-renowned business giant with diverse activities, which is considered a symbol of innovation and industrial excellence. Founded by the inventor and businessman Thomas Alva Edison in 1892, GE has been a pioneer in many different industries including energy, aviation, healthcare and many more. In almost one and a half centuries, General Electric became one of the few leaders in technology and manufacturing, reforming, and evolving many different sectors worldwide.

Despite the colossal size of this internationally recognized organization, the competitive commercial environment of today has ordained General Electric to undergo a significant transformation in its culture and management practices. As a fundamental pillar in the market, GE faced many difficulties in changing and adapting to the fast-evolving industries of the 21st century, that demand sustainability, environmental care and many other policies and parameters that need to be met. Facing these cathartic demands, GE boarded the route to re-establish its culture, through focusing on innovation, speed, and resilience.

This report will go in depth of General Electric's transformation of its culture and management practices, prying its original cultural fabric, the challenges necessitating for this change and the refined strategies employed to establish their transformational goals as an organization.

# Contents

1.	Overview of the original culture.
2.	Challenges necessitating cultural transformation
3.	Influence of culture on employee behaviour and organizational outcomes
4.	Group roles and dynamics
5.	Change management strategies

#### 1. Overview of the original culture.

General Electric's original culture, established well over a century, can be assessed through cultural frameworks including Cultural Web by Garry J. and Kevan S., and Organizational Culture Assessment Instrument (OCAI) by Cameron and Quinn.

The Cultural Web framework provides a comprehensive view of an organization's culture (K., 1992) Maproper Citat In the case of General Electric, its organizational structure discloses a priority on more traditional values, focusing on hierarchy – control oriented approach to establish efficiency. These values were set internally in GE entailing a deep cultural discipline. Citation Needed

In addition, the OCAI enriches the findings of the cultural web framework reenforcing the hierarchy culture of the corporation (Cameron, 2006). Hierarchy culture has been historically correlated with General Electric as the organization focuses on formal structures, rules, and processes in order to prioritize stability, control, and efficiency.

Moreover, it can be argued that GE also had a market culture as it focuses on competition, achievements, and results. General Electric has been unique in challenging two parallel beliefs. Diversification Strategies as GE used to thrive in many other unrelated businesses, and Conglomerate Viability. It frequently bought and sold companies, instead of tightening their focus. Diversification is a big dilemma in corporations. Some think its effective, and others think that in the contemporar informal language market it is outdated (Grant, 2003).

Furthermore, by reading Jack Welch's (former GE CEO) book: Straight from the gut, one can observe a hint of Adhocracy culture as the author describes the evolution towards innovative culture. New York Times said "J. Welch defied conventional wisdom and turned an aging behemoth of a corporation into a lean, mean engine of growth and corporate innovation" (Welch, 2001).

### 2. Challenges necessitating cultural transformation

General Electric has undergone substantial shifts over the past few years. These changes were provoked because of unexpected events that led to financial difficulties like the 2008 market crash for example, which highlighted GE's misalignment between its culture and its goals.

The organisation faced both internal and external factors which sparked the need for cultural needed here transformation.

To begin with, externally, the exponentially ever-evolving technological advancement plays a major role in the organization's need for cultural change. This shifts market wants and calls for adaptational changes within the organization (Electric, 2022).

Moreover, internally, General Electric's prior complexity and diversification strategies, impede dexterity and awareness to change (Boudreaux, 2010).

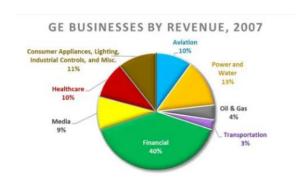


Figure 1 - GE BUSINESSES BY REVENUE, 2007 (Electric, Annual Report, 2007)

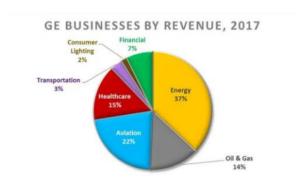


Figure 2 - GE BUSIBESSES BY REVENUE 2017 (Electric, Annual Report, 2017)

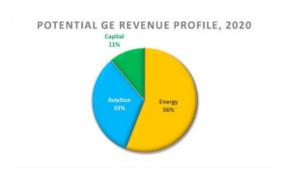


Figure 3 - Potential GE revenue profile, 2020 (Bromels, 2018)

# 3. Influence of culture on employee behaviour and organizational outcomes

General Electric's earliest culture enacted a critical role in determining employee behaviour, decision making, and overall performance. The conventional hierarchy culture and priority on efficiency, stability, and control imposed a philosophy of order and obedience to determine procedures and methods amongst employees (K., 1992). This moulded atmosphere formed employee decision making, nonetheless this business culture progressed, and the same successful strategy of General Electric became a limitation, hindering flexibility, and consequently restraining the corporation's reaction to incipient encounters (Tisch, 2019).

The influence on fundamental corporation results was colossal. While the conventional, hierarchy culture provided efficiency and order, in parallel it hindered innovation and creativity. At the beginning, this conventional structure strengthened output, but as the industries evolved, and demanded quick responsiveness, it began to face problems (Rothaermel, 2015).

Employee satisfaction being directly related to productivity diminished, and the organization found difficulties in keeping up with the rapidly evolving peripheral environment (Welch, 2001). This lead to a cultural transformation as well as a shift in management practices.

#### 4. Group roles and dynamics

In General Electric, the cultural transformation was directly related to the group roles and dynamics within teams internally of the organization. The hierarchy culture originally established consequently led to the higher ranked employees (leaders, management, and decision makers) to have a vital role in the shift of the culture within the company (K., 1992). The people in these positions played the role of the teachers of the cultural transformation strategy of the organization, having the responsibility to communicate the new changes to the rest of the employees (Boudreaux, 2010). This on the other hand, led to people to divide in some sense. Some resisting the cultural transformation and some supporting it. Also, this needed time for the employees to fully grasp the new concept and led to facing difficulties in adapting to this new philosophy. They needed to change the way they were used to work, and to some extend the way they used to think (Tisch, 2019).

The dynamics within the organization had to remain stable in order for all these changes to be applied. People needed to collaborate with each other and work together to achieve their goals and establish a good, shared understanding of the organizations demands (Rothaermel, 2015).

#### 5. Change management strategies

General Electric's transformation in culture and management practices was a complicated task, contemplating the sheer size of the organization. They needed to implement various strategies to attack the many problems that arise in a huge change like this.

One vital strategy was to work on their communication model. They established a top-down communication model which went parallel with the hierarchy culture the corporation originally had (Welch, 2001). This was vital as transmission channels acted as the transportation means for the message of the cultural change to reach each and every employee. The need for adaptability and creativity needed to be stressed (Tisch, 2019). The use of role models within the organization as "change champions" played a critical role in achieving this strategic goal (K., 1992).

Another strategy that was implemented, was to eliminate as much as possible the resistance of the lower ranked employees. This was established by using a bottom-up feedback system, with questioners and similar systems. Certain "GE Works Councils" were formed so that employees could raise issues before they became problems and sped up the process of the transformation (Boudreaux, 2010). By making lower ranked employees participate in such a way, gave a sense of importance to the employees making them active participants in the changing process, proving the high emotional intelligence of the HR group of General Electric (Rothaermel, 2015).

Through time these strategies were performing, and at that moment General Electric implemented "GE Garages" as a result of innovation emphasis from the management. These garages are a specific place where employees can collaborate and put their creative ideas to work (Tisch, 2019). This led to a big step towards Adhocracy culture (Boudreaux, 2010).

Concluding, General Electric's change strategies entailed inclusiveness, better communication and emphasis towards innovation.

#### 6. Conclusion

All things considered, a thorough examination of General Electric's cultural revolution reveals a convoluted path marked by tactical orientations and flexible reactions to both internal and external challenges. As demonstrated by the first culture overview, which was evaluated utilizing policy frameworks including the Organizational Culture Assessment Instrument (OCAI) and Culture Web, efficiency, control, and hierarchy have historically been crucial to GE. GE was required to revolutionize its cultural foundations to handle the problems coming from the changing culture due to internal complexity and a quickly changing external environment. The changes were made in accordance with current business demands. The effects of startup culture on employee conduct and organizational results exposed the company's advantages and disadvantages and underlined the necessity of innovation and adaptability in the face of changing market demands.

While acknowledging entrenched groups' resistance to established cultural norms, the study of group roles and dynamics has highlighted the crucial role that strategic groups play in promoting cultural change. GE's change management tactics exhibited a well-rounded strategy by fusing inclusive practices, leadership influence, and top-down communication. Initiatives like GE Garages are prime examples of a system that supports innovation and teamwork while conforming to the new cultural ethos.

It is evident from this analysis's findings that GE's cultural shift was not a one-size-fits-all undertaking. The company's strategies successfully addressed the obstacles, but they also encountered complexity because of the size and variety of business operations across the units. The lessons gleaned from GE's experience emphasise the value of ongoing evaluation, customised interventions, and a dedication to flexibility in the face of changing organisational requirements. The pursuit of sustainable success through cultural change requires organisations to have a deep understanding of the relationship between leadership, strategy, and culture.

# Bibliography limited references used

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Cameron, K. S. (2006). *Diagnosing Organizational Culture: Based on the Competing Values Framework*. San Francisco: Jossey-Bass.

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Welch, J. &. (2001). Straight from the Gut. New York: Warner Business Books.

#### **GRADEMARK REPORT**

FINAL GRADE

62/100

#### **GENERAL COMMENTS**

xxx, thank you for submitting your report on GE's cultural transformation. A good choice indeed!

Your research,, understanding and effort are appreciated, yet there are several areas that need attention for improvement:

Firstly your report lacks a sufficient number of references, compromising its academic robustness. Consider broadening your research scope and incorporating a more diverse range of sources to enhance the credibility of your analysis.

The report would benefit from a more critical analysis of GE's cultural transformation. Delve deeper into the implications and consequences of the changes, providing a nuanced understanding rather than surface-level observations.

The report falls short of the 2000-word limit. Ensure you cover all key aspects comprehensively, offering detailed insights and analyses to meet the assignment's requirements.

The report lacks a thorough analysis of leadership's role in the cultural transformation. Explore and evaluate leadership styles and practices, identifying their impact on the change process.

Your report exhibits a commendable structure, making it easy to navigate and understand GE's cultural transformation. Additionally, your

identification and discussion of change management strategies are notable, reflecting a solid grasp of key concepts. However, it's important to note that the report falls short in fulfilling one of the assessment criteria: recommendations for sustainable change. The absence of recommendations detracts from the completeness of your analysis. To enhance the report's impact and align with the assignment criteria, you needed to incorporate insightful recommendations that draw on your understanding of the challenges and opportunities for sustaining cultural change.

Remember, these comments are meant to guide your reflection and improvement for future assignments. Keep up the hard work!

Marilena

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# Text Comment. (Marilena Antoniadou) informal language

PAGE 5	
	Text Comment. (Marilena Antoniadou) small paragraphs not needed here
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	Text Comment. (Marilena Antoniadou) Recommendations?
PAGE 11	

Text Comment. (Marilena Antoniadou) limited references used

#### RUBRIC: BM4031 RUBRIC

### **CRITERION 1**

Understanding of the Original Culture and Context

0-39%	Limited or no understanding of the original culture and the contextual factors influencing the organization.
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Identification of Challenges and Need for Transformation

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Profound analysis showcasing a nuanced and detailed understanding of how culture shaped employee behavior and contributed to organizational outcomes.

### **CRITERION 4**

Evaluation of Change Management Strategies and Impact

0-39%	Ineffective evaluation of change management strategies and minimal insight into their impact.
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#### **CRITERION 5**

Assessment of Leadership's Role and Strategies

0-39%	Limited assessment of leadership's role and strategies during the cultural transformation.
40-49%	Basic assessment with some gaps in understanding the leadership dynamics.
50-59%	Adequate assessment demonstrating a foundational understanding of leadership's role and strategies.
60-69%	Thorough assessment with clear insights into the pivotal role and effective strategies of leadership during the transformation.
70-100%	Profound assessment showcasing a nuanced and detailed understanding of leadership's role and strategies in driving cultural change.

#### **CRITERION 6**

Insights and Recommendations for Sustainable Change

0-39%	Limited or no meaningful insights into the challenges of sustaining cultural change. Recommendations are absent or lack practicality.
40-49%	Partial insights or recommendations with limited depth or applicability. Some gaps in understanding the long-term impact of cultural change.
50-59%	Adequate insights and recommendations demonstrating a basic understanding of the challenges and potential solutions for sustainable change.

60-69%	Profound insights into the challenges of sustaining cultural change, with clear and practical recommendations. Demonstrates a solid understanding of long-term impact.
70-100%	Exceptional insights and recommendations for sustaining cultural change. Provides a nuanced understanding of challenges and offers comprehensive, innovative, and well-grounded recommendations for enduring transformation.

### CRITERION 7

# Final report presentation

0-39%	Poorly organized and presented report lacking clarity and coherence. Visual elements, if any, are confusing or detract from understanding.
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60-69%	Well-organized, clear, and engaging presentation that enhances the reader's understanding. Effective use of visual elements, if applicable.
70-100%	Seamless cohesion and meticulous referencing, demonstrating a high level of academic rigor and professionalism.

# CRITERION 8

# Report cohesion and Referencing

0-39%	Incoherent structure and inadequate referencing, resulting in a lack of academic rigor. Citations may be inconsistent or poorly integrated.
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60-69%	Seamless cohesion and meticulous referencing, contributing to a well-structured and academically sound report. Citations are consistently integrated.
70-100%	Impeccable cohesion and referencing, showcasing a thorough understanding of academic standards. Citations are seamlessly integrated and enhance the overall quality of the report. br /> br /> 

ENTYΠO: 200.1.3

# Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

# ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus		
Programme of Studies	MBA Distance Learning		
Module	International Strategic Management		
Level	ВА	MA	
Teaching Language	English		
Delivery Method	Distance Learning	Conventional	
	$\boxtimes$		
Τύπος Μαθήματος	Compulsory	Optional	
Number of lectures	Total: 13	Physical	Online:
		presence:	13
Number of assignments	ONE ASSIGNMENT AND ONE FINAL EXAM		
Final Mark	Assignment (50%)		
FOTO	• Exam (50%)		
ECTS	10		

Author:	Dr Anthi Avloniti
Editing:	Dr Panayiotis Kontakos
Final approval:	Dr Loukas Glyptis, Head of School of Business & Management

# **STUDY GUIDE**

# **AUTHORS**

Dr Anthi Avloniti

# **SUPERVISION**

Dr Panayiotis Kontakos

2023-2024

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#### Introduction

BM4030 is an elective module and delivered through distance learning. This module will analyse the nature of strategic and structural developments in international business, bringing together a wide array of theoretical and empirical material that has been produced over the last decade. It will address decision-making in risky environments, which is of particular importance to industry in the current global environment. Key issues will include:

- Overview of Globalization and International Business
- Trade theories, trade barriers and trade blocs
- FDI trends and ESG standards
- Sustainability and ethical issues
- Strategy development and practice
- Competitive strategy, strategic groups, and positioning
- Strategic capabilities and growth
- International strategy & value creation
- Mergers, acquisitions, alliances, and cultural issues
- Multinational structures and strategic control
- Global Risk Management
- Crisis Management and Leadership

Detailed cases will be employed to test out the various theoretical perspectives, offering students the opportunity to gain genuine insights into the operation of international business.

#### **Learning objectives**

This module aims to examine both the strategic and operational decisions that managers must make in order to engage in global activities. By engaging with the theoretical literature and examining international business in action, students will assess the links between globalisation and competitiveness, both at corporate and national levels. Through ESG (environmental, social and governance) investing MNEs must demonstrate authenticity and transparency by aligning their investments with sustainable development. As a result, students will be able to evaluate the impacts of globalisation, internationalisation, and sustainability. Detailed research into case-studies will also be conducted as a means of explaining the real-time situations they experience.

#### **Learning outcomes**

With the completion of this module, the students are expected to be able to:

- 1. Identify and critically assess the major features of the Global Economy, the 'Triad' economies, shifts in global economic powers and FDI trends.
- 2. Employ Comparative Advantage and related trade models in analysing a country's role in the world economy.
- 3. Examine and critically assess the external forces shaping the business environment.
- 4. Use strategic tools and the strategic management literature to evaluate an international company's strategic options including contingency planning and developing organisational resilience.
- 5. Critically analyse the ESG (environmental, social and governance) implications of the sustainability and ethical business agenda.

#### **Learning & Teaching strategy**

The module tutor/s will deliver the lecture material through asynchronous online lectures (recorded in MS Teams and accessible via Blackboard) followed by interactive activities and directions for further reading and research.

Students will have the opportunity to engage with a variety of activities across sessions, such as simulations, scenarios, expert talks, and reflection activities, and post their responses/views/ideas asynchronously on discussion boards. Students will also be provided with self-assessment quizzes, so that they can reflect on their progress. They will also be guided to use synchronous peer-to-peer discussions via MS Teams for specific activities, thus promoting and enabling the exchange of ideas and experiences. Students will also be asked to deliver responses on issues or questions via recorded messages on Teams, instead of written responses in the forum.

Following these interactive activities, students will receive feedback in various forms. For online quizzes, students will get real-time automatic feedback. For addressing other questions (e.g., relevant to a scenario or case study), rubrics are utilised so that students can self-evaluate their performance, thus promoting self-assessment. For sharing their ideas/views/valuations on the discussion forum, students will receive feedback from their tutors as well as their peers. Therefore, tutors will provide feedback by direct responses as well the other forms explained above. Where appropriate, students will be also provided with relevant further reading, web links and resources for independent study.

The purpose of incorporating such a large variety of activities is based on the importance of students' development of a diversity of transferable skills, along with providing an interesting and engaging environment for learning. Speakers from leading organizations or experts will be invited, where possible, to deliver live and recorded talks to further enhance the students' experience.

Students will also be provided with relevant further reading, weblinks and resources for independent study. Through independent study, students will be able to further enhance their knowledge in specific aspects discussed in the lecture which may be of interest to them. Different means of communication will be utilized by the tutor to offer support to the students based on the reported issue, e.g., MS Teams, Blackboard, and email. If the need arises, the module tutor will schedule live sessions to provide further feedback to the students.

#### **Assessment strategy**

The module will be assessed using 2 components of assessed work as outlined below:

- Assessed work 1: Portfolio report.

For the first piece of assessment, students will create and submit a portfolio report which is worth 50% of the final grade and will meet learning outcomes 3 and 4 of the module:

- 3. Examine and critically assess the external forces shaping the business environment.
- 4. Use strategic tools and the strategic management literature to evaluate an international company's strategic options including contingency planning and developing organisational resilience.

The task guides students into applying concepts, theories and frameworks delivered in the module. Students will be provided with a scenario which will analyze a company case. This scenario will provide information about the history and current position of the company as well as information about the future strategic plans of the company focusing on its international expansion to another country.

#### The task:

You have been appointed the <u>external strategic consultant of GTI</u>. As evident in the scenario (available on blackboard), the management of the company is seeking international expansion to India and requires your assistance in evaluating significant international strategic issues. As such, you are required to develop a 2000-word report which will cover the below:

 Evaluate the industry forces in the host country by using the Porter's Five Forces framework and determine the role of the company's strategic capabilities in gaining competitive advantage in the host country.

- 2. Identify the appropriate international strategy and multinational structure to be pursued. Assess if the company's decision to pursue internationalisation via organic development is the right choice.
- Identify two risks/challenges/issues that would affect the company's success in internationalizing to
  India and create a brief contingency plan to monitor these risks and take early action to prevent or
  mitigate crises.

Conclude your report by explaining the critical role of organisational resilience.

#### Assessment pass requirements:

Two criteria apply to pass this assessment:

- 1. Minimum pass mark of the final report is 50%.
- 2. Submit the selective weekly activities which contribute towards the final report. Details of the submission of those weekly activities which contribute towards the final report are clearly indicated in subsequent sections.

Students will have access to the detailed assignment brief and company scenario in the end of week 4 and will use this company throughout specific exercises in weeks 6 (Competitive Strategies), 7 (Strategic Capabilities), 8 (International Strategy), 9 (M&A, alliances, and organic development), 10 (Multinational structures), and 12 (Crisis Management). Each weekly exercise will be submitted by the end of the corresponding week in designated assignment spaces in MS Teams and the tutor will then review the submitted exercises on a weekly basis. You are expected to revise and improve your weekly submissions in the final report. The tutor will grade the final submission based on the assessment criteria (indicated in the relevant section).

Time line of the submission of the weekly activities which contribute towards the final report:

Week	Topic	Activity to submit by the end of each week
6	Competitive	Evaluate the industry forces in the host country by using the
	Strategy	Porter's 5 Forces framework
7	Strategic	Determine the role of the company's strategic capabilities in
	Capabilities	gaining competitive advantage in the host country.
8	International	Identify the appropriate international strategy to be pursued by the
	Strategy	company
9	M&A, Alliances and	Assess if the company's decision to pursue internationalisation via

	Organic growth	organic development is the right choice	
10	Multinational Structures & Control	Determine which multinational structured is likely to be more appropriate for the company by considering the relevant centralisation vs decentralisation aspects	
11&12	Risk Management & Crisis Management	Identify two risks/challenges/issues that would affect the company's success in internationalizing to India and create a brief contingency plan to monitor these risks and take early action to prevent or mitigate crises.	

The tasks of each activity should be submitted by the end of each week. Although the weekly submissions are not graded, it is required that all tasks are attempted (and submitted on time) to pass the assignment.

#### **Assessed work 2: Examination**

A 2-hour unseen examination will be held during the examination period at the end of the semester. This assessed work is worth 50% of the final grade. The exam will consist of a case study with essay type questions on the theoretical aspects of the module and will meet learning outcomes 1 and 2 of the module:

- 1. Identify and critically assess the major features of the Global Economy, the 'Triad' economies, shifts in global economic powers and FDI trends.
- 2. Employ Comparative Advantage and related trade models in analysing a country's role in the world economy.
- 5. Critically analyse the ESG (environmental, social and governance) implications of the sustainability and ethical business agenda.

#### Module pass requirements

The final grade for the module is the average of the overall self-filmed presentation (50%) and examination mark (50%). To pass, a student must achieve an overall weighted average of 50%, aggregated across all assessments.

#### **Tutor contact details**

	Module leader & tutor	
Name	Dr. Anthi Avloniti	
Tel.	24694029	
Email	aavloniti@uclan.ac.uk	
Office hours:	Office hours vary per semester. Consult module's Blackboard space for the tutor's office hours. You can also email the tutor to arrange an online/in-class meeting at another convenient time.	

#### Purpose of this study guide

The purpose of this study guide is to provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying, point to study material and provide self-assessment exercises to enhance students' knowledge and skills. The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists keywords, specifies recommended study material, and recommends the time of study that students should devote to investigate the recommended study material. Moreover, there are self-assessment exercises per week that students should consider, so they can realize the material, build a critical thinking and skills relevant to the topics of study. The Appendix includes indicative solutions for the self-assessment exercises. With regards to the recommended study time, these include the lecture participation, the material study, searching for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It should also be noted that this study guide is to provide guidance to the students while they study and should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

#### L1 – Overview of Globalisation and International Business

(WEEK 1)

#### **Introduction & Overview**

Globalization is the ongoing process that deepens and broadens interdependence among countries. International business is a mechanism to bring about globalization. International business has grown rapidly in recent decades because of technological expansion, liberalized government policies on cross-border movements (goods, services, and the resources to produce them), the development of services to facilitate international transactions, consumer desires to buy foreign products and services, increased global competition, changing political situations, and cooperation in dealing with transnational problems and issues. Because of these factors, companies use foreign countries increasingly as a source of both production and sales.

Companies engage in international business to expand sales, acquire resources, and diversify or reduce their risks. A company can engage in international business through various operating modes, including exporting and importing merchandise and services, making direct and portfolio investments, and entering collaborative arrangements with other companies.

Because country environments differ from each other, international managers must have a working knowledge of the basic physical and social sciences that impact operations: geography, political science, law, anthropology, sociology, psychology, and economics. A company's competitive strategy and resources influence how and where it can best operate.

This first weekly session aims to introduce the linkages of globalisation and international business, to discuss critics of globalisation and the extent to which the world economy has entered a phase of deglobalisation, in the post-COVID-19 age.

Further, with digital technologies continuously disrupting business, government, academia, and society both on a national and massively global scale, the advent of *Globalization 4.0* - a term coined by the World Economic Forum in 2019 to signal the coming shift in globalized structures - and its linkages to the so called Fourth Industrial Revolution will be explored.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Relate globalization and international business (IB) to each other and explain why their study is important
- Grasp the forces driving globalization and IB
- Discuss the major opinions and criticisms of globalization
- Assess the major reasons companies seek to create value by engaging in IB
- Define and illustrate the different operating modes for companies to accomplish their international objectives
- Recognize why national differences in companies' external environments affect how they may best improve their IB performance
- Understand the challenges related to de-globalisation and Globalisation 4.0.

### **Keywords**

Globalisation	International Business	Multinational Enterprises
De-globalisation	Globalisation 4.0	Fourth Industrial Revolution

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

International business: environments and operations - John D. Daniels, Daniel Sullivan, Lee H.
 Radebaugh 2019 (electronic resource), Chapter 1.

The chapter discusses in more detail the key notions of the session.

• Globalization 4.0 – what does it mean?

Klaus Schwab, Founder and Executive Chairman, World Economic Forum, 2018, accessible at <a href="https://www.weforum.org/agenda/2018/11/globalization-4-what-does-it-mean-how-it-will-benefit-everyone/">https://www.weforum.org/agenda/2018/11/globalization-4-what-does-it-mean-how-it-will-benefit-everyone/</a>

As the World Economic Forum's communities gathered for its Annual Meeting 2019 in Davos-Klosters, there was a widespread sense that international relations and the world economy are at a turning point. This was reflected in the theme of the meeting – Globalization 4.0: Shaping a New Global Architecture in the Age of the Fourth Industrial Revolution – which was explained in a recent opinion piece and Foreign Affairs article authored by the Forum's Founder and Executive Chairman, Klaus Schwab. The full article is accessible here:

http://www3.weforum.org/docs/WEF Globalization 4.0 Call for Engagement.pdf

#### **Complementary material**

Antràs, Pol. 2021. "De-Globalisation? Global Value Chains in the Post-COVID-19 Age." 2021 ECB
 Forum: "Central Banks in a Shifting World" Conference Proceedings.

https://scholar.harvard.edu/files/antras/files/deglobalization\_sintra\_antras.pdf

An interested reading on de-globalisation. This paper evaluates the extent to which the world economy has entered a phase of de-globalisation, and it offers some speculative thoughts on the future of global value chains in the post-COVID-19 age. Although the growth of international trade flows relative to that of GDP has slowed down since the Great Recession, this paper finds little systematic evidence indicating that the world economy has already entered an era of de-globalisation. Instead, the observed slowdown in globalization is a natural sequel to the unsustainable increase in globalization experienced in the late 1980s, 1990s and early 2000s. It offers a description of the mechanisms leading to that earlier expansionary phase, together with a discussion of why these forces might have run out of steam, and of the extent to which they may be reversible. It concludes that the main challenge for the future of globalisation is institutional and political in nature rather than technological, although new technologies might aggravate the trends in inequality that have created the current political backlash against globalisation. Zooming in on the COVID-19 global pandemic, it similarly concludes that the current health crisis may further darkens the future of globalisation if it aggravates policy tensions across countries.

Bitzenis, A. & Marangos, J. (2007). Globalisation and the integration-assisted transition in central and Eastern European economies. *Journal of Economic Issues*. XLI. 427-434.
 An interesting early paper regarding globalisation process in CEE region. The aim of this paper is to investigate the policies implemented by the Central and Eastern European (CEE) economies to

become part of the "globalized" world.

To access full article follow link:

https://www.researchgate.net/publication/309200315 Globalisation and the integration-assisted transition in central and Eastern European economies

#### Self-assessment exercises and Interactive Activities

#### **Problem-Solving Activity 1.1**

You are presented with *real-world problem* caused and intensified by the pandemic relevant to Globalization: "Shift in reliance from international to domestic suppliers". Read the article: <u>Will coronavirus reverse globalization? - BBC News</u> and follow the below steps:

- **Step 1**: Identify key factors that have driven this shift and outline its implications.
- **Step 2**: Craft a brief, targeted strategy to address this challenge. Focus on practicality and feasibility within the current global context.
- **Step 3**: In a few sentences, justify your strategy by linking it to key points from the article.
- Step 4: Post your answer on the discussion board on Blackboard Ultra.
- **Step 5**: Browse through the answers and leave your comments.

#### (Complementary Exercise) Video Activity 1.2

Video case-study: Stiglitz on globalization

Joseph Stiglitz is an American economist, public policy analyst, and a professor at Columbia University. He is a recipient of the Nobel Memorial Prize in Economic Sciences (2001).

*Questions:* Watch the following video <a href="https://www.youtube.com/watch?v=sV7bRLtDr3E">https://www.youtube.com/watch?v=sV7bRLtDr3E</a> and answer in the discussion blog following questions:

- 1. How perception regarding globalization has evolved in the decades?
- 2. How globalization has impacted different countries?
- 3. How can we make globalization work today? Where it has failed?
- 4. How it has affected stability in global financial markets?
- 5. What are the dimensions of globalization?
- 6. How the "Washington Consensus Policies" in US have failed? Why US represents in a sense an example of failure of globalization whereas East Asia the success?

7. What was the global impact of strengthening intellectual property rights provisions for generic medicines?

8. How environmental concerns are related to the increase of regulations? What is the role of the government with reference to regulations in a market economy?

*Learning objective:* To get acquainted with the views of one of the most prominent economists in the field of globalisation and the criticisms of globalisation.

Answer plan: For each question you are expected to provide a short answer, based on the video. Your answer in the discussion blog should be approximately 400 words in total for the eight questions.

# Recommended study time

Approx. 15 hours

### L2 – Trade theories, trade barriers and trade blocs

(WEEK 2)

#### **Introduction & Overview**

Some trade theories examine what will happen to international trade in the absence of government interference. Other theories prescribe how governments should affect trade flows to achieve certain national objectives.

Trade theory is useful because it helps explain what might be produced competitively in a given locale, where a company might go to produce a given product efficiently, and whether government practices might interfere with the free flow of trade among countries. Other theories address the explanation of trade patterns. Overall, as part of this session, a variety of major historical and contemporary trade theories will be introduced.

Despite the documented benefits of free trade, no country permits an unregulated flow of goods and services across its borders.

It is difficult to determine the effect on employment from protecting an industry due to the likelihood of retaliation and the fact that imports as well as exports create jobs. Policymakers continue to struggle with the problem of income redistribution due to changes in trade policy. Government interference is often argued to be beneficial if it promotes industrialization, given the positive relationship between industrial activity and certain economic objectives.

Trade controls to improve economic relations with other countries include objectives of improving the balance of payments, raising prices to foreign consumers, gaining comparable access to foreign markets, preventing foreign monopoly prices, assuring that domestic consumers get low prices, and shifting revenue from foreign producers to domestic tax receipts.

Considerable government interference in international trade is motivated by political rather than economic concerns, including maintaining domestic supplies of essential goods and preventing potential enemies from gaining goods that would help them achieve their objectives.

A company's development of an international strategy will greatly determine whether it will benefit more from protectionism or from some other means for countering international competition. Changing trade agreements, the formation of trade blocks and the advent of new products create complexities for both companies and governments as they plan their policies.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Understand how different approaches to international trade theories help policy makers achieve economic objectives
- Comprehend the historical and current rationale for interventionist and free trade theories
- Describe theories that explain national trade patterns
- Describe the relationship between foreign trade and international factor mobility
- Explain why governments try to enhance and restrict trade
- Describe the major instruments of trade control
- Classify how companies deal with governmental trade influences
- Comprehend the role of trade blocks in promoting trade.

# **Keywords**

Absolute advantage	Comparative advantage	Country-similarity theory
Diamond of national competitive advantage theory	Factor-mobility theory	Factor-proportions theory
Neomercantilism	Product life cycle (PLC) theory	Theory of country size
Dumping	Tariff	Optimum-tariff theory
Terms of trade	Quota	Subsidy

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

International business: environments and operations - John D. Daniels, Daniel Sullivan, Lee H.
 Radebaugh 2019 (electronic resource), Chapters 5 and 6.

These chapters discuss in more detail the key notions of the session.

 WTO (2020). World Trade Report 2020: Government policies to promote innovation in the digital age,

https://www.wto.org/english/res e/publications e/wtr20 e.htm

In recent years, a growing number of governments have adopted policies aimed at supporting the transition towards a digital economy. The World Trade Report 2020 looks at these policy trends and at how trade and the WTO fit with them.

WTO Statistics - Trade and tariff data
 https://www.wto.org/english/res e/statis e/statis e.htm

The WTO provides quantitative information in relation to economic and trade policy issues. Its data-bases and publications provide access to data on trade flows, tariffs, non-tariff measures (NTMs) and trade in value added.

 The Economist (2012). The boomerang effect: As Chinese wages rise, some production is moving back to the rich world. <a href="https://www.economist.com/special-report/2012/04/21/the-boomerang-effect">https://www.economist.com/special-report/2012/04/21/the-boomerang-effect</a>

#### **Complementary material**

WTO (2018), History of the multilateral trading system,

https://www.youtube.com/watch?v=KRmUPHT2Vyo&t=155s

In 1946, the United States and the United Kingdom invited a large number of countries for a conference in London to discuss trade and employment. From this attempt to create an International Trade Organization (ITO) to the creation of the General Agreement on Tariffs and Trade (GATT) and the birth of the WTO, this video traces, with images, some key moments in the history of the multilateral trading system.

 WTO (2017), Nobel laureate Paul Krugman discusses jobs, trade, globalization and adjustment policies.

https://www.youtube.com/watch?v=-F46Vi2DtUU&t=111s

What would be the best policy response to dealing with individuals who see their jobs affected by trade, technology or other factors? What's the WTO role in this discussion? These are some of the

questions addressed by Paul Krugman, economist at the City University of New York and Nobel laureate, in a conversation with the WTO spokesperson Keith Rockwell.

Eurostat (2021). Globalisation patterns in EU trade and investment
 https://ec.europa.eu/eurostat/statistics explained/index.php?title=Globalisation patterns in EU trade and investment

 Globalisation patterns in EU trade and investment is an online Eurostat publication presenting a summary of recent European Union (EU) statistics on economic aspects of globalisation, focusing on patterns of EU trade and investment.

Eurostat (2021). Some statistics for coffee time!

<a href="https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20201001-1?inheritRedirect=true&redirect=%2Feurostat%2Fweb%2Finternational-trade-ingoods%2Fpublications">https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20201001-1?inheritRedirect=true&redirect=%2Feurostat%2Fweb%2Finternational-trade-ingoods%2Fpublications</a>

#### Self-assessment exercises and Interactive Activities

#### **Interactive Activity: Simulation 2.1**

The simulation is designed to deepen your understanding of international trade theories and government interventions in trade.

Title: Tariff Dilemma in Italy

Context: Italy is considering imposing a tariff on imported electronics, particularly smartphones and laptops, to protect its domestic electronics industry, which is facing stiff competition from Asian manufacturers.

Task: <u>As a policy advisor</u>, analyse this situation using the Theory of Absolute Advantage and Factor-Proportions Theory. Consider the impacts on Italy's economy, focusing on the following aspects:

- Short-Term Impacts: Evaluate how the tariff could affect prices, supply chain dynamics, and employment for Italian consumers and electronics manufacturers, as well as foreign exporters.
- Long-Term Outcomes: Consider the tariff's potential long-term effects on Italy's economy and trade relations with Asian manufacturers, including industry growth and technological development.
- Absolute Advantage Analysis: Briefly discuss if Italy has an absolute advantage in electronics manufacturing compared to Asian countries and how the tariff might influence this.
- Factor-Proportions Analysis: Assess how Italy's resources (skilled labour, technology, capital) impact its competitiveness in electronics and how the tariff might affect resource allocation.

#### (Complementary Exercise): Case study 2.2

The Economist (2012). The boomerang effect: As Chinese wages rise; some production is moving back to the rich world. https://www.economist.com/special-report/2012/04/21/the-boomerang-effect

*Question*: Review the case study and discuss how China's comparative advantage has been challenged and impacted by changes in the competitiveness of its factors of production.

*Learning objective:* To understand the relationship between foreign trade and international factor mobility in the case of China within a dynamic setting.

Answer plan: Your answer in the discussion blog should be approximately 200 words. You are expected to comment for the cost of labor and its attractiveness as an industrial cluster. Also, for the changing environments of its main competitors.

#### (Complementary Exercise) Research 2.3

**International Trade Economic Indicators** 

Based on data from following organizations, briefly answer the following questions

#### **EUROSTAT**

 What is the share of trade of member-countries with EU28? Top importers and exporters within EU28?

Relevant link: http://ec.europa.eu/eurostat/web/main

2. Discuss major trends in international trade of goods.

Relevant link:

http://ec.europa.eu/eurostat/statistics-explained/index.php/International trade in goods

3. What is the Impact of the COVID-19 on EU trade with China?

4. Which traded goods are affected the most by COVID-19?

Relevant link: <a href="https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200522-17">https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200522-17</a> inheritRedirect=true&redirect=%2Feurostat%2Fweb%2Finternational-trade-ingoods%2Fpublications

Learning objective: To get acquainted with major databases related to international trade indicators.

Answer plan: Your answer in the discussion forum should be approximately 50 words for each question

above.

(Optional) Online Course 2.4

The impact of protectionism on international marketing, with Doug Ladd, Online course.

Watch the online course here: https://www.lynda.com/Content-Marketing-tutorials/impact-protectionism-

international-marketing/192458/373134-4.html

Learning objective: Learn how to evaluate international markets and determine the best approaches for

marketing your products and services overseas. Instructor Doug Ladd, an international marketing expert

experienced in both emerging and established countries, first charts the rise of the global consumer and

the marketer's roles in international expansions. Doug then explains how to assess foreign markets using

the PESTCL framework and introduces strategies for adapting existing products and developing new ideas

for foreign markets.

The course also investigates options for global expansion, such as exporting, licensing, joint ventures, and

direct investment, and details how to put together a successful marketing mix using distribution,

promotional methods, and translation. Plus, learn where to turn for more information about your specific

target markets.

Answer plan: Answer the attached exercise files based on the course guidance and submit them in the

discussion board.

Recommended study time

Approx. 15 hours

21/129

## L3 – FDI trends and Environmental, Social, Governance standards

(WEEK 3)

## **Introduction & Overview**

Global flows of foreign direct investment (FDI) will be under severe pressure because of the COVID-19 pandemic. These vital resources are expected to fall sharply from 2019 levels of \$1.5 trillion, dropping well below the trough reached during the global financial crisis and undoing the already lacklustre growth in international investment over the past decade. Flows to developing countries will be hit especially hard, as export-oriented and commodity-linked investments are among the most seriously affected.

The consequences could last well beyond the immediate impact on investment flows. Indeed, the crisis could be a catalyst for a process of structural transformation of international production this decade, and an opportunity for increased sustainability, but this will depend on the ability to take advantage of the new industrial revolution and to overcome growing economic nationalism. Cooperation will be crucial; sustainable development depends on a global policy climate that remains conducive to cross-border investment.

This weekly session summarises the major findings of a flagship report, published annually by UNCTAD. The World Investment Report, now in its thirtieth year, supports policymakers by monitoring global and regional FDI trends and documenting national and international investment policy developments. This year's Report naturally takes stock of the COVID-19 crisis. It also includes a new chapter on investment in the Sustainable Development Goals. This analysis shows that international private sector flows to four out of ten key SDG areas have failed to increase substantially since the adoption of the goals in 2015. With less than a decade left to the agreed deadline of 2030, this makes it more important to evaluate the implications of the expected changes in the investment landscape over the coming years. As part of this session, you are expected to get familiar with this report and learn how to retrieve and utilise data related to foreign direct investment from various sources.

The session will also explore the interplay between FDI trends and the adoption of the ESG standards. You will examine how evolving FDI patterns are increasingly affected by the integration of ESG considerations into investment decisions. The session will examine how ESG standards serve as guidelines for investors to evaluate the sustainability and responsible practices of potential FDI opportunities. Discussions will also

focus on how the growing awareness of ESG risks and opportunities is shaping investors' decisions and the benefits of incorporating ESG compliance in investment decision-making processes.

## **Learning outcomes**

After completing this week's study, you will be able to analyse:

- Global investment trends and prospects
- FDI by geography and region
- FDI by sector and industry
- Internationalization trends of the largest MNEs
- Global trends in Sustainable FDI
- ESG standards, compliance, and investment decisions
- Recent policy developments and key issues.

## **Keywords**

Foreign Direct	Global investments	Portfolio Foreign
Investments		Investments
FDI stock	FDI flows (inward/outward)	Sustainable FDI
ESG standards	Investment decisions	ESG compliance

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

### **Primary material**

- UNCTAD, World Investment Report, International Production Beyond the Pandemic.
  - https://unctad.org/webflyer/world-investment-report-2020
  - This is the major source of the lecture. You need to get familiar with the structure, contents and data of the report, as this will facilitate to understand every new annual release.
- UNCTADstat, Data Center
   https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740

This is the most updated and complete database including data for foreign direct investments: Inward and outward flows and stock, annual. You are expected to practice in retrieving relevant data.

Eurostat, FDI data

https://ec.europa.eu/eurostat/web/economic-globalisation/globalisation-in-business-statistics/foreign-direct-investments

What are foreign direct investments? What kinds of FDIs exist? How FDI differ from portfolio investments?

FDI drivers in 2022: ESG (2022). London: GlobalData plc. Available at:
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_wirefeeds">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_wirefeeds</a>
 2700207236

#### **Complementary material**

- Ease of Doing Business, <a href="https://www.doingbusiness.org/en/rankings">https://www.doingbusiness.org/en/rankings</a>
   Doing Business provides objective measures of business regulations for local firms in 190 economies. Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.
- Global business projects under construction.
  - The Eco Atlantic city in Lagos, Nigeria, <a href="https://www.youtube.com/watch?v=Kt1hCNX7iMQ">https://www.youtube.com/watch?v=Kt1hCNX7iMQ</a>
  - The Marina Agia Napa in Agia Napa, Cyprus, <a href="https://www.youtube.com/watch?v=9dGEDsNeRng">https://www.youtube.com/watch?v=9dGEDsNeRng</a> These are two interesting videos related to large FDI projects in Nigeria and Cyprus.

**Self-assessment exercises and Interactive Activities** 

#### **Interactive Activity: Decision-Making Challenge 3.1**

Read the below scenarios and choose the option you believe best aligns with strong ESG principles. Consider both the ethical implications and business impacts of your choice. Your goal is to make decisions that demonstrate a good understanding of ESG considerations.

#### SCORING SYSTEM:

• Each choice in the 3 scenarios below is assigned a score (1-3). There are no 'right' or 'wrong' answers, but some choices better reflect balance in ESG principles than others. Aim for finding the answers

which scores 3 points and provide a valid justification to get another 1 point (total max score of 12 points).

**Scenario 1:** Your company plans to expand its manufacturing plant in a suburban area. The expansion is expected to double production capacity and significantly increase profits. However, it requires acquiring land currently used by the local community for recreation and small businesses, potentially leading to displacement and disruption of community life. This situation has attracted media attention, raising concerns about corporate responsibility and community relations. What would you advise?

- A. Proceed with the expansion as planned to maximize growth and profits, disregarding the community's concerns, and focusing solely on business objectives.
- B. Redesign the expansion plan to minimize the impact on the community, such as reducing the size of the expansion or altering its location. This approach seeks a compromise, potentially sacrificing some growth for community well-being.
- C. Initiate a dialogue with community representatives to find a mutually beneficial solution. This could include incorporating community suggestions into the expansion plan, offering compensations, or investing in community development projects.

Justification of choice:			

**Scenario 2:** Your company, a major clothing manufacturer, is considering outsourcing its production to Country X, known for its significantly lower labour costs. This move could drastically reduce operational costs and increase profit margins. However, Country X has a history of lax labour standards, including issues like inadequate worker safety, long working hours, and minimal wages. Outsourcing production there could enhance company profits but at the risk of being complicit in unethical labour practices. Additionally, this decision might attract negative media attention and consumer backlash, potentially affecting brand and customer loyalty. What would you advise?

- A. Proceed with outsourcing to Country X, focusing primarily on the cost benefits and increased profits, while giving minimal attention to the labour standards in the host country.
- B. Choose to outsource only if suppliers in Country X adhere to strict labour standards similar to those in developed countries, even though this might mean higher operational costs than originally anticipated. This option balances cost-saving benefits with a commitment to ethical labour practices.
- C. Decide against outsourcing and maintain production in your home country, where labour costs are higher, but labour practices are more regulated and ethical. This option emphasizes ethical labour practices and corporate responsibility but at the expense of higher operational costs.

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Justification of choice:		

**Scenario 3:** Your company, a leading electronics producer, has recently uncovered that one of its key suppliers in Southeast Asia is significantly violating environmental regulations. This supplier is responsible for a critical component in your product line, and their non-compliance involves improper disposal of hazardous waste and excessive carbon emissions, severely harming the local environment. Changing suppliers would not only incur additional costs but also lead to major disruptions in your supply chain, potentially delaying product releases and impacting market share. However, continuing the relationship with this supplier as is could damage your company's reputation for sustainability and corporate responsibility. What would you advise?

- A. Maintain the business relationship to avoid supply chain disruptions and additional costs, while acknowledging the potential risk to the company's reputation and the environment.
- B. Transition to an environmentally compliant supplier, accepting the financial costs and potential supply chain disruptions. This choice prioritizes environmental ethics and long-term brand reputation over short-term operational challenges.
- C. Engage with the current supplier to enforce compliance with environmental regulations, risking potential delays and added costs in ensuring they meet the required standards. This approach seeks to balance supply chain stability with environmental responsibility.

		of choice:	Justification

### (Complementary Exercise) Case study 3.2.

The Netherlands is currently the country attracting the largest inflows of foreign direct investment (FDI) in Europe. Despite the global recession, FDI inflows into the country in 2019 amounted to about \$84 billion, according to UNCTAD data.

Question: What are the main incentives offered by the Dutch government to attract Foreign Direct Investment (FDI) into the country?

*Learning objective:* To grasp the major incentives offered by an example government to attract inward FDI flows in the country.

Answer plan: Your answer in the discussion blog should be approximately 300 words. You are expected to use the following sources:

- UNCTADstat, Data Center,

https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740

- Invest in Holland, https://investinholland.com/

(Complementary Exercise) Case Study 3.3

Australia is ranked among the top destinations for doing business in 2019. At the same time, the country

has attracted inward foreign direct investment (FDI) flows, which in the year 2018 amounted to USD 61

billion, according to UNCTAD.

Question: Critically discuss how conducive the regulatory environment in Australia is to the starting and

operation of a local firm by selecting three out of the available measures included in the database.

Learning objective: The aim is to get acquainted with a flagship annual report and database of the World

Bank containing updated information related to the regulatory environments of 190 countries.

Answer plan: The study contains quantitative measures of regulations for starting a business, dealing with

construction permits, employing workers, registering property, getting credit, protecting investors, taxes,

trading across borders, enforcing contracts, getting an electricity connection, and closing a business. Your

answer in the discussion blog should be approximately 300 words in total for the three measures you have

selected to discuss in the case of Australia's regulatory environment for doing business. You are expected

to use the following sources:

- Ease of Doing Business, https://www.doingbusiness.org/en/rankings

- Country Profile for Australia, https://www.doingbusiness.org/en/data/exploreeconomies/australia#

Recommended study time

Approx. 15 hours

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## L4 – Sustainability and ethical issues

(WEEK 4)

## **Introduction & Overview**

The international business landscape, characterized by its cultural and economic diversity, frequently presents significant challenges for international managers, giving rise to a diverse array of sustainability and ethical dilemmas. The purpose of this week's lecture is to engage in a comprehensive exploration of sustainability concerns, ethical decision-making processes, and the formidable obstacles encountered by global managers.

MNEs must balance the interests of different stakeholders with distinct objectives. To provide clarity regarding expected conduct, organisations devise Codes of Conduct as guidelines for their employees. Ultimately, however, the ultimate responsibility for making ethical choices rests with individuals, necessitating companies to recruit employees with high moral standing. Adhering to ethical principles can empower a company to cultivate a competitive edge while averting perceptions of irresponsibility. Relative behavior implies that we act according to the norms of the countries in which we operate. Normative behavior implies that there are universal standards for ethical conduct that should be followed everywhere. The law is an important basis for ethical behavior, but not all unethical behavior is illegal. Thus, ethical behavior must go beyond the law to include common decency. Bribery is a form of unethical behavior being addressed at the multilateral level, such as at the UN and the OECD, and at the national level, such as with the Foreign Corrupt Practices Act in the United States.

A major challenge facing MNEs is the globalization of the supply chain and the impact on workers, especially in the areas of fair wages, child labor, working conditions, working hours, and freedom of association. Companies respond to the pressures for greater corporate social responsibility by establishing codes of conduct, distributing them to suppliers and subcontractors internationally, and ensuring compliance with the codes through effective training and auditing programs.

Finally, the lecture aims to make you familiar with some practical, everyday, cases in sustainability and business ethics. An interactive e-learning tool "The Fight Against Corruption" will be used for this purpose where you are highly prompted to be certified.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Describe the different trade-offs among different stakeholders in MNEs' activities, considering the impact of sustainability and social responsibility
- Examine the broad foundations of ethical behavior, highlighting its significance in promoting sustainability within international business operations
- Demonstrate the cultural and legal foundations of ethical behavior
- Discuss the importance of social responsibility when operating internationally, especially in the areas of sustainability
- Show how corruption and bribery affect and are affected by cultural, legal and political forces and examine their impact on sustainable development
- Analyse real-world ethical dilemmas using multiple frameworks, considering many possible choices, and selecting a "best choice" option.

## **Keywords**

Sustainability	Social responsibility	Stakeholder engagement
Business ethics	Ethical behavior approaches	Code of Conduct
Ethical dilemmas	Corruption forms	Extraterritoriality
Cultural relativism	UN Convention against Corruption	UN Global Compact

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Business ethics	Ethical behavior approaches	Code of Conduct
Ethical dilemmas	Corruption forms	Extraterritoriality
Cultural relativism	UN Convention against Corruption	UN Global Compact

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

### **Primary material**

International business: environments and operations - John D. Daniels, Daniel Sullivan, Lee H.
 Radebaugh 2019 (electronic resource), Chapter 11.

The chapter discusses about Ethics and Social Responsibility.

UN Global Compact and the UN Office on Drugs and Crime.

http://thefightagainstcorruption.org/

## **Complementary material**

- Transparency International Index
   Explore the site <a href="https://www.transparency.org/en/cpi/2020/index/nzl">https://www.transparency.org/en/cpi/2020/index/nzl</a> and learn about the most common forms of corruption across all sectors of society.
- The Institute of Business Ethics (IBE), UK.
   Visit and explore the site of IBE here <a href="https://www.ibe.org.uk/">https://www.ibe.org.uk/</a>.

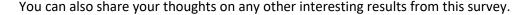
### **Self-assessment exercises and Interactive Activities**

### **Interactive Activity: Interpreting Survey Findings 4.1**

A recent PwC SDG engagement study revealed a striking insight: a mere 1% of the surveyed companies intend to evaluate their impact across all 17 Sustainable Development Goals (SDGs). Additional details of the survey responses are illustrated in the figure above.

Reflecting on this data, it's intriguing to note that 34% of the companies are opting to assess only those SDGs which are relevant to their business. Share your thoughts on why this answer was the highest scored response, and why this may be the case, considering that all 17 SDGs are highly interconnected.

Is because they they are selecting those that are the easiest? Most obvious? Or the ones they score more positively?





### Exercise 4.2

#### Interactive e-learning tool "The Fight Against Corruption"

To access the tool an account should be created. Upon completion of the course, a printable certificate is emailed to you from the UN.

Please click the following link <a href="http://thefightagainstcorruption.org/certificate/">http://thefightagainstcorruption.org/certificate/</a> and start the Certificate course.

This e-learning tool is a joint product of the UN Global Compact and the UN Office on Drugs and Crime. It uses six interactive learning modules to further the audience's understanding of the UN Global Compact's 10th principle against corruption and the UN Convention against Corruption as it applies to the private sector. The tool is targeted at everyone who acts on behalf of a company. Each module only lasts about five minutes, providing a quick and effective way of learning. And it is fun too!

Questions: Answer the online questions within the e-learning tool.

Learning objective: The interactive e-learning tool aims to make you familiar with some practical, everyday cases in business ethics.

Answer plan: Feedback and self-guidance is provided within the e-learning tool when you attempt a question. To complete the course and get certified you need to complete successfully all six interactive

learning modules.

(Complementary Exercise) Case study 4.3

**Arthur Andersen Case Studies in Business Ethics** 

During the period 1987-94 Arthur Andersen funded a \$5 million joint project with 525 universities to raise

awareness of ethical issues in business. This collection of 90 case studies is one product of that effort. Each

student will be provided to study and discuss a selected case study related to the Accounting, Finance,

Management and Marketing fields. An example case study ("The Curious Loan Approval") follows, but the

aim is to use a variety of cases studies every time:

The Curious Loan Approval

*Topic*: Commercial Bank Management (Loan Evaluation)

Characters: Adam, Financial Analyst at Farmwood National Bank

Mary Ryan, Commercial Loan Officer at Farmwood National and Adam's boss

As a commercial loan officer-trainee at Farmwood National Bank, Adam's future looked very bright. He had

recently completed a series of credit analysis exams, earning the highest score in his training group and

capturing the attention of the bank's senior commercial loan officers. In the second phase of his training

program, Adam was promoted to a financial analyst's position and assigned to work for Mary Ryan, one of

the bank's most productive commercial loan officers. Like Adam, Mary had earned the highest score on the

analysis exams among her training group five years ago, and she and Adam quickly became a team to be

reckoned with inside the bank's corporate banking division.

In the first few months of his new assignment, Adam quickly grew to admire his new boss. In most cases,

when he evaluated the creditworthiness of a new customer for Mary, she readily agreed with his analysis

and praised his attention to detail. However, one recent loan application left Adam totally confused.

Evaluating a request from Mitchell Foods, Inc., for a\$5 million short-term loan to finance inventory

expansion, Adam noted that the firm was dangerously overleveraged. Mitchell Foods represented a retail

grocery chain with 35 stores located in the greater metropolitan area served by Farmwood National, and

the firm was financing its retail outlets with operating leases. Unlike financial leases, operating leases only

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appear in the notes accompanying the firm's financial statements, and Mitchell Foods' current balance

sheet gave the appearance of far less leverage than the firm actually carried.

Adam promptly noted this fact in a memorandum of concern that he forwarded to Mary for inclusion in the

Mitchell Foods credit file. Much to his surprise, Mary discounted the problem and told Adam to destroy the

memo. After the bank's senior credit committee approved the Mitchell Foods loan request, Mary defended

her position by telling Adam that the issue of operating lease leverage never surfaced during the credit

committee meeting.

In spite of Mary's reassurances, Adam knew from his days in credit school that Mitchell Foods' operating

lease liability was handled improperly. While pondering this problem over coffee in the employee cafeteria,

Adam overheard Mary talking excitedly among a group of young commercial lenders. It seems she had just

received word that her personal mortgage loan application at Bay Street Savings and Loan had been

approved, and the terms of this loan were most attractive. The savings and loan willingly waived its normal

down payment requirement and gave Mary 100 percent, fixed-rate financing of 25 years at 2 percent below

the going rate of interest on fixed-rate mortgage loans.

Given his recent credit analysis, Adam recalled that the president of Mitchell Foods was also Chairman of

the Board at Bay Street Savings. He began to wonder whether Mary's actions as a commercial loan officer

had been compromised by her personal financial affairs, or whether he was simply thinking too much. After

all, Mary was an outstanding commercial loan officer, and she was his mentor. What should Adam do next?

Author: D. Anthony Plath, Assistant Professor, University of North Carolina at Charlotte

Questions: Please provide your feedback for the following aspects:

What Are the Relevant Facts?

• What Are the Ethical Issues?

Who Are the Primary Stakeholders?

What Are the Possible Alternatives?

Learning objective: The aim of these case studies is to learn how to analyze an ethical dilemma.

Recommended study time

Approx. 15 hours

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## **L5 - Strategy Development and Practice**

(WEEK 5)

### **Introduction & Overview**

This week's lecture and activities focus on understanding strategy through the main strategic lenses, on determining strategy development through the deliberate and emergent approaches and on strategic practice through the role of strategists involved. In the first part of the session, students will be introduced with some well-known definitions of strategy emphasizing the "long-term direction" nature. Furthermore, students will be able to understand the different levels of strategy, namely corporate-level (organizational scope and value), business-level (competing in particular markets) and operational strategies (components of organization delivering strategies in terms of resources, processes and people).

Strategy itself is a kind of work undertaken across almost all levels of management, not just decision-makers. For example, middle and lower-level managers need to understand strategic objectives and contribute towards achieving them as best as they can. As we notice a worldwide trend in increasingly decentralized responsibility in many organizations, managers across different levels play a growing part in shaping strategy themselves. Therefore, students will appreciate that, for many managers, strategy is part of the job.

The strategy *lenses* will be explained next, so that students can appreciate that there are different ways of looking at strategic issues in order to generate additional insights, just as looking at problems in different ways will raise new issues and new solutions. The first involves "strategy as design" which means using systematic, analytical and logical approaches and methodologies. The second perceives "strategy as experience" and focuses on the taken-for-granted assumptions and ways of doing things embedded in people's personal experiences. The third considers "strategy as variety" and emphasizes the importance of promoting diversity in and around organizations to generate as many new ideas as possible. The fourth and last one, involves "strategy as discourse" which focuses attention on the ways managers use language to frame strategic problems and make strategic proposals. The benefits and issues for all above lenses will be discussed.

In the second part of the lecture, the concept of Mintzberg's deliberate and emergent strategy development will be analyzed so that students can appreciate the different strategic planning approaches.

Deliberate strategic development involves intentional formulation and planning, which focuses on the role of the strategic leader (an individual e.g. founder, or a group of individuals) and the strategic planning systems. The issues and benefits of systematic planning will be discussed in detail. The emergent strategy development focuses on strategies which emerge on the basis of a series of decisions, which a pattern becomes clear over time, this why deliberate is called "pattern in a stream of decisions". Emergent strategies involve higher degrees of logical incrementalism, which is the development of strategy by experimentation and learning, and corresponds to the learning organization — an organization that is capable of continual regeneration from the variety of knowledge, experience and skills within a culture that encourages questioning and challenge. The emergent strategy also involves organizational politics that is strategies develop as the outcome of bargaining and negotiation among powerful interest groups.

By now, it should be clear to students that strategic approaches and strategic development processes are not discrete or mutually exclusive; multiple approaches and processes are likely to be evident. To explain this further several company examples will be provided, such as Intel's systematic planning and the role of political pressures in HP. It will be further emphasized that the context in which strategies are development plays a crucial role, such as in simple or static conditions and in dynamic or complex situations.

This session will conclude with the practice of strategy and more specifically to assess who to involve in strategizing with regard to top and middle managers, strategy consultant and strategic planners. Students will therefore be able to evaluate the importance of selecting who should be involved in strategy making. The general trend in recent years has been to include more people in the strategy process, thus moving towards more "open strategy". Openness comes from including more participants and ensuring great transparency. Finally, who should be involved depends on the scope and scale of strategic change as well as the urgency of the issues considered. Students will be able to apply to test their understanding and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises indicated below as well as to expand their knowledge the bibliography provided.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Define strategy and levels of strategy.
- Determine the core assumptions and key implications of the four strategy lenses.
- Understand what is meant by deliberate and emergent strategy development.

- Identify deliberate processes of strategy development in organizations including strategic leadership and planning systems.
- Identify processes that give rise to emergent strategy development, such as logical incrementalism and political processes.
- Consider strategy development processes in different contexts.
- Assess who to involve in strategizing, with regard to top managers, strategy consultants, strategic planners and middle managers.

## **Keywords**

Strategic Management	Strategy Levels	Strategy Lenses
Strategy as Design	Strategy as Experience	Deliberate Strategy
Emergent Strategy	Strategy as Practice	Strategic Leader
Top Managers	Strategy Consultants	Middle Managers

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

### **Primary material**

• Johnson, G. (2017) Exploring strategy: text and cases. Eleventh edition. Harlow, England: Pearson. Strategy is a crucial subject. It's about the development, success and failure of all kinds of organisations, from multinationals to entrepreneurial start-ups, from charities to government agencies, and many more. Strategy raises the big questions about these organisation – how they grown, how they innovate and how they change. As a manager of today and tomorrow, you will be involved in shaping, implementing or communicating these strategies.

**Refer to chapters 1, 12 and 15** for materials relevant to those covered in the session. This e-book can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1j41ga1/alma991007313864003821

• Frery, F. (2006) 'The fundamental dimensions of strategy', MIT Sloan management review, 48(1), p. 71–.

In nearly half a century of literature on corporate strategy, the term has become more complicated and fractured. There are now at least 10 separate schools of thought regarding strategy, and more than a dozen common definitions of the term. To clarify and deepen our understanding of corporate strategy, the author suggests general guidelines that set the boundaries of the discipline and highlight its specifics in order to facilitate future executive decisions. The author argues that strategy comprises three objectives: creating value, handling imitation and shaping a perimeter. The ability to sustain value creation, whether from the customers or the shareholders perspective, is the ultimate goal of any strategy. Concepts such as benchmarking, differentiation, core competencies, unique resources, institutionalism and competitive rivalry are all connected with the ability to prevent, implement or leverage imitation. Decisions about diversification, outsourcing, vertical integration, internationalization and positioning are all linked with the search for a profitable perimeter. This article can be accessed here:

Eric D Beinhocker and Sarah Kaplan (2002) 'Tired of strategic planning?', The McKinsey quarterly, p.
 48–.

Few CEOs claim to be happy with the way their companies come up with strategy. Most say that the annual strategy-planning process yields few good ideas and is often fraught with politics. A study of strategic planning at more than 50 companies suggests that the annual planning get-together works best not as an exercise to develop a definitive strategy but as an opportunity to prepare executives' minds for strategies made at other, less formal times and places. By structuring the strategic-planning process to focus on what the company wishes to achieve and by improving the informal side of developing strategy, companies can be better prepared to make real-time strategies in an uncertain world.

Students should pay particular attention to Figure 2 in page 56. The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_journals\_224540 
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#### **Complementary material**

Rumelt, R. P. (2012) 'Good Strategy/Bad Strategy: The Difference and Why It Matters', Strategic direction (Bradford, England), 28(8). doi: 10.1108/sd.2012.05628haa.002.
 Developing and implementing a strategy is the central task of a leader, whether the CEO at a Fortune 100 company, an entrepreneur, a church pastor, the head of a school, or a government

official. Richard Rumelt shows that there has been a growing and unfortunate tendency to equate

Mom-and-apple-pie values, fluffy packages of buzzwords, motivational slogans, and financial goals with "strategy." He debunks these elements of "bad strategy" and awakens an understanding of the power of a "good strategy."

Good Strategy/Bad Strategy uses fascinating examples from business, nonprofit, and military affairs to bring its original and pragmatic ideas to life. The detailed examples range from Apple to General Motors, from the two Iraq wars to Afghanistan, from a small local market to Wal-Mart, from Nvidia to Silicon Graphics, from the Getty Trust to the Los Angeles Unified School District, from Cisco Systems to Paccar, and from Global Crossing to the 2007–08 financial crisis. The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_crossref\_primary\_10\_1108 sd\_2012\_05628haa\_002

Mintzberg, H. and Waters, J. A. (1985) 'Of strategies, deliberate and emergent', Strategic management journal, 6(3), pp. 257–272. doi: 10.1002/smj.4250060306.

Deliberate and emergent strategies may be conceived as two ends of a continuum along which real-world strategies lie. This paper seeks to develop this notion, and some basic issues related to strategic choice, by elaborating along this continuum various types of strategies uncovered in research. These include strategies labelled planned, entrepreneurial, ideological, umbrella, process, unconnected, consensus and imposed.

This a highly quoted paper that describes different patterns of strategy development and can be accessed here:

 Pascale, R. T. (1984) 'Perspectives on Strategy: The Real Story Behind Honda's Success', California management review, 26(3), pp. 47–72.

Contradictory accounts of Honda's success in the world motorcycle industry demonstrate the need to challenge our overemphasis on "strategy" in explaining their success. Alternative perspectives are needed to cope with the managerial challenges of the eighties. The full article is available here: <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_journals\_206284">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_journals\_206284</a>

Mintzberg, H. et al. (1996) 'The "Honda Effect" Revisited', California management review, 38(4), pp. 78–117.

Perhaps no other article published in the management literature has had the impact of Richard Pascale's piece on the "Honda Effect" that was published in the Spring 1984 issue of the California Management Review. This now classic article has stimulated considerable debate over the role and value of corporate strategy in business decision making—which is the subject of this forum. This special collection of essays includes an abridged version of Pascale's original article ["Perspectives on Strategy: The Real Story Behind Honda's Success"], an exchange of correspondence between Henry Mintzberg and Michael Goold, and new essays by Richard Rumelt, Michael Goold, and Richard Pascale, who revisits his own original article as well as this whole debate. The full article is available here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_journals\_147420 2393

 Whittington, R., Cailluet, L. and Yakis-Douglas, B. (2011) 'Opening Strategy: Evolution of a Precarious Profession', *British journal of management*, 22(3), pp. 531–544. doi: 10.1111/j.1467-8551.2011.00762.x.

This paper takes the long view on the development of strategy as a profession, from the 1950s to today. We identify strategy as a structurally precarious profession, subject to cyclical demand and shifts in organizational power. This precariousness has increased with the secular shift towards more open forms of strategy-making, with more transparency inside and outside organizations and more inclusion of different actors internally and externally. We analyse four forces – organizational, societal, cultural and technological – driving the evolution of strategy as a profession and discuss implications for the future of strategy work, for effective strategies, for strategy's professional bodies and for strategy research. The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/8msr86/cdi hal shs oai HAL halshs 0 0738389v1

## **Self-assessment exercises and Interactive Activities**

**Interactive Activity: Video-to-Video activity 5.1:** 

What the video "UNIQUE STRATEGIES - FINANCIAL SERVICE INDUSTRY" that is available on blackboard.

In this video you will learn about:

- Strategy as a dynamic beast [07:56]
- The strategy-making process [12:22]
- How to implement strategy [16:32]
- Board composition and the role of communication [19:23]
- Advice for students of strategy [22:13]

#### Task: After watching the video, so an Industry Comparison

- Reflect on the strategic approach of the company or organization where you currently work (or focus on another organisation of your choice). Identify key aspects of its strategy such as its approach to competition, resource allocation, market positioning, and adaptation to industry changes.
- Compare and contrast the strategic concepts discussed in the video with those of your company. Focus on similarities and differences in strategy formation, implementation, and adaptation to industry-specific challenges.
- 3. **Reflect** on how the strategies in the financial services industry, as presented in the video, could inform the strategies in your company. You can mention any insights or lessons that can be applied to your professional context or broader industry understanding.
- 4. Instead of a written response, <u>create a short recording</u> (max 3-4 minutes) on MS Teams and share the link in the discussion forum.

### (Complementary Exercise) Key Debate 5.2

Read the Key Debate uploaded on blackboard titled "Honda and the US motorcycle market" (adapted by Johnson et al. which is one the core textbooks of this module)

This consists of extracts from one of the most widely cited papers on strategy development processes ever written. The purpose of the original paper by Richard Pascale was to show two quite different explanations of the same event: one based on BCG and Harvard reports and the other based on accounts by the executives themselves. It is useful to read that original paper. Subsequent to the publication of that paper, it has been referred to by many other writers who have interpreted it in different ways. In addition to the papers referred to in the illustration, there is a third which provides still further insights:

Mair, A. (1999) Learning from Honda, Journal of Management Studies, vol 36, no. 1.

After reading the arguments in the Key Debate, reflect on the following:

- 1. Are the different accounts mutually exclusive?
- 2. Do you think Honda would have been more or less successful if it had adopted a more formalised strategic planning approach to the launch?

Post your answers in the discussion blog on blackboard.

You can also read the full articles of the Key Debate:

Pascale, R. T. (1984) 'Perspectives on Strategy: The Real Story Behind Honda's Success', *California management review*, 26(3), pp. 47–72.

Mintzberg, H. et al. (1996) 'The "Honda Effect" Revisited', California management review, 38(4), pp. 78–117.

Learning objective: This exercise will help students apply their knowledge and understanding from the part of the session which explained deliberate and emergent approaches, as well as the importance of the context and top managers in strategy development. Students will post their answers on the discussion blog and therefore have the chance to review other opinions and exchange views.

#### (Complementary Exercise) Mini Case Study 5.3

Read the mini case study uploaded on blackboard titled "The Barclays jam" (adapted by Johnson et al.). The case study explains how Barclays Bank used workgroups and "jamming" to involve all its employees in its new strategy. After reading the case study answer the below questions:

- 1. What do you think were the direct and indirect benefits of Ashok Vaswani's initiatives to involve Barclays' employees in the strategy?
- 2. If you were a smaller company, without the information technology resources of Barclays and IBM, how might you be able to get employee input into strategy development?

Post your answers in the discussion blog on blackboard.

Learning objective: this exercise will help students understand the lecture materials regarding "who" to involve in strategic decision-making and/or implementation by considering a specific case. The second question will promote students to consider alternative ways of gaining employee input in strategy and therefore enables them to share their own views.

# Recommended study time

Approx. 15 hours

## L6 - Competitive Strategy, Strategic Groups & Positioning

(WEEK 6)

## **Introduction & Overview**

The purpose of this week's lecture and activities/tasks is concerned with understanding the strategic positioning approaches that companies implement in the face of competitive rivalry and competitive forces that exist in the industries and market that they operate in, as well as their specific strategic groups.

In the first part of the module, students will gain insights into the forces at work in the industry or market environment of an organization with the use of the Porter's Five Forces framework. Students will be able to understand how to use the framework and analyze the five forces; namely, competitive rivalry, bargaining power of buyers, bargaining power of suppliers, threat of new entries and threat of substitutes. Students will be able to understand that if the above forces are high, industries might not be attractive to compete in. excessive competitive rivalry, powerful buyers and suppliers, and the threat of substitutes or new entrants will combine to squeeze profitability. Examples of Porter's Five Forces analyses will be provided so that students will understand the implications of this analysis and how the framework can be used to assess the attractiveness of an industry. Therefore, students will be able to evaluate which industries to leave or enter (covered above); how are competitors differently affected by the forces (strategic groups); the managerial strategies and practices which can be used to deal with the impact of the forces (further explored in the second part of the session)

For students to be able to evaluate how competitors are differently affected by the forces, the first part of the lecture will conclude with understanding strategic groups. Strategic groups will be explained on the basis of organizations within an industry or sector with similar strategic characteristics, following similar strategies or competing on similar terms. There are many different characteristics that distinguish between strategic groups, but these can be generally grouped into two major categories. First, the scope of an organization, such as geographical coverage, extend of product (or service) range and diversity, number of market segments and range of distribution channels used. Second, the resource commitment, such as

extent (number of branding), marketing spread and salesforce, extent of vertical integration, product and/or service quality, technological leadership and company size.

The strategic group concept is useful for students to understand competition, since managers and decision makers might focus on their director competitors (instead of the whole industry) and establish the dimensions that differentiate them from those competitors, thus becoming the focus of their attention. Furthermore, it can help students to understand the importance of identifying the most attractive "strategic spaces" in an industry, e.g. "white spaces" which are under-occupied, and avoid "black holes" which are impossible to exploit and likely to damage players.

The second part of the session will focus on students' recognizing how organizations can develop strategic approaches to deal with the impact of the five forces. Industry structures are not necessarily fixed but can be influenced by deliberate competitive strategies. Competitive strategies involve how different strategic business units achieve competitive advantage which is how these units create value for its users both greater than the costs of supplying them and superior to their rivals. To gain a better understanding of competitive business strategies, the three generic strategies developed by Michael Porter will be analyzed during the lecture. Porter distinguishes between cost, differentiation and focus that hold across many kinds of business situations.

Students will be able to understand the cost-leadership strategy, which involves being the lowest-cost organization in a domain of activity by concentrating on different cost drivers, such as input costs, economies of scale, experience and product/process design. Then the differentiation strategy will be explained by discussing how uniqueness along some dimensions or attributes (e.g. Mercedes vs BMW) that are sufficiently valued by customers can provide opportunities for a price premium. To develop and exploit these attributes it is critical to understand the strategic customers and the key competitors. Finally, the focus (competitive scope) strategies will be explained which target a narrow segment or domain of activity and tailors its products or services to the needs of those specific segment to the exclusion of others.

Finally, students will be able to understand and evaluate the risks of being "stuck in the middle" non-competitive strategy – i.e. doing no strategy well – and to illustrate these examples will be provided. In cost leadership cases it is not advisable to pursue options of differentiation which will add extra costs. For differentiators it makes no sense to make economies which jeopardize the basis for differentiation. Finally, for a focuser, it may be dangerous to move outside the original specialized segment. Finally, an example will be provided to discuss the exception to the above rule by discussing the concept of the hybrids (e.g. IKEA), which include both lower prices than differentiation strategies, and higher benefits than low-price

strategies. These strategies are occasionally used to make aggressive bids for increased market share as well as entering a new international market.

Overall, through the delivery of the materials along with various examples of specific industries and companies, students will be introduced and become familiar with competition pressures and competitive forces, as well as strategic approaches which can be implemented to create clear strategic positioning. Students will therefore be able to apply the models and frameworks discussed in the lecture in the self-assessment exercises which are available below.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Understand the importance of analyzing competitive forces in an industry
- Identify the forces of an industry to evaluate industry attractiveness with the use of Porter's Five Forces framework
- Recognize the different ways in which companies in the same industry are affected by competitive forces
- Define and understand the meaning and role of analyzing strategic groups
- Distinguish company characteristics relevant to scope and resource commitment in identifying strategic groups
- Determine and evaluate the strategic positioning of a company
- Define and understand the characteristics and strategic approaches of cost leaders, differentiators and focusers
- Appreciate the risks of being "stuck in the middle" and recognize the distinct nature of hybrids

## **Keywords**

Competitive Forces	Five Forces	Industry attractiveness
Competitive Strategies	Strategic Groups	Generic Strategies
Competitive Positioning	Cost-Leader	Differentiator
Focus Strategy	Hybrid	Non-competitive strategies

## **Bibliography**

Reference the following bibliography to study in-depth this week's material. In addition to the texts below, you will be encouraged to use a variety of websites and on-line learning materials as well as materials related to your individual research interests:

#### **Primary material**

 Porter, M. E. (2008) 'The five competitive forces that shape strategy', Harvard business review, 86(1), pp. 78–137.

In this article, Porter undertakes a thorough reaffirmation and extension of his classic work of strategy formulation, which includes substantial new sections showing how to put the five forces analysis into practice. The five forces govern the profit structure of an industry by determining how the economic value it creates is apportioned. That value may be drained away through the rivalry among existing competitors, of course, but it can also be bargained away through the power of suppliers or the power of customers or be constrained by the threat of new entrants or the threat of substitutes. Strategy can be viewed as building defenses against the competitive forces or as finding a position in an industry where the forces are weaker. Changes in the strength of the forces signal changes in the competitive landscape critical to ongoing strategy formulation. In exploring the implications of the five forces framework, Porter explains why a fast-growing industry is not always a profitable one, how eliminating today's competitors through mergers and acquisitions can reduce an industry's profit potential, how government policies play a role by changing the relative strength of the forces, and how to use the forces to understand complements. He then shows how a company can influence the key forces in its industry to create a more favorable structure for itself or to expand the pie altogether. The five forces reveal why industry profitability is what it is. Only by understanding them can a company incorporate industry conditions into strategy.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_miscellaneous\_7 0293081

• Parnell, J. A. (2006) 'Generic strategies after two decades: a reconceptualization of competitive strategy', Management decision, 44(8), pp. 1139–1154. doi: 10.1108/00251740610690667.
This paper seeks to demonstrate how the generic strategy approach to strategy formulation can be applied today, especially in the development of parsimonious, prescriptive, and relevant tools for strategic managers. Design methodology approach - A new business strategy typology is developed and grounded in recent developments in the literature and in business practice.
This paper provides a more recent discussion of the generic strategies and can be accessed here:
<a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_emerald\_primary\_10\_1108">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_emerald\_primary\_10\_1108</a>
00251740610690667

### **Complementary material**

strategic group research.

• Leask, G. and Parker, D. (2007) 'Strategic groups, competitive groups and performance within the U.K. pharmaceutical industry: Improving our understanding of the competitive process', *Strategic management journal*, 28(7), pp. 723–745. doi: 10.1002/smj.603.

Strategic group research originated in the 1970s and a number of notable studies centered on the U.S. pharmaceutical industry. Results were, however, conflicting. This paper explores the nature of strategic groups in the U.K. pharmaceutical industry. The study confirms the presence of between six and eight strategic groups across the period studied, 1998-2002. The study also demonstrates a statistically significant relationship between these strategic groups and performance using three performance measures. The paper then compares strategic groups with competitive groups and concludes that the distinction is important and may explain the contradictory findings in earlier

This paper provides an example of strategic group analysis and can be accessed here:

<a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefile-A165718856">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefile-A165718856</a>

Sharp, B. and Dawes, J. (2001) 'What is Differentiation and How Does it Work?', Journal of marketing management, 17(7-8), pp. 739–759. doi: 10.1362/026725701323366809.
 This paper provides a basic review of the relationship between differentiation and profitability. In particular we address the misconception that the reward of differentiation must be a price premium. We conclude with the following: Differentiation is when a firm/brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (or

one feature). Through not having to provide these other features the firm has an avenue to save costs. The firm benefits from the reduced sensitivity in terms of reduced directness of competition allowing it to capture a greater proportion of the value created by exchange. The authors observe that real world differentiation is a pervasive feature of modern markets, but seems to be largely due differences in distribution and awareness, and occasionally design.

The paper can be accessed below:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_crossref\_primary\_10\_1362 026725701323366809

• Pertusa-Ortega, E. M., Molina-Azorin, J. F. and Claver-Cortes, E. (2009) 'Competitive Strategies and Firm Performance: a Comparative Analysis of Pure, Hybrid and Stuck-in-the-middle Strategies in Spanish Firms', British journal of management, 20(4), pp. 508–523. doi: 10.1111/j.1467-8551.2008.00597.x.

The purpose of this study was to examine the viability of hybrid competitive strategies, which combine differentiation and cost elements, and their impact on organizational performance in comparison to pure strategies and 'stuck-in-the-middle' combinations. Previous studies have focused above all on US data. The analysis carried out in this paper has centered on a multi-sectorial sample of 164 Spanish firms. The findings show that a large number of the organizations use different types of hybrid strategies and also that such strategies tend to be associated with higher levels of firm performance, particularly those strategies which place emphasis on a greater number of strategic dimensions, and specifically on innovation differentiation.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_wiley\_primary\_10\_1111\_j\_ 1467\_8551\_2008\_00597\_x\_BJOM597

### **Self-assessment exercises and Interactive Activities**

#### 6.1 Portfolio Assessment Submission: Your Role as a Strategic Consultant

This is the first component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the <u>role of "Strategic Consultant"</u>

Deadline: end of the teaching week.

Task:

- Read the GTI Company Scenario available on blackboard
- Evaluate the industry forces of GreenTech Innovations (GTI) in the host country by using the Porter's 5 Forces framework. For each of the 5forces, indicate if it is low, moderate, or high and explain.
- Submit your answer via the blackboard link. Your answer is private and individual feedback will be provided.

Word count: 400words max

While writing your answers have in mind the assessment criteria which apply for the final submission of the portfolio report (graded):

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the industry forces (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the industry forces (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the forces (30%).

### **Multiple-Choice Questions Exercise 6.2**

Following the lecture materials, this exercise will help you to test your understanding of Porter's Five Forces.

#### **Question A**

GG Ltd began life 20 years ago as a traditional hardware/convenience store, where customers could purchase everyday items ranging from washing powder to kitchen equipment to toothpaste. It is located in a highly populated area, but since the recent economic decline has found that it has been surrounded by large national discount stores with fixed low prices, much cheaper than GG Ltd for identical items.

Which of Porter's Five Forces would be the main issue for GG within this industry?

0	Power of Suppliers.
0	Threat of New Entrants.
0	Competitive Rivalry.
0	Threat of Substitutes.

Answer the below multiple-choice questions focusing on mini scenarios:

#### **Question B**

LM is a medium sized tyre manufacturer based in Country Z. It produces low cost tyres using standard rubber, to be used for the compact car market (which has a historically low margin for car manufacturers). 90% of its tyres are sold to BC, a global car manufacturer with a plant in Country Z.

Based on the above information, which THREE of the following suggests that BC has high power as a

custo	omer of LM?
	The threat of backwards vertical integration by BC.
	Products are differentiated.
	BC makes up a high proportion of LMs sales.
	Brand identity is high for tyres.
	Products are price sensitive.
Que	stion C
dish sell	an electrical appliance manufacturer and currently specialises in the manufacture of domestic washers. Q operates in this market with four other companies. Each manufacturer similar products and similar volumes of vacuum cleaners each year. They operate in different regions however and sell ugh different retailers.
repu	d its rivals all have long term contracts to supply each of their respective retailers and have a very good tation and loyal customer base. Q buys its components through a number of large suppliers, as do its s, as these suppliers are the only ones who can deliver the features and volume required.
	n the information above, which ONE of the following forces from Porter's Five Forces model would be sified as 'high'?
0	Threat of new entrants
0	Power of suppliers
0	Competitive rivalry
0	Threat of substitutes
Que	stion D
Y off	ers consumer insurance products, including car and life insurance.
	ording to Porter's Five Forces model, which ONE of the following would indicate that the power of ers in Y's industry is low?
0	Y's insurance policies have very few special features to differentiate them from those offered by its rivals
0	Y has many rivals in the car and life insurance market
0	Y's customers typically use comparison websites to see how much their insurance would cost from a

Y's customers are legally required to have car insurance
Question E
JK Airlines operate in the global aviation industry. In common with its rivals (many of which are similar sizes to JK), JK pays large sums for landing slots at major airports, as well as maintenance of its fleet of planes. These costs have become harder to cover due to falling revenue thanks to a major economic recession affecting the industry.
JK's staff are heavily unionised and any redundancies made by JK would result in significant compensation payments to staff members.
Which THREE of the following in Porter's Five Forces model, suggests that competitive rivalry will be high?
☐ High fixed cost
☐ Low level of product differentiation
☐ High switching costs for customers
☐ High market growth
High exit barriers
Question F
E, a mechanic based in Country Z, has recently sold her chain of garages for \$900m. She has decided to follow her dream and develop a cheap, environmentally friendly scooter for the heavily populated Country Z.
The design would be based on current scooters manufactured by several companies in Country Z, but with a number of modifications invented by E. The scooter market is dominated by four large manufacturers, who are also vertically integrated into retailing, with their chains of stores being the most common place for residents of Country Z to purchase scooters.
Which THREE of the following would be the most significant barriers to entry for E in Z's scooter manufacturing industry?
☐ Capital requirements
Patents
Reduced access to distribution channels
☐ Economies of scale
Government protectionism
Ouestion G

Gailen plc is a manufacturer of printers for home use. They also produce ink cartridges which customers can buy as refills for the printers they have bought. Over the past years Gailen has suffered from falling

profits as customers are using their printers less and less because they can read and submit documents online using smart phones and tablets. They have also suffered from organizations offering refills to Gailen ink cartridges which means that customers don't have to buy a new cartridge.

From the information above, which one of the following forces from Porter's Five Forces model would be classified as 'high'?

$\circ$	Threat	of New	Entrants

Power of Suppliers.

Competitive Rivalry.

Threat of Substitutes.

Answers to the multiple-choice questions are indicated in the Appendices and students will get an automatic reply on blackboard indicating the correct answers to the questions.

*Learning objective*: This exercise will help students to test their understanding of the Five Forces lecture delivery. At the same time, they have their opportunity to apply this understanding to different companies across different industries.

# Recommended study time

Approx. 15 hours

## L7 - Strategic Capabilities and Growth

(WEEK 7)

## **Introduction & Overview**

The purpose of this week's lecture and activities/tasks is concerned with identifying organizations' strategic capabilities and the development of these capabilities to achieve strategic growth. In the previous session, students learned about the importance of the external competitive environment of an organisation and the strategic positioning approach companies adopt to deal with competitive forces. However, it is not only the external environment that matters for strategy, but also the company-specific strategic capabilities in terms of resources and competencies.

In the first part of the session, students will learn the answers to the following questions: What are strategic capabilities? How do strategic capabilities contribute to competitive advantage and superior performance? How to manage the development of strategic capabilities? Therefore, students will be able to understand the strategic importance of capabilities and how focusing on developing them, can be the source of sustained competitive advantage. strategic capabilities will be explained in the basis on physical, financial and human resources and competencies. Resources will be titled as "what we have" and competencies as "what we do well".

Then the concept of dynamic capabilities will be introduced and explained capturing the importance of an organisations' ability to renew and recreate its strategic capabilities to meet the needs of changing environments. In essence, the concept of dynamic capabilities explains that "ordinary" capabilities, may become common practise in an industry or copied by competitors over time or become redundant as the environment changes. Therefore, students will be able to acknowledge the importance of sensing, seizing and reconfiguring capabilities to sustain their dynamic nature.

The next step is to explain how strategic capabilities can form the basis of competitive advantage by using the VRIO framework. VRIO represents, Value, Rarity, Inimitability and Organisational support and according to the framework, specific capabilities that meet the above criteria can deliver sustained competitive advantage – i.e. competitive advantage for the long-term. Students will also learn that there are many tools and methods to identify organisational strategic capabilities, such as Benchmarking, the Value Chain and

SWOT analysis. All three tools will be briefly discussed, so that students get a general understanding of how they can be applied. The first part of the session will conclude with a discussion on how to generally manage strategic capabilities (e.g. building and recombining capabilities), as well as how to leverage capabilities across geographic capabilities for international companies.

For a company to further develop strategic capabilities, they could select between outsourcing or integration. Therefore, in the second part of the session students will learn the benefits and opportunities from outsourcing to specialist suppliers, which is defined as the process by which activities previously carried out internally are subcontracted to external suppliers. Specialists in a particular activity are likely to have superior capabilities than an organisation for which that particular activity is not a central part of its business. Students will also be able to learn the advantages of forward and backward integration, with the use of different examples. Backward integration refers to development into activities concerned with the inputs into the company's current business and forward integration refers to development into activities concerned with the outputs of a company's current business. This discussion will be concluded with decisions regarding integration vs outsourcing.

Another well-know model for analysing strategic growth options based on organisational capabilities combined with market opportunities is the Ansoff product/market growth matrix will be introduced and explained. The Ansoff matrix is a corporate strategy framework for generating four basic direction for organisational growth, namely: Market penetration (implies increasing market share of current markets with the current product range); Product/service development (where organisations deliver modified or new products/services to existing markets – related diversification); Market Development (which involves offering existing products to new markets – e.g. new international markets or geographies); and finally Conglomerate diversification (which takes the organisation beyond both its existing markets and its existing products/services.

Students will therefore understand the above growth options, but also learn about the benefits or issues with related and unrelated diversification based on research findings suggesting that "some diversification is good- but not too much". Students will be able to apply to test their understanding and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises indicated below as well as to expand their knowledge the bibliography provided.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Identify strategic capabilities in terms of organizational resources and competencies
- Determine how strategic capabilities relate to the strategies of organizations
- Analyze how strategic capabilities might provide sustained competitive advantage on the basis of their
   Value, Rarity, Inimitability and Organizational support.
- Consider how managers can develop strategic capabilities for their domestic or international companies.
- Assess the relative benefits of vertical integration and outsourcing
- Identify strategic growth options relevant to market penetration, product development, market development and diversification
- Distinguish between related and unrelated diversification and their associated benefits

# **Keywords**

Strategic Capabilities	VRIO	Dynamic Capabilities
Benchmarking	SWOT	Value Chain
Vertical integration	Forward Integration	Backward Integration
Outsourcing	Ansoff matrix	Diversification
Market Penetration	Product Development	Market Development

# **Bibliography**

Reference the following bibliography to study in-depth this week's material. In addition to the texts below, you will be encouraged to use a variety of websites and on-line learning materials as well as materials related to your individual research interests:

### **Primary material**

Johnson, G. (2017) Exploring strategy: text and cases. Eleventh edition. Harlow, England: Pearson.
 Strategy is a crucial subject. It's about the development, success and failure of all kinds of organisations, from multinationals to entrepreneurial start-ups, from charities to government

agencies, and many more. Strategy raises the big questions about these organisation – how they grown, how they innovate and how they change. As a manager of today and tomorrow, you will be involved in shaping, implementing or communicating these strategies.

Refer to **chapter 3** for understanding of Strategic Capabilities and **chapter 7** for insights on Ansoff's matrix. This e-book can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1j41ga1/alma991007313864003821

Barreto, I. (2010) 'Dynamic Capabilities: A Review of Past Research and an Agenda for the Future',
 Journal of Management, 36(1), pp. 256–280. doi: 10.1177/0149206309350776.

The dynamic capabilities view, by addressing the question of how firms can cope with changing environments, has gained increasing attention in the management literature in recent years, not only in the concept's original domain (strategic management) but also in many other areas within business administration. However, such remarkable growth has been associated with a proliferation of definitions of the focal construct as well as the emergence of a complex and disconnected body of research. In addition, the approach has also received some recurring criticisms. In this study, the author reviews the diverse research streams on dynamic capabilities, identifies main limitations and challenges, suggests a new conceptualization of dynamic capability as an aggregate multidimensional construct, and provides guidance about promising avenues for future research.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefi le A218075002

#### **Complementary material**

• Goold, M. and Luchs, K. S. (1993) 'Why diversify? Four decades of management thinking', *The Academy of Management executive (1993)*, 7(3), pp. 7–25. doi: 10.5465/AME.1993.9411302341 This article explores both the thinking and practice of diversification during the last four decades, and our current understanding of diversification.

The paper is available here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_crossref\_primary\_10\_5465 ame\_1993\_9411302341

### **Self-assessment exercises and Interactive Activities**

### 7.1 Portfolio Assessment Submission: Your Role as a Strategic Consultant

This is the **second** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the **role of "Strategic Consultant"** 

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Determine the role of the company's strategic capabilities in gaining competitive advantage in the host country.
- 3. Submit your answer via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse company's strategic capabilities as a source of competitive advantage (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's strategic capabilities as a source of competitive advantage (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support
  the analysis and evaluation of the company's strategic capabilities as a source of competitive advantage
  (30%).

### MCQs to test Understanding 7.3

This exercise involves multiple-choice questions to test your knowledge and understanding of the tools/models which can be used to identify strategic capabilities, namely Benchmarking, Value Chain and SWOT. Answer the below multiple-choice questions focusing on mini scenarios:

#### **Question A**

GiantCook plc is listed on the London International Stock Exchange and runs a chain of 105 roadside fastfood restaurants offering a wide range of meals served by waiters/waitresses at mid-market prices. The restaurants are mainly located in the South East of England. The company has financed expansion by issuing new equity and borrowing significant amounts in recent years including an overdraft. Overall the company is near its current borrowing limit and this has been reflected by a fall in its credit rating.

GiantCook commenced trading 30 years ago, at a single site. After an uncertain start the business began to grow with operating cash flows being reinvested, along with debt and equity capital, into purchasing land and building new restaurants.

The restaurants are normally located on out-of-town major roads with a target market of motorists stopping for meals and snacks, offering a quick service to get them back on the road as soon as possible. Frequently, restaurants are located next to petrol stations to encourage motorists to stop.

As the business grew, the restaurants became a recognizable sign at the roadside with market surveys showing over 95% of car drivers in the South East recognizing the brand. The business growth gave greater buying power and distribution economies as well as more general economies of scale.

In order to keep costs low the company attempts to minimize its marketing and human resources overheads. Also, the management structure of the company has not changed for the last 20 years, with the manager of each restaurant reporting directly to senior managers at head office who in turn report to the board.

Which of the following options relevant to SWOT are correct?

The low spending on marketing is an opportunity the company improve its financial performance
The focus strategy on drivers can be considered a weakness
Healthy eating trends do not pose any threats for the conventional fast-food companies; thus, menu changes are not needed
Developing a drive-through service could be an opportunity for the company
The fact that the company is a recognizable brand is a dynamic capability
The fact that the company owns good locations is a strength
None of the above
All of the above

#### **Question B**

F is a manufacturer of children's toys. F is part-way through its first formal strategic planning process, and has tried to identify those activities it performs that its customers really seem to appreciate. The next step F must perform is to classify these activities using Porter's 'Value Chain' model.

Match the following lists of activities within F with the correct Value Chain classification.

Handling customer complaints	A.Inbound logistics
Budgeting for the manufacturing process	B. Human resource management

Staff training	C. Service
Automated inventory control for raw material	D. Infrastructure

#### **Question C**

QHQ is a law firm. It has recently undertaken an analysis of its activities, but is uncertain which activity relates to each part of the firm's Value Chain.

Match the following lists of activities within QHQ with the correct Value Chain classification.

Dealing with claims of negligence by customers	A.Infrastructure
Attending court cases	B. Operations
Central control systems that ensure each case is independently reviewed	C. Inbound logistics
Receiving and storing data from client meetings	D. Service

#### **Question D**

Which statements about Benchmarking are correct:

The benchmarking exercise can be beneficial for organizations with competitive disadvantage, but
successful companies need to move further to develop strategic capabilities
Best-in-class benchmarking involves comparing an organisation's performance or capabilities
against the best-in-class in their specific industry
If benchmarking is limited to comparing outputs and not in identifying reasons for relative
performance, it is characterized as "surface comparison"
Trade secrets may be a challenge in competitor benchmarking because it can lead to improper
comparison and may yield to improper results.

Answers to the multiple-choice questions are indicated in the Appendices and students will get an automatic reply on blackboard indicating the correct answers to the questions.

*Learning objective*: This exercise will help students to test their understanding of the lecture delivery on identifying strategic capabilities through the use of Benchmarking. Value Chain and SWOT. At the same time, they have their opportunity to apply this understanding to different company examples across different industries.

#### (Complementary Exercise) Case study 7.3

Using the lecture materials and the below information on Adidas, explain how the company has expanded throughout its history by using Ansoff's matrix

Adi Dassler, the founder of Adidas, started manufacturing sports shoes in Germany in the 1920s.

His shoes started to gain International recognition after they were worn by American triple gold medalist, Jesse Owens in the 1936 Berlin Olympic Games. However, Adidas did not actually start exporting shoes to the USA until 1968. Since then Adidas products have been sold all over the world.

In 1963 the first Adidas football was developed and produced and in 1970 Adidas were chosen as the maker of the official football for the World Cup. Since then Adidas footballs have been used as the official balls in several other World Cup events.

They have also sponsored the World Cup on many occasions and have sponsored many of the star players, including Lionel Messi and David Beckham.

The Franz Beckenbauer tracksuit was launched in 1967 as the first Adidas sports clothing. This was followed by a whole range of sports clothing sold through major high street sportswear retailers, and later through Adidas' own stores.

You can also now buy Adidas branded deodorants, perfumes and aftershaves in your local chemist or supermarket.

During the next four decades Adidas continued to grow, fiercely competing against Nike for dominance in the sports wear market. In 2006 the Adidas Group announced the acquisition of long-term competitor, Reebok.

Learning objective: This exercise will help students test and enhance their understanding of Ansoff' matrix by applying it into a mini case study for Adidas. By reviewing the indicative answer, students will be able to evaluate their ideas and consider improvements.

# Recommended study time

Approx. 15 hours

# L8 - International Strategy & Value Creation

(WEEK 8)

### **Introduction & Overview**

This week's lecture and activities will focus on developing knowledge and understanding of companies' drivers for internationalisation, international strategies and parenting roles.

In the first part of the lecture students will understand that given internationalization's complexity, international strategy should be underpinned by a careful assessment of trends in each particular market. George Yip's globalization framework sees international strategy potential as determined by market drivers (e.g. similar customer needs and transferable marketing), cost drivers (e.g. scale economics and favorable logistics), government drivers (e.g. host government policies) and competitive drivers (competitors' global strategies). Some of these drivers has been discussed in weeks 2 and 3, however in this session we will discuss how these drivers formulate the international strategy that companies will pursue.

Furthermore, students will learn about local factors and global sources as opportunities for competitive advantage. Locational advantages may stem from local factor conditions, local demand conditions, local related and support industries and from local firm strategy, structure and rivalry. Global sourcing involves purchasing services and components from the most appropriate suppliers around the world, regardless of their location. In selecting the right country for international entry, students will also be able to identify the variety of frameworks which can be used. One of these frameworks, which can be used in parallel with Porter's Five Forces and local culture analysis, is the PESTEL framework. The analysis of the political, economic, social, technological, ecological and legal factors in target host countries, can be added to a company's assessment of countries in terms of closeness of match and helps in identifying the best target host country.

After discussing the importance of environmental and institutional analysis of the host country, students will also be able to understand the four types of international strategies. The four types are based on the global-local dilemma – the extent to which products and services may be standardized across national borders (pressures for global integration) or need to be adapted to meet the requirements of specific national markets (pressures for local responsiveness. There are: the export strategy (example using

Google); the multidomestic strategy (example using Frito-Lay); the global strategy (example using IKEA); and the transnational strategy (example using General Electric). A high proportion of international companies do not adopt a pure form of strategy; instead they often blend approaches or use regional strategies.

In the second part of the session, students will learn how the corporate parent of the local and international subsidiaries (or business units) can add value. A corporate parent can add value through envisioning (guide units/subsidiaries in order to maximize corporation-wide performance), facilitating synergies (enable cooperation and sharing across units/subsidiaries), coaching (helping unit/subsidiary managers to develop strategic capabilities) and intervening (monitor and intervenes to improve performance).

Corporate parenting roles tend to fall into three main types: the portfolio manager operating as an active investor and agent on behalf of financial markets and shareholders with a view to extract value; the synergy manager seeking to enhance value for units/subsidiaries by enabling and managing synergies between them; and the parental developer pursuing the development of its central capabilities which can be used to add value to its businesses. Students will learn about the benefits for each parenting role adopted as well as the challenges or complexities involved.

Students will be able to apply to test their understanding and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises indicated below as well as to expand their knowledge the bibliography provided.

### **Learning outcomes**

After completing this week's study, students will be able to:

- Understand companies' drivers for internationalisation
- Identify sources of competitive advantage in international strategy through exploitation of local factors and global sourcing
- Distinguish between global integration and local responsiveness and understand the four main types of international strategy
- Analyze the ways in which a corporate parent can add value for its portfolio of business units or foreign subsidiaries
- Identify the parent roles and the associated benefits and challenges for each

# **Keywords**

Internationalisation Drivers	Yip's globalization framework	Global sourcing
Locational Advantage	Export Strategy	Transnational Strategy
Global Strategy	Multidomestic Strategy	Local responsiveness
Global Integration	PESTEL	Portfolio Manager
Parenting Advantage	Synergy Parent	Parental Developer

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

 Harzing, A.-W. (2000) 'An Empirical Analysis and Extension of the Bartlett and Ghoshal Typology of Multinational Companies', *Journal of international business studies*, 31(1), pp. 101–120. doi: 10.1057/palgrave.jibs.8490891.

The paper can be accessed here:

This study offers an empirical test and extension of the Bartlett and Ghoshal typology of multinational companies (MNCs) A three-fold typology of multinational companies: Global, Multidomestic and Transnational is developed from the literature. This typology is tested using data from 166 subsidiaries of 37 MNCs, headquartered in 9 different countries. Subsidiaries in the three types of MNCs are shown to differ significantly in aspects of interdependence and local responsiveness.

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefi

Devinney, T. M., Midgley, D. F. and Venaik, S. (2000) 'The Optimal Performance of the Global Firm:
 Formalizing and Extending the Integration- Responsiveness Framework', Organization science
 (Providence, R.I.), 11(6), pp. 674–695. doi: 10.1287/orsc.11.6.674.12528.

With the increasing globalization of business, there has been growing interest in how to create and manage a successful international enterprise. Although researchers and practitioners have grappled with the issue of globalization for some time, there is no one model that encompasses the range of phenomena the authors observe in the global economy, nor have those models that do exist been precisely formalized. This paper provides an expanded approach to thinking about the

organizational forms and linkages that exist in international business operations. Building on the popular integration-responsiveness framework of international strategic orientation, the authors develop a more expansive approach that is better able to account for the diversity of organizational forms and strategic choices open to managers. By adding a third set of environmental pressures, incorporating the beliefs of managers, and by employing the idea of efficient frontiers, the authors reformulate the integration-responsiveness framework, making it more consistent with modern economic models of the firm.

This paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_informs\_primary\_10\_1287 orsc\_11\_6\_674\_12528

#### **Complementary material**

 Rugman, A. and Hodgetts, R. (2001) 'The end of global strategy', European management journal, 19(4), pp. 333–343. doi: 10.1016/S0263-2373(01)00035-4.

Recent research suggests that globalization is a myth. Far from taking place in a single global market, most business activity by large firms takes place in regional blocks. There is no uniform spread of American market capitalism nor are global markets becoming homogenized. Government regulations and cultural differences divide the world into the triad blocks of North America, the European Union and Japan. Rival multinational enterprises from the triad compete for regional market share and so enhance economic efficiency. Only in a few sectors, such as consumer electronics, is a global strategy of economic integration viable. For most other manufacturing, such as automobiles, and for all services, strategies of national responsiveness are required, often coupled with integration strategies, as explained in the matrix framework of this article. Successful multinationals now design strategies on a regional basis; unsuccessful ones pursue global strategies.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/8msr86/cdi crossref primary 10 1016
\_S0263\_2373\_01\_00035\_4

• Ghoshal, S. and Nohria, N. (1993) 'Horses for courses: organizational forms for multinational corporations', Sloan management review, 34(2), p. 23–.

Just as a particular horse is suited to a particular course, a company's structure must fit its environment.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_journals\_130298 7528

Contractor, F. J., Kundu, S. K. and Hsu, C.-C. (2003) 'A Three-Stage Theory of International Expansion: The Link between Multinationality and Performance in the Service Sector', Journal of international business studies, 34(1), pp. 5–18. doi: 10.1057/palgrave.jibs.8400003.

It is generally assumed that the performance of a firm improves with greater multinationality. Yet recent empirical studies have shown both a U-shaped relationship (which suggests an initially negative effect of international expansion on performance, before the positive returns of international expansion are realized) and an inverted-U-shaped relationship (which suggests that international expansion beyond an optimal level is again detrimental to performance, and results in a negative slope).

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefi le\_A99185250

• Bartlett, C. A. and Ghoshal, S. (1986) 'Tap your subsidiaries for global reach', Harvard business review, 64(6), p. 87–.

Structure and management processes can impede a company's ability to capitalize on its technological assets and its worldwide market position. Relationships between central management and subsidiaries can become strained over the issues of freedom, flexibility, and control. A company's international operations can be severely limited in 3 important ways: 1. Symmetrical treatment fails to consider the size or importance of various foreign markets. 2. National subsidiaries, who may become local implementers and adapters of global directives, are underutilized. 3. Expanding control by headquarters can deprive national managers of outlets for their skills and creative energy. Corporate management can benefit the company by dispersion of responsibilities and differentiating subsidiaries' tasks. The 3 big challenges are: 1. setting the strategic direction by identifying the mission and business objectives, 2. distributing assignments and responsibilities, and 3. directing the process so that roles and responsibilities are controlled.

This paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_reports\_1296469 
510

### Self-assessment exercises and Interactive Activities

### 8.1 Portfolio Assessment Submission: Your Role as a Strategic Consultant

This is the **third** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the <u>role of "Strategic</u> Consultant"

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Identify the appropriate international strategy to be pursued by GTI.
- 3. Submit your answer via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application:quality of ability to understand and apply relevant theory/model to analyse thecompany's international strategy (40%).
- Critical Analysisand Arguments: ability to critically analyse ideas, evaluate assumptions anddevise and sustain arguments regarding the company's international strategy(30%).
- Research/Evidence:use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's international strategy(30%).

### (Complementary Exercise) Case Study 8.3

Read the case study titled "Chinese retail: global or local" (adapted by Johnson et al.) which provides insights into the expansion of Carrefour and Walmart into China and the challenges involve. After reading the case study (available on blackboard), answer the below requirements.

- 1. What are the pros and cons of the different China strategies pursued by Carrefour and Walmart?
- 2. What might be the dangers for a large Western retailer in staying out of the Chinese market?

*Learning objective*: This exercise will help students understand the benefits and challenges associated with selecting different international strategies as well as the overall opportunities from successful international expansion. They do so by considering two well-known retailers, Carrefour and Walmart.

# Recommended study time

Approx. 15 hours

## L9 - Mergers, Acquisitions, Alliances and Cultural Issues

(WEEK 9)

#### **Introduction & Overview**

In this session students will become familiar with the methods for growth which can also be implemented for international expansion as well as the relevant cultural issues. Mergers, acquisitions and alliances are all common methods for achieving growth strategies and often in the news. This session will consider them alongside the principal alternative of organic development, which is the pursuit of a strategy relying on a company's own resources and competencies.

The session will begin with the aim of understanding organic development, where a strategy is pursued by building on and developing an organisation's own capabilities. This is essentially the 'do it yourself' method. An example is Amazon's entry into the e-books market with the development of 'Kindle' – based on its own research and expertise. Students will learn that amongst the advantages of organic development, that knowledge and learning can be enhanced, there are no availability constraints, there is strategic independence and no risk of a culture clash.

Next mergers and acquisitions will be introduced and explained, which are concerned with the combination of two (or more) organisations. An acquisition is achieved by purchasing a majority of shares in a target company: 'Friendly' acquisitions are where the target's management recommend accepting the acquirer's deal and 'Hostile' acquisitions are where the target's management refuse the acquirer's offer. A merger is the combination of two previously separate organisations in order to form a new company. The strategic motives for M&As (such as extension, consolidation and enhancing capabilities), as well as the financial motives (such as financial efficiency and tax efficiency) will be discussed to justify the frequency of M&As across the globe. Furthermore, students will become familiar with the four steps of the acquisition process along with the Acquisition Integration Matrix which is relevant to the need for organisational autonomy and strategic interdependence. The discussion on M&As will conclude with the analysis of the advantages and disadvantages of this growth method.

Next the Strategic Alliances will be introduced and analysed. Alliances occur when two or more organisations share resources and activities to pursue a strategy and there are several types of such alliances. Equity alliances (such as Joint Ventures) involve the creation of a new entity that is owned

separately by the partners involved. Non-equity alliances (such as franchising, licensing and long-term subcontracting) are typically looser alliances, without the commitment implied by ownership. The motives behind forming Alliances, as well as the factors which are vital to the success in an alliance will be explained. The materials on Alliances will conclude with the alliances' evolution over time and relevant to the commitment of resources.

Having established knowledge and understanding of organic growth, M&A and alliances, all will be compared and discussed in relation to four criteria (urgency, uncertainty, soft capabilities and modular capabilities) so that it becomes clearer under which circumstances each of the above growth methods (or international entry modes) can be selected. Two major factors which define whether organic growth, a merger or an acquisition or an alliance is appropriate for entry into a new country are relevant to culture, namely: organisational culture and host country culture.

Therefore, in the second part of the session the concept of organisation culture and host country culture will be explained. Beginning with the concept of organisational culture, it will be defined referring to Schein's (1992) work as "a pattern of basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems". The layers of organizational culture will be presented with a focus on the core which involves the paradigm (taken-for-granted assumptions) along with the cultural web which shows the behavioral, physical and symbolic manifestations of a culture that inform and are informed by the taken-for-granted assumptions, or paradigm, of an organization. For M&A as well as Alliances to be successful, it is important that there is cultural fit between the partners in relation to the organizational cultures explained. For example, the cultural web of the partners can be compared to determine if there is a fit between them.

Host country culture, along with other important macro and market forces explain in the previous session, defines to a significant extent the entry mode type that will be selected by a company. More specifically, emphasis is placed on the cultural distance between the company's home country and the host countries seeking to expand. The well-know cultural distance framework by Hofstede will be explained to understand the main dimensions of cultural distance and how these affect the survival and performance of host subsidiaries, along with some examples of cultural differences between countries. Here the role of cultural distance will be discussed in selecting the appropriate strategy in international expansion relevant to organic growth, M&A and alliances. Students will be able to apply some of the knowledge gained from this week's topic by engaging with the self-assessment exercises below.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Identify key strategic motives for mergers & acquisitions and strategic alliances
- Understand key issues in the successful management of mergers & acquisitions and strategic alliances
- Understand the criteria for selecting between mergers, acquisitions, alliances and organic growth
- Evaluate the concept of organizational fit by considering the concept of organizational culture
- Identify the elements which compose organizational culture with the use of the cultural web
- Assess the impact of host country culture on selecting between mergers, acquisitions, alliances and organic growth

# **Keywords**

Organic Development	Merger	Acquisition
Strategic Alliance	Joint Venture	Licensing
Franchising	Partner trust	Organizational Culture
Cultural Web	Host Country Culture	Cultural Distance

# **Bibliography**

Reference the following bibliography to study in depth this week's materials:

#### **Primary material**

- López-Duarte, C. and Vidal-Suárez, M. M. (2013) 'Cultural distance and the choice between wholly owned subsidiaries and joint ventures', *Journal of business research*, 66(11), pp. 2252–2261. doi: 10.1016/j.jbusres.2012.02.017.
  - Most empirical research on the choice between joint ventures and wholly owned subsidiaries analyzes the role of cultural distance in an isolated way. This study explores the potential influence of some factors related to the diversity among countries that are traditionally associated with cultural distance but not explicitly included in measurements of cultural distance. Different approaches to and measurements of cultural distance are used in this analysis. This study examines the potential existence of a moderating or intensifying effect of third variables on the role played

by cultural distance. The results confirm the contingent role of host country risk on the choice between equity joint ventures and wholly owned subsidiaries.

This paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefile A340268161

Dyer, J. H., Kale, P. and Singh, H. (2004) 'When to ally & when to acquire', Harvard business review, 82(7-8), pp. 108–188.

Acquisitions and alliances are two pillars of growth strategy. But most businesses don't treat the two as alternative mechanisms for attaining goals. Consequently, companies take over firms they should have collaborated with, and vice versa, and make a mess of both acquisitions and alliances. It's easy to see why companies don't weigh the relative merits and demerits of acquisitions and alliances before choosing horses for courses. The two strategies differ in many ways: Acquisition deals are competitive, based on market prices, and risky; alliances are cooperative, negotiated, and not so risky. Companies habitually deploy acquisitions to increase scale or cut costs and use partnerships to enter new markets, customer segments, and regions. Moreover, a company's initial experiences often turn into blinders. If the firm pulls off an alliance or two, it tends to enter into alliances even when circumstances demand acquisitions. Organizational barriers also stand in the way. In many companies, an M&A group, which reports to the finance head, handles acquisitions, while a separate business development unit looks after alliances. The two teams work out of different locations, jealously guard turf, and, in effect, prevent companies from comparing the advantages and disadvantages of the strategies. But companies could improve their results, the authors argue, if they compared the two strategies to determine which is best suited to the situation at hand. Firms such as Cisco that use acquisitions and alliances appropriately grow faster than rivals do. The authors provide a framework to help organizations systematically decide between acquisition and alliance by analyzing three sets of factors: the resources and synergies they desire, the marketplace they compete in, and their competencies at collaborating. The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_miscellaneous\_6 6688886

Schraeder, M. and Self, D. R. (2003) 'Enhancing the success of mergers and acquisitions: an organizational culture perspective', Management decision, 41(5), pp. 511–522. doi: 10.1108/00251740310479359.

Mergers and acquisitions (M&As) are becoming a strategy of choice for organizations attempting to maintain a competitive advantage. Corporations spend billions of dollars annually in pursuit of this

strategy; the success rate, however, is less than commendable. Research offers a number of potential determinants for this success rate. Receiving increased attention and research, organizational culture is one factor identified as a potential catalyst to M&A success. This article reviews related literature to identify some underlying reasons why organizational culture is an important factor in regard to the success rate of M&As. Specific emphasis is placed on cultural implications to consider prior to the merger or acquisition (event) and implications to consider subsequent to the event. Strategic alternatives suggested by researchers in organizational change, organizational strategy, and organizational development management research are also synthesized in an attempt to offer a comprehensive perspective on ways that organizations might improve the success rate of M&As.

This paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefile A107210312

### **Complementary material**

- Das, T. K. (2012) Strategic alliances for value creation. Charlotte, N.C: Information Age Pub.
   The book can be accessed here:
   <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL">https://librarysearch.uclan.ac.uk/permalink/44UOCL</a> INST/1j41ga1/alma991007192492803821
- Weston, J. F. (John F. and Weaver, S. C. (2001) Mergers and acquisitions. New York: McGraw-Hill.
   The e-book can be accessed here:
   <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991006626259703821">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991006626259703821</a>
- Chang, S.-J., Chung, J. and Moon, J. J. (2013) 'When do wholly owned subsidiaries perform better than joint ventures?: Wholly Owned Subsidiaries vs. Joint Ventures', Strategic management journal, 34(3), pp. 317–337. doi: 10.1002/smj.2016.
  This study explores when wholly owned subsidiaries outperform joint ventures with local partners. In order to avoid the endogeneity problem inherent in foreign subsidiaries' operating mode decisions that might confound performance measurement, we employ the propensity score matching method, along with the difference-in-differences approach, and compare the performances of joint ventures turned wholly owned subsidiaries vis-à-vis continuing joint ventures. Based on foreign subsidiaries' financial data in China for 1998–2006, we find strong evidence that converted wholly owned subsidiaries outperform continuing joint ventures in industries characterized by high levels of intangible assets such as technology or brand, after

controlling for factors that may affect the conversion decision.

#### **Self-assessment exercises and Interactive Activities**

#### 9.1 Portfolio Assessment Submission: Your Role as a Strategic Consultant

This is the **fourth** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the **role of "Strategic Consultant"** 

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Assess if the company's decision to pursue internationalization via organic development is the right choice.
- 3. Submit your answers via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's international entry mode (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's international entry mode(30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's international entry mode (30%).

#### (Complementary Exercise) Mini Scenario 9.2

Read the mini scenario of JKL. You have been assigned the role of the strategic consultant which will evaluate the company's strategy for international expansion in France. Your first task is to discuss the respective advantages and disadvantages of pursuing a strategy of expansion by:

- (i) Organic growth
- (ii) Acquisition

Then discuss the criteria for selecting between the two, as well as the factors which will impact the decision.

Post your answers in the discussion blog on blackboard.

#### JKL:

JKL is a small European company based in the south of the UK which employs 35 people. It has an annual revenue of €9 million. One aspect of its recently formulated strategy is an aspiration to expand into a neighbouring country, France, by means of organic growth.

The reason that JKL's strategy for expansion is based on organic growth is due to JKL's past experience. Two years ago, the directors of JKL negotiated the purchase of a UK business, LMN, located in the west of the UK. At the time of this acquisition, LMN was regarded by JKL as having complementary capabilities and competences. However, within a short time after the acquisition, JKL judged it to have been a failure and LMN was sold back to its original owner at a loss for JKL.

JKL employed consultants to analyse the reasons for the failure of the acquisition. The consultants concluded that the failure had happened because:

- (1) JKL and LMN had very different accounting and control systems and these had not been satisfactorily combined;
- (2) JKL and LMN had very different corporate cultures and this had posed many difficulties which were not resolved;
- (3) JKL had used an autocratic management style to manage the acquisition and this had been resented by the employees of both companies.

JKL has learnt that a French competitor company, XYZ, may shortly be up for sale at a price which would be very attractive to JKL. XYZ has a very good reputation in its domestic market for all aspects of its operations and its acquisition would offer JKL the opportunity to widen its skill set. None of JKL's staff speaks fluent French or is able to correspond in French. A small number of XYZ's staff speak English fluently but none of its staff are able to correspond in English.

Learning objective: Through this simulation, students will engage with the weekly materials covering the advantages and disadvantages of each entry mode, the criteria which can be used to evaluate which would be the best choice as well as the circumstances which impact this decision. Furthermore, students will undertake the role of a strategy consultant and therefore apply their knowledge, understanding and critical thinking skills to a specific scenario.

#### (Complementary Exercise) Video and Reflection 9.3

Watch the video "Culture Web Explained in 2020" by Gerry Johnson (link available on blackboard) and reflect on the usefulness of the cultural web analysis by considering the below statement:

"The need is to move beyond the generation of lists (at whatever level) that merely describe an organisation through answers to the cultural web questions, but rather use them to infer what the core values/beliefs/assumptions might be".

Learning objective: The intention of the above exercise is to promote students in critically thinking about the usefulness of the cultural web and particularly that the web does not, by itself, deliver a full image and detailed understanding of the culture and sub-cultures of a company. Students will therefore be able to review the advantages and opportunities from developing a cultural web, but at the same time understand that the outcomes from this analysis are the starting point in evaluating culture and not the final assessment. It then relies on managerial interpretations and actions in terms of identifying elements to reconsider or improve in the cultural environment of a company.

# Recommended study time

Approx. 15 hours

## **L10 - Multinational Structures and Strategic Control**

(WEEK 10)

#### **Introduction & Overview**

This week's lecture and activities will address a well-known debate in research: "structure follows strategy" vs. "structure shapes strategy". Specifically, through this lecture students will become familiar with the different types of general organizational structures and multinational structures as well as the role of the centralized vs. decentralized span of control and decision-making.

In the first part of the lecture, students will understand the importance of structures in relation to strategic development and implementation, based on the notion that structures are often seen as the skeletons of organizations in terms of providing the basic framework on which everything is built. Structures give people formally defined roles, responsibilities and lines of reporting. To understand the different structures, three basic types will be presented: the functional, the divisional and the multinational structure.

The functional culture, which can be followed by small entrepreneurial start-up as well as larger companies, divides responsibilities according to an organization's primary specialist roles such as production, research and sales. This structure enhances the experience of each function. For example, all the maintenance engineers are working in the same department and thus they will exchange knowledge and support each other. The advantages and disadvantages of this structure will be discussed with emphasis on its interrelation with strategy development and implementation.

The division structure is built up of separate divisions on the basis of products, services or geographical areas and therefore creates autonomous smaller separate strategic business units. Also called a "Product Structure", the divisional structure groups each organizational function into divisions and each division contains all the necessary resources and functions within it, such as finance, marketing, warehouse, maintenance etc. There can be made a distinction on geographical basis (an US division and an EU division). Students will learn and be able to assess benefits and limitations of this structure with emphasis on its interrelation with strategy development and implementation.

The multinational structure can be considered an extension of the principles of the divisional structure but applied in an international setting. This structure has four main types relative to global coordination and local independence and responsiveness and these are: the international divisions (standalone division

added alongside the structure of the main home-based business) and involves low global coordination and low local responsiveness; the local subsidiaries (operate independently in the local market) and entail low global coordination and high local responsiveness; the global product divisions which have high global coordination and low local responsiveness; and finally the transnational divisions which are distinct from the above structures as they simultaneously focus on achieving global competences, local responsiveness and organization-wide innovation and learning. This transnational structure, despite the opportunities for knowledge sharing, the network management can be very demanding of managers.

In the second part of the session, the lecture and materials will focus on the role of the centralized vs. decentralized span of control and decision-making. Each of the above structures involve different levels and span of control, therefore the advantages and disadvantages of centralization vs decentralization will be discussed. It will focus on determining the optimum level of decentralization relevant to the complexity of the task, the company size, the company market/product diversity, the competition and competitive forces, the geographical dispersion, the IT sophistication of planning and control, managerial skills and employee competencies as well as the culture of the organization and the national cultural characteristics of the host country. The issues of overcontrol (high bureaucracy – centralization) will be analyzed along with the uniformity and accountability that tight control brings will also be analyzed.

As such, students will be able to consider all factors and aspects, before deciding which is the appropriate approach for an individual company in terms of centralization vs. decentralization and which is the best organizational structure to facilitate the company strategy. Mintzberg said that "structure follows strategy as the left foot follows the right" and by the end of the lecture, students will be in a position to comprehend and critically appraise this statement. Students will be able to apply their knowledge and understanding in the exercises included below.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Determine the interrelations between organizational structure and company strategy
- Analyze the main organizational structural types and their characteristics
- Identify the strengths and weaknesses of each structure
- Distinguish between the multinational structures in terms of global coordination and local responsiveness

- Evaluate the circumstances in which each type of multinational structure is appropriate to accomplish strategy
- Understand the advantages and disadvantages of centralization and decentralization when considering specific company cases

# **Keywords**

Organizational Structure	Entrepreneurial Structure	Functional Structure
Divisional Structure	Multinational Structure	Global Coordination
Local responsiveness	Transnational Structure	Control Span
Decentralization	Centralization	Bureaucracy

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

• Johnson, G. (2017) Exploring strategy: text and cases. Eleventh edition. Harlow, England: Pearson. Strategy is a crucial subject. It's about the development, success and failure of all kinds of organisations, from multinationals to entrepreneurial start-ups, from charities to government agencies, and many more. Strategy raises the big questions about these organisation – how they grown, how they innovate and how they change. As a manager of today and tomorrow, you will be involved in shaping, implementing or communicating these strategies.

Refer to **chapter 13** for materials relevant to those covered in the session. This e-book can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007313864003821

- Garbe, J.-N. and Richter, N. F. (2009) 'Causal analysis of the internationalization and performance relationship based on neural networks — advocating the transnational structure', Journal of international management, 15(4), pp. 413–431. doi: 10.1016/j.intman.2008.10.002.
  - Although the impact of internationalization on firm performance is still controversial, we find that internationalization does not have an ongoing positive performance effect. The international expansion of MNEs needs to be managed carefully, especially after a certain level of international

involvement is surpassed. One theoretically highly accepted, but empirically neglected, driver of the success of international business is the establishment of an appropriate international organizational structure. This paper is the first to empirically address the question of how international organizational structure decisions affect performance by means of a new analysis technique — a causal analysis based on neural networks. Referring to UNCTAD's 100 most international corporations, the key finding of this study is that successful high internationalization involves a transnational structure in which elements of centralization and decentralization are well balanced.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_crossref\_primary\_10\_101 6 j intman 2008 10 002

### **Complementary material**

• Li, J. J. et al. (2006) 'Active trust development of local senior managers in international subsidiaries', Journal of business research, 59(1), pp. 73–80. doi: 10.1016/j.jbusres.2005.02.005.

How can overseas headquarters actively build the trust of their local senior managers? Building on the theory of active trust development, this study examines the roles of three strategies—localization, communication, and control—and their combinations in building the trust of local senior managers in international joint ventures (IJVs). On the basis of a survey of 138 IJVs operating in China, localization, communication, and control are important drivers of the development of local senior managers' trust in overseas headquarters. Furthermore, the joint use of localization and communication represents a potent strategic combination for trust building. However, a localization strategy coupled with intense control hinders trust development. The findings provide important implications for foreign investors hoping to build the trust of local senior managers in uncertain environments such as China.

This paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefi le\_A197437095

Whittington, R. and Mayer, M. (2002) The European Corporation: Strategy, Structure, and Social Science. Oxford: Oxford University Press. doi: 10.1093/acprof:oso/9780199251049.001.0001.
 This book traces the evolution of the large industrial corporation in France, Germany, and the United Kingdom from the 1950s to the 1990s. It combines long-run trends with illustrative case studies of leading companies and their managers to present a complex picture of corporate change.

In particular, it highlights the paradox of increasingly similar patterns of corporate strategy and structure across advanced industrial nations with continuing marked differences in corporate ownership, control, and managerial élites. Despite strong institutional contrasts between the leading European economies, and regardless of the decline of the American model of management, big business in Europe has continued to follow a strategic and structural model pioneered in the United States during the first half of the 20th century and encapsulated long ago in Alfred Chandler's (1962) Strategy and Structure. This finding of similar patterns of corporate strategy and structure across Europe challenges recent relativist perspectives on organisations found in postmodern, culturalist, and institutionalist social science. Nevertheless, it does not endorse standard universalist accounts of convergence either. The book distinguishes between Chandlerism, with its original ideology of universalism, and the broader Chandlerian perspective, an enduring but evolving core of good sense about the corporation in certain kinds of advanced economies. Thus, the book shows how the surprising success of conglomerate diversification and the increasing adoption of a more 'networked' multidivisional structure simply extends the core principles of the Chandlerian perspective.

This book provides a summary of Chandler's argument involving the view of divisionalisation in contemporary Europe and the e-book version can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_repec\_primary\_http\_econp apers\_repec\_org\_bookchap\_oxpobooks\_9780199242085\_htm

• Un, C. A. (2016) 'The liability of localness in innovation', Journal of international business studies, 47(1), pp. 44–67. doi: 10.1057/jibs.2015.24.

This paper analyzes differences in the innovativeness of domestic firms and subsidiaries of foreign firms operating in the same country. It argues that domestic firms suffer a liability of localness in innovation, or a competitive disadvantage in product innovation relative to subsidiaries of foreign firms. It proposes that this liability of localness is driven by the relatively lower levels of multiculturalism in employees of domestic firms in comparison with subsidiaries, which limit the identification, transfer, and integration of a large diversity of knowledge that supports product innovation. It also proposes that managers of domestic firms can compensate for this liability of localness in two ways: by investing in the training of their employees and by exporting. Training modifies the mindsets and abilities of employees and enables them to become more cognitively multicultural, which facilitates product innovation. Exporting changes employees' mindsets as they become exposed to new ideas available abroad, which also facilitates product innovation. The paper tests these arguments on a sample of manufacturing firms and find that, although domestic

firms introduce fewer new products than subsidiaries of foreign firms, they introduce more new products than subsidiaries at the same level of investment in language training and of exports.

The paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_gale\_infotracacademiconefile A442292223

### Self-assessment exercises and Interactive Activities

#### 10.1 Portfolio Assessment Submission: Your Role as a Strategic Consultant

This is the fifth component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the <u>role of "Strategic Consultant"</u>

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Determine which multinational structured is likely to be more appropriate for the company by considering the relevant centralization vs decentralization aspects
- 3. Submit your answers via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's multinational structure (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's multinational structure (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's multinational structure (30%).

#### (Complementary Exercise) Scenario 10.2

Read the below scenario of Glasbro plc. You have been hired as an external consultant to evaluate the company's organizational structure to determine its effectiveness. In your report, your need to work on the below tasks:

- (a) Draw organizational charts for both Glasbro's old structure (i.e. prior to 2011) and its new structure
- (b) Evaluate whether the change from the old functional structure to the new structure is likely to be beneficial for Glasbro.

Post your answers in the discussion blog on blackboard.

Glasbro plc

Glasbro plc (Glasbro) is a conglomerate company with a diversified range of products.

Glasbro commenced trading a number of years ago as a manufacturer of traditional toys and games (e.g. board games, models, wooden toys and soft toys). The Glasbro brand is well respected and sells at a premium price, but operating cash flows are modest. Sales volumes have been falling for some years as the company has struggled for market share. There is severe competition from other toy companies, and particularly from companies which manufacture technology-based toys.

In 2011, Glasbro appointed a new chief executive, Geoff Doycott, who attempted to diversify while retaining the original toy business. His diversification policy was to make acquisitions, irrespective of the type of company or the industry in which the opportunity arose, using two criteria:

(1) The target company could be acquired at a price which represented good value; and

(2) Glasbro management could add value.

Since 2011 Glasbro has acquired two other companies: Top Quality Paper Ltd (TQP) in 2014 and DrugsCups Ltd (DrugsCups) in 2017.

TQP was established in 2011 and manufactures paper for all types of computer printer and copier. The paper is high quality and high price. The paper has been designed using significant research and development and has been shown to be one of the most efficient in the market in reducing blockages and solving other quality problems when printing. TQP has a very small market share compared to the market leader, but it has experienced rapid growth. Due to rapid expansion and new investment it has moderate profits, but a large negative cash flow.

DrugsCups is a manufacturer of specialist containers for pharmaceuticals. In this niche sector DrugsCups is a market leader, but growth rates for the company and the industry are low. Profit margins are reasonably high and, as the production technology is stable and long established, limited new investment is needed, so significant cash flows are being generated.

Each manufacturing site for toys, paper and pharmaceuticals is located in a different region of the UK. Glasbro's head office is located at the same site as toy production. Data is provided for each product

(Exhibit).

**Organisational structure** 

Until 2011, Glasbro was managed by the Glasbro family with a fairly rigid, functional structure and a bureaucratic management style. Since 2011, despite the two acquisitions expanding the size of Glasbro, the organizational structure had not been changed. However, Geoff decided to modify the organizational structure with effect from 1 January 2018. Consequently, the old and new structures were as follows.

Director Old Structure New Structure

(Pre-2018) (2018 onwards)

Geoff Doycott Chief executive Chief executive

Ivy Ibsen	Finance director	Finance director
Michael Dorn	Procurement director	Toys division director
Carol Clumber	Production director	Paper division director
Faisal Akram	Marketing director	Pharmaceuticals division director

Sana Nadeem Human resources director Human resources director

All directors report to the chief executive under the old and new systems.

Under the old system each director had a small group of senior managers reporting to him or her. Within the new structure, each of the three products forms a separate operating division under the leadership of a director who, as divisional head, is responsible for that division's profit. Each division carries out its own procurement, production and marketing, but finance and human resources remain as group-wide functions, each headed by a director as under the old structure.

The various senior managers in the old procurement, production and marketing functions have been allocated to the new divisions and each reports to the relevant divisional head.

#### **Exhibit: Product data**

	Annual market growth	Sales	Largest competitor
	rate		sales
		£m	£m
Toys	zero	25	50
Paper	20%	5	50
Pharmaceuticals	3%	110	100

Learning objective: Through this simulation, students will engage with the weekly materials by testing their understanding of organizational structures and by exploring the advantages and disadvantages of the two structures for the specific company and the issues it is facing. Furthermore, students will undertake the role of an external strategy consultant and therefore apply their knowledge, understanding and critical thinking skills to the particular scenario.

#### (Complementary Exercise) KEY DEBATE 10.3

**Key Debate:** review the arguments presented in the key debate (available on blackboard and adapted by Johnson et al.) on whether structure follows strategy. Several quotes and evaluations by scholars, such as Mintzeberg, Chandler and Hall, are featured in the debate and after reading their arguments answer the following: Hall and Saias (1980) suggest that organizational structures can influence the kinds of strategies that management team will pursue. What kind of organizations might be particularly susceptible to structural constraints on their strategies?

*Learning objective*: Students will have the opportunity to reflect on the insightful observations and conclusions by authors debating the influence between structure and strategy and whether strategy shapes structure. Students will then post their answers on the blog, review the opinions of others and continue the discussion.

# Recommended study time

Approx. 15 hours

## L11 – Global Risk Management

(WEEK 11)

### **Introduction & Overview**

Every year, the World Economic Forum (WEF) asks members of its global multi-stakeholder community to complete a Global Risks Perception Survey to identify the top risks they feel will confront our world in the coming decade. The more than 650 members, drawn from leaders in business, academia, civil society and the public, chose their responses from a list of 35 risks. Respondents score on the likelihood of each global risk occurring over the course of the next 10 years as well as the severity of its impact at a global level if it were to occur.

The immediate human and economic cost of COVID-19 is severe. It threatens to scale back years of progress on reducing poverty and inequality and to further weaken social cohesion and global cooperation. Job losses, a widening digital divide, disrupted social interactions, and abrupt shifts in markets could lead to dire consequences and lost opportunities for large parts of the global population. The ramifications—in the form of social unrest, political fragmentation and geopolitical tensions—will shape the effectiveness of our responses to the other key threats of the next decade: cyberattacks, weapons of mass destruction and, most notably, climate change.

This week we will evaluate the major global risks in 2021, and discuss the results of the latest Global Risks Perception Survey (GRPS), followed by an analysis of growing social, economic and industrial divisions, their interconnections, and their implications on our ability to resolve major global risks requiring societal cohesion and global cooperation.

The aim for this session is to use the GRPS approach as a basis for a thought-provoking analysis of the global risks that can impact your business and insights that may help you build resilience for the future. A systematic and practical approach will be introduced for identifying, analysing and assessing global risks and trends in terms of five customary categories: economic, environmental, geopolitical, societal and technological.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Understand the notion of risk and global risk management
- Identify types of risk
- Analyse global risks and global/regional trends
- Analyse major global risk developments in terms of impact and likelihood
- Utilise the Global Risks Interconnection Map methodology for assessing risk linkages
- Apply an approach for analysing global risks
- Identify the top global risks over the next decade.

# **Keywords**

Risk Management	Global Risks Interconnection Map	Risk trends
Risk Assessment	Risk types	Global Risks Perception Survey

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

- The Global Risks Report 2021, World Economic Forum,
   <a href="http://www3.weforum.org/docs/WEF">http://www3.weforum.org/docs/WEF</a> The Global Risks Report 2021.pdf
   Read about the major global risks and trends over the next decade.
- Risk Management CFA Institute, Chapter 18 accessible also here: <a href="https://www.cfainstitute.org/">https://www.cfainstitute.org/</a>-/media/documents/support/programs/investment-foundations/18-risk-management.ashx?la=en&hash=537A7C3DEAC8FC053854B19B24D3160F8120BE68

This chapter puts the emphasis on the types of risks that companies in the investment industry (investment firms) and people working for these companies face. It is important for companies to develop a structured process that helps them recognise and prepare for a wide range of risks.

### **Complementary material**

• The Global Association of Risk Professionals (GARP).

### https://www.garp.org/

The aim of this link is to connect you to the leading professional association for risk managers, dedicated to the advancement of the risk profession through education, research and the promotion of best practices globally.

### **Self-assessment exercises and Interactive Activities**

### **Interactive Activity: Conduct Research 11.1**

The below video briefly covers some of the <u>most crucial geopolitical tensions currently unfolding across the</u> globe.

#### https://www.youtube.com/watch?v=0Ec4AxXo3-M

After watching the video, complete the below task:

- 1. Research and identify the industries that have been affected by the geopolitical tensions between Russia and Ukraine.
- 2. Continue to research how this geopolitical conflict has directly or indirectly affected multinational companies within the region or beyond.
- 3. Assess the magnitude of the impact where possible.
- 4. Post your research findings and assessment on the discussion forum.

#### Risk Briefing by the Economist Intelligence Unit (EIU)

This service offers a comparative summary of the credit risk ratings of 120 key emerging and highly indebted countries.

View and access the free sample report here <a href="https://store.eiu.com/article.aspx?productid=730000273">https://store.eiu.com/article.aspx?productid=730000273</a> or access the information freely available from the EIU at <a href="https://viewswire.eiu.com/">https://viewswire.eiu.com/</a>.

#### Question:

• Discus major trends in world risks in the sample report,

OR

Discuss major risk ratings for a country or region of your choice.

*Learning objective*: To get acquainted with the use of risk ratings for a country and spot emerging global trends through the focus on three risk categories; sovereign risk, currency risk and banking sector risk.

Answer plan: Discuss in 200 words and submit your answer in the discussion board.

#### Exercise 11.2

#### **Global Conflict Tracker**

The Center for Preventive Action's (CPA) Global Conflict Tracker is an interactive guide to ongoing conflicts around the world of concern to the United States. The map displays nearly thirty conflicts with background information and resources on each conflict.

Based on information available from The Council on Foreign Relations (CFR) at <a href="https://www.cfr.org/global-conflict-tracker/?category=us">https://www.cfr.org/global-conflict-tracker/?category=us</a>:

*Question:* Select and discus a major geopolitical conflict from the interactive map in 2021. Comment and present the status the selected conflict.

Answer plan: You will need to review the respective background information and summarize recent developments and main concerns within 100 words.

#### Exercise 11.3

#### **Chapter Review Questions**

Risk Management - CFA Institute, Chapter 18

Risk Management - CFA Institute, Chapter 18 accessible also here: <a href="https://www.cfainstitute.org/-/media/documents/support/programs/investment-foundations/18-risk-management.ashx?la=en&hash=537A7C3DEAC8FC053854B19B24D3160F8120BE68">https://www.cfainstitute.org/-/media/documents/support/programs/investment-foundations/18-risk-management.ashx?la=en&hash=537A7C3DEAC8FC053854B19B24D3160F8120BE68</a>

Questions: Review the chapter and answer the questions in pages 169-170.

- 1. The type of risk characterised by failed internal policies and procedures is classified as:
  - a. operational.
  - b. compliance.
  - c. investment.
- 2. Which of the following situations best represents a compliance risk?
  - a. Failure of an IT network paralyses business operations.
  - b. A counterparty does not complete its side of a deal as agreed.
  - c. An organisation fails to follow all applicable rules, laws, and regulations.
- 3. The final step in a risk management process most likely includes:
  - a. A controlling and monitoring activities.
  - b. B using a risk matrix to prioritise risks.
  - c. C hedging unwanted risk by using derivative instruments.

- 4. A risk matrix classifies risks according to:
  - a. A market, credit, and liquidity risk exposures.
  - b. B operational, compliance, and investment risk exposures.
  - c. C the expected level of frequency of the event and the expected severity of its consequences.
- 5. The chief risk officer working at an investment management firm typically reports directly to the:
  - a. shareholders.
  - b. board of directors.
  - c. chief investment officer.
- 6. A company's first line of defence to manage risk is its:
  - a. internal auditors.
  - b. employees and managers.
  - c. risk and compliance officers.
- 7. A significant benefit of implementing a risk management process is most likely:
  - a. the elimination of risk.
  - b. less accountability.
  - c. the more efficient allocation of capital.
- 8. An intangible cost of risk management is:
  - a. hiring risk managers.
  - b. putting compliance procedures in place.
  - c. slowing down the decision-making process.
- 9. Rogue trading is best described as an example of:
  - a. investment risk.
  - b. operational risk.
  - c. compliance risk.
- 10. Which of the following situations most likely increases an organisation's compliance risk?
  - a. A Using agents and third parties
  - b. B Separating the front and back offices
  - c. C Monitoring and controlling business processes
- 11. Credit risk is best described as the risk:
  - a. caused by changes in market conditions affecting prices.
  - b. of failing to receive timely payments of interest and principal from borrowers.
  - c. that an asset cannot be bought and sold quickly without a significant concession in price.
- 12. Value at risk:
  - a. often overestimates the frequency of losses.
  - b. assumes that the distribution of returns is random.
  - c. provides an estimate of the minimum loss of value that can be expected.

Learning objective: To understand the types of risks that companies in the investment industry (investment firms) and people working for these companies face

# Recommended study time

Approx. 15 hours

# L12 - Crisis Management and Leadership

(WEEK 12)

### **Introduction & Overview**

A crisis can strike an organization at any time. They often arrive when you least expect it, and when one hits, it can shake an organization and its leaders to the core. All too often, leaders are unprepared for a crisis.

They are caught flat-footed and end up like a deer in the headlights. As a result, organizations bear a heavy cost to their reputations and to their bottom lines, and the careers of the leaders themselves are damaged. The good news is that you can do better. The purpose of this class is to understand the nature and origins of crisis and to develop the tools and the frameworks to manage them effectively. The tools and methodologies to be discussed involve the Risk Control Self-Assessment and the use of the Key Risk Indicators (KRIs).

Risk and control self-assessment (RCSA) is a process through which operational risks and the effectiveness of controls are assessed and examined. The objective is to provide reasonable assurance that all business objectives will be met. RCSA is an empowering method/process by which management and staff of all levels collectively identify and evaluate risks and associated controls. It adds value by increasing an operating unit's involvement in designing and maintaining control and risk systems, identifying risk exposures and determining corrective action. The aim of RCSA is to integrate risk management practices and culture into the way staff undertake their jobs, and business units achieve their objectives.

Key Risk Indicators (KRIs) are critical predictors of unfavourable events that can adversely impact organizations. They monitor changes in the levels of risk exposure and contribute to the early warning signs that enable organizations to report risks, prevent crises and mitigate them in time.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Describe the basics of crisis management
- Identify and prioritize business objectives
- Assess and manage high risk areas of business processes
- Self-evaluate the adequacy of controls
- Develop risk treatment action plans
- Ensure that the identification, recognition and evaluation of business objectives and risks are consistent across all levels of the organization
- Understand how to apply the RCSA process and KRIs in crisis management.

# **Keywords**

Crisis Management Model	Crisis Management Planning	Contingency Planning
Business Continuity Planning	Crisis Management Process	RCSA (Risk & Control Risk Assessment)
KRIs (Key Risk Indicators)	Operational Risk	Risk factor

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

- Saleh, Y. D. (2016) *Crisis management : the art of success & failure : 30 case studies in business & politics*. Minneapolis, Minnesota: Mill City Press <a href="https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=4660603">https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=4660603</a>.
- Chon, K. S., Laws, E. and Prideaux, B. (2007) Crisis management in tourism. Cambridge, MA: CABI
   Pub.
  - https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=289917, Chapter 1.
- Crandall, W., Parnell, J., Spillan, J. (2015). Crisis Management: Leading in the New Strategy
   Landscape, 2nd Edition, Ringgold Inc, Beaverton.
  - In this article, business management researchers set out a new framework for crisis management, arguing that the most important issues to be addressed immediately after a crisis is how to keep it from recurring and how to prepare for a similar one.

#### **Complementary material**

- W. Timothy Coombs, Daniel Laufer, Global Crisis Management Current Research and Future Directions, *Journal of International Management*, Volume 24, Issue 3, 2018, Pages 199-203, https://www.sciencedirect.com/science/article/pii/S1075425317304763
- Glaesser, D. (2006) *Crisis management in the tourism industry* . 2nd ed. Amsterdam: Butterworth-Heinemann.
- Harvard Business Review on Crisis Management. Boston: Harvard Business School Press, 2000. ISBN 9781578512355. Disponível em:
   http://search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=26848&site=ehost-live
- Leading in Crisis, with Bill George, Senior Fellow at Harvard Business School, Online course Summary: Leading in crisis is different than leading in stable times. Learn how you must lead to survive and thrive in a crisis. Bill George is a LinkedIn Influencer, CNBC contributor, bestselling author of 7 Lessons for Leading in Crisis, and former CEO of medical device manufacturer Medtronic. Here he offers business leaders timely advice for surviving the unprecedented economic crisis caused by COVID-19 and offers real, current examples drawing from his many contacts in the healthcare and medical field. Bill can help leaders address key issues that arise in crisis, including facing the new reality, leading from your true north, digging deep for the root causes, and adapting to the new normal.

Watch the online course here: <a href="https://www.linkedin.com/learning/leading-in-crisis/how-you-lead-needs-to-change-now?u=42775724">https://www.linkedin.com/learning/leading-in-crisis/how-you-lead-needs-to-change-now?u=42775724</a>

#### **Self-assessment exercises and Interactive Activities**

#### 12.1 Portfolio Assessment Submission: Your Role as a Strategic Consultant

This is the sixth component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the <u>role of "Strategic Consultant"</u>

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Identify two risks/challenges/issues that would affect the company's success in internationalizing to India and create a brief contingency plan to monitor these risks and take early action to prevent or mitigate crises.

3. Submit your answers via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's risk management and contingency planning (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's risk management and contingency planning (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's risk management and contingency planning (30%).

#### (Complementary Exercise) Case Study 12.2

Saleh, Y. D. (2016) *Crisis management: the art of success & failure: 30 case studies in business & politics* . Minneapolis, Minnesota: Mill City Press https://ebookcentral.proguest.com/lib/uclan-

ebooks/reader.action?docID=4660603.

Read 1 of the following case studies:

- Case Study 6: Tesco Accounting Scandal (2014)
- Case Study 20: Starbucks U.K. Tax (2012)
- Case Study 21: Sony Pictures Cyberattack (2014)
- Case Study 24: JPMorgan Chase Financial Crisis (2013)
- Case Study 27: Tesla Motors Crisis (2013)

*Question*: Comment within 200 words how the particular organisation involved in the case study has been impacted by the crisis and how responded.

Learning objective: To get acquainted with a real case study on now crisis management has been performed within a particular business.

Indicative answer: It is included within each case study.

### (Complementary Exercise) Online Course 12.3

Crisis Communication, Laura Bergells, Speaker, Community Builder

Watch the online course here: <a href="https://www.linkedin.com/learning/crisis-communication/defining-crisis-2?u=42775724">https://www.linkedin.com/learning/crisis-communication/defining-crisis-2?u=42775724</a> .

Every organization needs to plan how to communicate internally and externally in the event of a crisis. In this course, business communication expert Laura Bergells walks you through the process of preparing your organization to communicate with employees, customers, suppliers, media, and the public at large. She'll cover identifying audiences, assembling a crisis response team, crafting an initial statement, and evaluating

your response once the crisis has passed.

Learning objectives:

Define crisis

Explain how to respond quickly and confidently

Identify different audiences in crisis

Assess technical and physical resources

Describe how to establish a chain of command

Develop hold statements

Identify how to avoid common crisis response mistakes

Review your crisis communication response.

Questions: Answer the online guiz for each section.

Answer plan: Answers are attached online within the course material.

Recommended study time

Approx. 15 hours

94/129

(WEEK 13)

# **Introduction & Overview**

The purpose of this week's lecture is to revise the module's materials. Through this lecture students will have the chance to refresh the most important topics covered in this module by way of highlighting the pivotal concepts and issues underpinning each topic, while also offering students the opportunity for a practical overview of the activities involved. The material to be covered during the revision includes all topics beginning with a revision of the learning achieved in terms of globalisation and understanding some key concepts in IB and the existence of Multinational Companies. It will then cover the global investment trends and prospects and FDI by region and industry. Furthermore, this session will remind students of important theories which explain national trade, why governments enhance or restrict trade and how companies deal with these policies. The importance of ethical decision-making and the challenges for global managers will also be covered in terms of achieving sustainability at an international level.

In addition, the strategic lenses which define approaches to strategic development and implementation will be discussed, along with the concepts of deliberate and emergent strategies which involve different types of strategic planning. In this context the role of strategic leader and who should be included in strategic development and implementation will be revisited. The importance of evaluating domestic and international competitive forces which impact on different strategic groups will be then covered, on the basis of which strategic positioning of companies is determined. In addition, the concept of developing strategic capabilities in home-country and international markets will be summarized and along with identifying how the development of dynamic capabilities can lead to sustainable competitive advantage and strategic growth. Students will also be reminded of the importance in analysing the host country environment and selecting the appropriate international strategy relative to pressures for global integration and local responsiveness. Selecting between organic development, mergers, acquisitions and strategic alliances will be covered next, together with the role and impact of organisational culture and host country cultural characteristics.

The debate on whether structure follows strategy will be then discussed by reminding students of the main organizational structural types and emphasizing the multinational structures in relation to global

coordination and local responsiveness. Furthermore, the notion of global risk management will be discussed along with underlining the approaches for identifying and analyzing risks. Finally, the basics of crisis management will be summarized as well as the development of risk treatment action plans and contingency planning. Finally, some important activities relative to the above topics will be reviewed.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Understand key concepts of globalization and IB and analyse global investment trends and FDIs by region and industry
- Describe the major instruments of trade control and how companies deal with governmental trade influences
- Identify major ethical issues and challenges in International Business
- Understand the main approaches and strategic lenses for strategy development and assess who should be involved in strategizing
- Identify the competitive forces in an industry and the different ways in which companies are affected and evaluate the strategic positioning of a company
- Identify strategic capabilities for domestic or international companies and determine strategic growth options relevant to market penetration, product development, market development and diversification
- Distinguish between global integration and local responsiveness and understand the four main types of international strategy
- Identify key strategic motives, issues and criteria for organic development, mergers & acquisitions and strategic alliances and evaluate the role of organisational culture and host country culture
- Analyse the main organizational structural types and their characteristics along with the advantages and disadvantages of centralization and decentralization
- Analyse global risk developments in terms of impact and likelihood
- Assess and manage risks by developing risk treatment action plans

# **Keywords**

Globalisation	FDI	Trade Barriers
Sustainability	Sustainable FDI	Ethics
Business Ethics	Strategic Lenses	Deliberate and Emergent Strategy
Competitive Forces	Strategic Capabilities	Market Penetration
International Strategy	Mergers Acquisitions and Strategic Alliances	Cultural Issues
Multinational Structures	Global Risk Management	Crisis Management

# **Bibliography**

Refer to the materials covered in the previous weeks

# **Self-assessment exercises and Interactive Activities**

Below are indicated some of the exercise's students have covered across the weeks and are directed to review their answers (and suggested answers) as part of the revision of the module:

# Exercise 1.2

Video case-study: Stiglitz on globalization

Joseph Stiglitz is an American economist, public policy analyst, and a professor at Columbia University. He is a recipient of the Nobel Memorial Prize in Economic Sciences (2001). After watching the video, students have addressed the eight questions in approximately 400 words in week 1. The answers will be reviewed.

# Exercise 2.1

The Netherlands is currently the country attracting the largest inflows of foreign direct investment (FDI) in Europe. Despite the global recession, FDI inflows into the country in 2019 amounted to about \$84 billion, according to UNCTAD data.

Question: What are the main incentives offered by the Dutch government to attract Foreign Direct Investment (FDI) into the country?

*Learning objective:* To grasp the major incentives offered by an example government to attract inward FDI flows in the country.

You are expected to use the following sources:

- UNCTADstat, Data Center,

https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740

- Invest in Holland, <a href="https://investinholland.com/">https://investinholland.com/</a>

Students have submitted their answers in discussion blog and these answers will be reviewed.

### Exercise 2.2

Australia is ranked among the top destinations for doing business in 2019. At the same time, the country has attracted inward foreign direct investment (FDI) flows, which in the year 2018 amounted to USD 61 billion, according to UNCTAD.

*Question:* Critically discuss how conducive the regulatory environment in Australia is to the starting and operation of a local firm by selecting three out of the available measures included in the database.

Students have submitted their answers in discussion blog and these answers will be reviewed.

### Exercise 3.2

### WORLD TRADE ORGANIZATION

WTO (2020). World Trade Report 2020: Government policies to promote innovation in the digital age <a href="https://www.wto.org/english/res">https://www.wto.org/english/res</a> e/publications e/wtr20 e.htm

Revie the report and answer the following questions:

- 1. What are the estimates in future trade volume?
- 2. What are the major trends in world trade?

### **EUROSTAT**

1. What is the share of trade of member-countries with EU28? Top importers and exporters within EU28?

Relevant link: <a href="http://ec.europa.eu/eurostat/web/main">http://ec.europa.eu/eurostat/web/main</a>

2. Discuss major trends in international trade of goods.

Relevant link:

http://ec.europa.eu/eurostat/statistics-explained/index.php/International trade in goods

Students have submitted their answers on the above questions in the discussion blog and these answers will be reviewed.

#### Exercise 5.2

What the video "DAVID DEVERALL | UNIQUE STRATEGIES - FINANCIAL SERVICE INDUSTRY" that is available on blackboard.

Traditional strategic theories are no longer seen as the ideal template for the tertiary sectors. This video features David Deverall, managing director and CEO of Perpetual Limited, and analyses strategies developed within this new paradigm, in particular focusing on the rise of resources and knowledge as the two main factors altering more traditional views.

Students have indicated what they found most interesting and important from the above interview and their answers will be reviewed.

### Exercise 6.1

Using the assignment scenario of company [X] for which you have been appointed as external consultant, address the below:

• Evaluate the industry forces in the host country [Y] by using the Porter's Five Forces framework

The answers provided by the students involve assignment 1. An overview of students' evaluations will be
provided so that they get a better understanding of aspects which could improve their evaluations.

#### Exercise 7.1

Using the assignment scenario of company [X] for which you have been appointed as external consultant, address the below:

 Determine if the two key strategic capabilities of the company can provide competitive advantage in the host country

The answers provided by the students involve assignment 1. An overview of students' evaluations will be provided so that they get a better understanding of aspects which could improve their analysis.

Exercise 8.1 & 10.1

Using the assignment scenario of company [X] for which you have been appointed as external consultant,

address the below:

• Identify the appropriate international strategy and multinational structure to be pursued

The answers provided by the students involve assignment 1. An overview of students' evaluations will be

provided so that they get a better understanding of aspects which could improve the application of the

theory in selecting the appropriate strategy and structure.

Exercise 9.1

Using the assignment scenario of company [X] for which you have been appointed as external consultant,

address the below:

Assess if the company's decision to pursue internationalisation via organic development is the right

choice

The answers provided by the students involve assignment 1. An overview of students' evaluations will be

provided so that they get a better understanding of aspects which could improve their assessments.

Exercise 12.1

Using the assignment scenario of company [X] for which you have been appointed an external consultant,

address the below:

Identify three Key Risk Indicators (KRIs) and create a brief contingency plan to monitor these risks

and take early action to prevent or mitigate crises

The answers provided by the students involve assignment 1. An overview of students' evaluations will be

provided so that they get a better understanding of aspects which could improve the identification of KPIs

and developing a contingency plan.

Recommended study time

Approx. 15 hours

100/129

# **HOLIDAYS & STUDY WEEKS**

(WEEKS 14 & 15)

# **Instructions**

Week 14 & 15 is the Easter Break and Study week so you can prepare for your forthcoming assessments. During these weeks you are expected to do a revision of the following topics:

- Overview of Globalisation and International Business
- Foreign direct investment trends in 2020
- Trade theories, trade barriers and trade blocs
- Sustainability and Ethical Issues in International Business
- Competitive strategy, strategic groups and positioning
- Strategic capabilities and growth
- International strategy & value creation
- Mergers, acquisitions, alliances and cultural issues
- Multinational structures and strategic control
- Global Risk Management
- Crisis Management and Leadership

# Recommended study time

Approx. 30 hours

# **FINAL EXAM**

(Week 16)

# **Instructions**

The final examination will take place in Week 16. The date of the exam will be announced in due course.

# APPENDIX: INDICATIVE ANSWERS FOR SELF-ASSESSMENT EXERCISES

# LECTURE 1 - Overview of Globalisation and International Business (Week 1)

# Indicative Answer Plan for Problem-Solving Activity 1.1

Answer plan: Students are expected to identify the key factors and provide some ideas/recommendations

- **Step 1**: Identify key factors that have driven this shift and outline its implications.
- **Step 2**: Craft a brief, targeted strategy to address this challenge. Focus on practicality and feasibility within the current global context.
- Step 3: In a few sentences, justify your strategy by linking it to key points from the article.
- **Step 4**: Post your answer on the discussion board on Blackboard Ultra.
- **Step 5**: Browse through the answers and leave your comments.

# **Indicative Answer Plan for Video Activity 1.2**

Answer plan: For each question you are expected to provide a short answer, based on the video. Your answer in the discussion blog should be approximately 400 words in total for the eight questions.

- 1. In the beginning of the 90s there was enormous support for globalization that everybody in the developed and less developed countries would benefit. Since then globalization has united the World but against it.
- 2. Many of the poorest countries of the world were actually made worst off as a result of the asymmetric way that globalisation proceeded. Globalisation for example in agriculture has worked in favor of Europe, US and Japan.
- 3. Globalisation has not worked as promised and there is a long list of failures for this by not improving the living standards of many countries.
- 4. Financial market integration and free movement of capital flows has not lead to greater economic stability but rather to enormous instability, partly due to that policies for capital market liberalization has been pushed too far without adopting proper safeguards.
- 5. It has many dimensions, besides economic globalisation which has benefited mainly China and India. Dimensions such as the movement of ideas, knowledge, democracy and human rights. (Note: refer to relevant session lecture for details)

- 6. The Washington Consensus Policies involve minimising the role of government, privatisation, liberalisation focusing on inflation and not growth or employment. As a result growth in Latin America has been halved from previously and represents the failure of globalisation, and China and East Asia the success.
- 7. New intellectual property rights made it more difficult for sub-Saharan African and other developing countries to have access to generic medicines by raising enormously the price of these medicines.
- 8. Without environmental laws firms have incentives to pollute without paying the cost of pollution. Increased environmental degradation has increased government regulations. The role of the government is one of a partnership in the market economy. This role is very critical to reduce abuses by corporations, cultivate confidence and balance the different interests in favor of the overall society.

# LECTURE 2 - Trade theories, trade barriers and trade blocs (Week 2)

### **Indicative Answer Plan for Simulation 2.1**

- Short-Term Impacts
- Price Effects: Discuss how the tariff may increase prices for consumers and the potential response in demand.
- Supply Chain Dynamics: Examine potential disruptions or adjustments in the supply chain for both Italian manufacturers and foreign exporters.
- Employment Impacts: Analyse the possible effects on employment within the Italian electronics industry and broader economic sectors.
- 2. Long-Term Outcomes
- Economic Growth and Industry Development: Project how the tariff might influence Italy's long-term economic growth, with a focus on the electronics industry.
- Technological Advancement: Consider the impact on innovation and technological development within the Italian electronics sector.
- Trade Relations: Explore potential changes in Italy's trade relations with Asian countries due to the tariff.
- 3. Absolute Advantage Analysis
- Comparison with Asian Countries: Analyse whether Italy currently holds an absolute advantage in electronics manufacturing compared to Asian countries.
- Impact of Tariff on Competitive Position: Discuss how imposing tariffs might affect Italy's absolute advantage in this sector.
- 4. Factor-Proportions Analysis
- Resource Assessment: Evaluate Italy's resources (like skilled labour, technology, capital) in terms of competitiveness in the electronics sector.
- Tariff Implications on Resource Allocation: Discuss how the tariff may influence the allocation and utilization of these resources in Italy.

#### **Indicative Answer Plan for Exercise 2.2**

Answer plan: Your answer in the discussion blog should be approximately 200 words. You are expected to comment for the cost of labor and its attractiveness as an industrial cluster. Also, for the changing environments of its main competitors.

Labour costs in China have been growing. Some labour-intensive businesses are now moving from the coastal regions to inland China, where costs are lower, though the infrastructure may not be up to the mark. A number of firms, especially those making clothes and shoes, have upped sticks and moved to Bangladesh, Cambodia, Indonesia and Vietnam.

Yet for some manufacturers low wage costs are becoming less important because labour represents only a small part of the overall cost of making and selling their products.

Shenzhen provides, in other words, is a successful industrial cluster. It has a network of firms with sophisticated supply chains, multiple design and engineering skills, intimate knowledge of their production processes and the willingness to leap into action if asked to scale up production.

Yet some jobs are returning to developed countries. With Chinese wage costs rising, America's productivity improvements can help tip the balance, especially when American firms invest in more automation. Yet robots can be used anywhere to reduce labour costs.

#### **Indicative Answer Plan for Exercise 2.3**

Answer plan: Your answer in the discussion blog should be approximately 50 words for each question above.

- 1. The share of trade for each member-state can be found in the detailed tables cited here: https://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database
- 2. The EU accounts for around 15 % of the world's trade in goods. The value of international trade in goods significantly exceeds that of services (by about three times), reflecting the nature of some services which makes them harder to trade across borders.
- 3. Use the data visualization tool in the link provided for an updated answer for the latest available annual data.
- 4. Answer varies depending on latest available data.

https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20200519-2

To prevent the spread of the COVID-19 pandemic, countries around the world have taken a variety of

restrictive measures. March 2020 figures already show their significant impact on international trade in

goods.

In March 2020, the total extra-EU trade (imports + exports) fell from €252 billion to €228 billion compared

with January 2020.

You may extend discussion for import and exports respectively.

This pattern was observed for exports with all five main trade partners, with highest trade decreases with

Switzerland (-8.5%) and China (-7.1%), followed by Russia (-6.8%), the United Kingdom (-6.2%) and the

United States (-4.2%).

Imports from these five main partners also fell over this period. However, for Switzerland (-1.2%) and the

United States (-2.6%) the decrease was notably smaller than for Russia (-8.2%), China (-10.9%) and

especially the United Kingdom (-17.0%).

5. Answer varies depending on latest available data. Measures taken by EU Member States to prevent the

spread of the COVID-19 pandemic, which began in mid-March, were in full force during April 2020. As

COVID-19 was first identified in the Chinese city of Wuhan, China already brought in its first restrictive

measures in mid-January 2020. Early 2020 data already show significant impacts from these restrictions on

international trade in goods.

The EU's seasonally adjusted trade (imports + exports) with China fell from €46.5 billion in January 2020 to

€43.1 billion in February 2020. In March 2020, EU's trade with China fell further to €41.9 billion, while in

April 2020 it bounced back above its January 2020 level to €49.0 billion.

This increase was mainly led by a sharp increase in imports from China (+€3.5 billion and +€6.8 billion

compared with January and March 2020 respectively), and was largely due to an increase in imports of

specific made-up textile articles such as textile face masks, surgical masks disposable face masks and single

use drapes.

LECTURE 3 – FDI trends and ESG standards

(Week 3)

# Marking Plan and Indicative Answer Plan for: Decision-Making Challenge 3.1

# **Scoring System:**

- 3 Points: Optimal choice demonstrating strong balance in Environmental, Social, and Governance (ESG) principles.
- 2 Points: Moderate choice showing some consideration of ESG principles but lacking in certain aspects.
- 1 Point: Choice prioritizing business objectives with minimal regard for ESG principles.
- Additional 1 Point: Providing a valid and well-justified explanation for the chosen option.

## **Scenario 1: Manufacturing Plant Expansion**

- Option A (1 Point): Prioritizes business growth, disregarding social and community impact.
- Option B (2 Points): Seeks a compromise, balancing business growth with community well-being.
- Option C (3 Points): Demonstrates strong ESG alignment by engaging with the community for a mutually beneficial solution.

### Indicative Answer Plan:

- Explain the need for balancing business growth with social responsibility.
- Discuss the importance of community engagement and sustainable development.

## Scenario 2: Outsourcing Production to Country X

- Option A (1 Point): Focuses on cost-saving, neglecting ethical labour standards.
- Option B (3 Points): Balances cost-saving with a strong commitment to ethical labour practices.
- Option C (2 Points): Emphasizes ethical labour practices at the expense of operational costs.

#### Indicative Answer Plan:

- Highlight the ethical implications of labour standards and their impact on brand reputation.
- Discuss the balance between cost efficiency and ethical responsibility in business operations.

# **Scenario 3: Supplier's Environmental Violations**

- Option A (1 Point): Prioritizes operational efficiency, overlooking environmental ethics.
- Option B (3 Points): Strong focus on environmental responsibility, even at the cost of operational challenges.
- Option C (2 Points): Attempts to balance environmental responsibility with supply chain stability. Indicative Answer Plan:
  - Emphasize the importance of environmental sustainability in corporate reputation.
  - Discuss the trade-offs between supply chain stability and adherence to environmental ethics.

#### **Indicative Answer Plan for Exercise 3.2**

Answer plan: Your answer in the discussion blog should be approximately 300 words. You are expected to use the following sources:

- UNCTADstat, Data Center,

https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740

- Invest in Holland, <a href="https://investinholland.com/">https://investinholland.com/</a>
- 1. Financial incentives: The Dutch economy competes with European and global competitors, making it a welcoming, stable and satisfactory option for foreign companies to invest. Also, a combination of tax rates in the Netherlands and financial incentives, 100 bilateral tax treaties to avoid double taxation, as well as the advantages of the Dutch VAT regime, make the country a reliable choice as a basis for international activities but also for starting new business activity.
- 2. State-of-the-art infrastructure: The Netherlands is geographically a strategic choice. 95% of Europe's most lucrative markets are just a 24-hour drive from Amsterdam or Rotterdam. State-of-the-art infrastructure connects the Netherlands domestically and internationally, with efficient airports (the best European airport in 2020), high-speed rail and waterways and ports. They also have state-of-the-art 98% fast broadband coverage and 99% 4G coverage.
- 3. Administrative processes, behaviors and regulatory environment: The process of starting a new business is very effective and supportive. According to the Corruption Perceptions Index (CPI), corruption is rampant in the Netherlands in all important areas judiciary, police, business, politics as the country is considered one of the most meritocratic in the EU.
- 4. Education system: It is ranked among the five best education systems in the world, which facilitates the country's reputation and position for foreign companies. The Dutch education system and the business community are mutually supportive.
- 5. Political, economic and legal stability: The Netherlands is considered to be a very stable and vibrant parliamentary democracy, recognized worldwide for its transparency, justice and efficiency. According to the World Bank's Political Stability and Absence of Violence / Terrorism index, it is considered one of the most politically stable countries in the world, while it is characterized by low bureaucracy. There is a wide variety of world-class law firms both domestic and large international that can help with tax law, mergers and acquisitions and European law. The Hague is the seat of the European Patent Office.

#### **Indicative Answer Plan for Exercise 3.3**

Answer plan: The study contains quantitative measures of regulations for starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, taxes, trading across borders, enforcing contracts, getting an electricity connection, and closing a business. Your answer in the discussion blog should be approximately 300 words in total for the three measures you have selected to discuss in the case of Australia's regulatory environment for doing business. You are expected to use the following sources:

- Ease of Doing Business, https://www.doingbusiness.org/en/rankings
- Country Profile for Australia, https://www.doingbusiness.org/en/data/exploreeconomies/australia#

# LECTURE 4 – Sustainability and Ethical Issues in International Business (Week 4)

# Indicative Answer Plan for Interpreting Survey Results 4.1.

Analysis of High Score for Selective SDG Assessment

Discuss possible reasons why companies prefer assessing SDGs relevant to their business:

- Relevance to Business Model: Explain how companies might focus on SDGs that directly align with their business operations or strategies.
- Resource Allocation: Consider if companies might be selecting SDGs based on available resources, focusing on areas where they can make the most impact.
- Ease of Measurement: Debate whether companies choose SDGs that are easier to measure and report on.

## **Broader Implications**

- Reflect on the interconnectedness of all 17 SDGs and how selective focus might overlook this aspect.
- Contemplate if prioritizing certain SDGs could lead to missed opportunities for holistic sustainable development.

#### **Indicative Answer Plan for Exercise 4.2**

Answer plan: Feedback and self-guidance is provided within the e-learning tool when you attempt a question. To complete the course and get certified you need to complete successfully all six interactive learning modules.

### **Indicative Answers for Exercise 4.3**

What Are the Relevant Facts?

- 1. Adam is a proficient financial analyst, as evidenced by his credit analysis exam scores and the praise he receives from his supervisor.
- 2. Adam's customer, Mitchell Foods, Inc., represents a large retail grocery chain requesting a \$5 million short-term loan to finance inventory expansion.
- 3. Mitchell Foods finances its 35 retail outlets using operating leases to achieve off-balance-sheet financing.

4. Adam recognizes the need to adjust Mitchell Foods' leverage ratio to include the firm's significant operating lease liability. Given this adjustment, Mitchell Foods appears dangerously over leveraged; without the adjustment, the firm's balance sheet understates the true amount of leverage carried by the firm.

5. Mary dismisses Adam's concern regarding the recognition of Mitchell Foods' operating lease liability, and she instructs him to remove any explicit reference to this problem from the Mitchell Foods credit file.

6. Mary's directive to Adam contradicts the bank's credit policy regarding the treatment of operating lease liabilities.

7. The Mitchell Foods loan request is approved by the bank's credit committee with no discussion of the firm's operating lease liability.

8. After the loan is approved, Adam learns that Mary's personal mortgage loan request at Bay Street Savings has been approved with extremely favorable credit terms.9. The president of Mitchell Foods is also the Chairman of the Board at Bay Street Savings.

What Are the Ethical Issues?

1. How can Adam reconcile his duty to his boss and his duty to complete his financial analysis of Mitchell Foods in conformity with the bank's credit policy?

2. Should Adam pursue this issue, even though the loan has already been approved by the bank?

3. Should Adam seek additional information from Mary, or should he discuss the matter with other senior officers within the corporate banking group?

4. Does Adam have a fiduciary duty to reveal Mary's potential conflict of interest in this transaction toother officers within the bank?

5. Does Adam, as a junior financial analyst, have responsibility for improper documentation within the credit file, when the bank's senior loan committee members failed to notice Mitchell Foods' significant operating lease liability during the credit committee meeting?

Who Are the Primary Stakeholders?

Adam

Mary

- The members of Farmwood National's senior credit committee
- The depositors and shareholders of Farmwood National Bank
- •The mortgage loan officers at Bay Street Savings and Loan
- The president of Bay Street Savings and Loan
- The depositors and shareholders at Bay Street Savings and Loan
- The FDIC and, ultimately, all American taxpayers

### What Are the Possible Alternatives?

- 1. Adam could approach Mary, ask for more specific reasons why she instructed him to ignore Mitchell Foods' operating leases in his credit analysis, and ask her to explain why this issue was not mentioned during the credit committee meeting.
- 2. Given Mary's apparent conflict of interest in this transaction, Adam could discuss Mary's behavior with the head of the corporate banking group, the officer in charge of credit policy administration within the bank, or some other senior manager.
- 3. Adam could seek additional information before he takes any action, perhaps by reviewing the written minutes of the credit committee meeting at which the Mitchell Foods loan was approved.
- 4. Adam could accept Mary's explanation, ignore the apparent conflict of interest, and do nothing.

# LECTURE 5 - Strategy development and practice (Week 5)

# Indicative Answer Plan of Video-to-Video Activity 5.1

Students are expected to create a short recording (max 3-4 minutes) on MS Teams and share the link in the discussion forum. It will cover the following:

5. Reflect on the strategic approach of the company or organization where you currently work (or focus on another organisation of your choice). Identify key aspects of its strategy such as its

approach to competition, resource allocation, market positioning, and adaptation to industry changes.

- Compare and contrast the strategic concepts discussed in the video with those of your company.
   Focus on similarities and differences in strategy formation, implementation, and adaptation to industry-specific challenges.
- 7. Reflect on how the strategies in the financial services industry, as presented in the video, could inform the strategies in your company. You can mention any insights or lessons that can be applied to your professional context or broader industry understanding.

# **Indicative Answer Plan of Case study Exercise 5.2**

# "Honda and the US motorcycle market"

## 1. Are the different accounts mutually exclusive?

On the face of it, the case represents two quite different views; one is an essentially rational, economic explanation of the basis of a successful strategy. The inference, students will suggest, is that this was all carefully designed. Pascale suggests that the other account by the executives shows the importance of sensitivity to context, improvisation and adaptability within a culture which allows for this and a concept of strategy more to do with overall mission than strict guidelines. Students may interpret the executives' account as a matter of being in the right place at the right time and luck.

It might be useful for students to think that there are quite different accounts here. The consultants' report does not actually explain how the strategy came about. It describes the logic of the strategy. The executives, on the other hand, are focusing on a description of how things happened, at least from their point of view. The extent of incompatibility between the two accounts is not that great if the consultants' report is recognised for what it is: a retrospective post rationalisation of what was going on. Is this so unusual in organisations? Students should perhaps understand that not all strategic decision making is as logical as it might appear after the event. Indeed, this is often what formal statements of strategy are based upon, as in annual reports.

2. Do you think Honda would have been more or less successful if it had adopted a more formalised strategic planning approach to the launch?

It can, of course, be argued that a formal plan could well have prevented the sort of responsiveness by the Honda executives described here and have therefore been harmful. It would be useful to discuss what sort of plan would not have been restrictive. Presumably, one that emphasised overall intent rather than specifying detailed action might or one that set out a way of thinking through a course of action as distinct from a plan dictating such action.

## **Indicative Answer Plan of Cast study Exercise 5.3**

# "Barclays Jam"

1. What do you think were the direct and indirect benefits of Ashok Vaswani's initiatives to involve Barclays' employees in the strategy?

The direct benefit was clearly the 650 ideas for business improvement. Even if these are not all taken up, there were many other indirect benefits. The workgroups composed of younger staff showed that Barclays valued both more junior voices and innovative ideas. At the same time, the Jam ensured that at least the 19,000 participants had become highly familiar with the new STAIRS strategy. STAIRS would have the understanding and support of employees on the ground, and participants would know that their commitment was valued.

Students are also expected to reflect two factors in deciding who to involve in strategy development: urgency and scale of strategic change. They are also expected to mention in their answers the importance of communicating the strategy, such as in gaining employee commitment, in establishing focus (on the key strategic issues) and the right media to convey the strategic issues.

2. If you were a smaller company, without the information technology resources of Barclays and IBM, how might you be able to get employee input into strategy development?

This is a more general and open question; therefore, it is expected that students will do some research into ways of including more employees into strategy development (such as strategy workshops, strategy project teams, meetings, surveys and newsletters) and provide as many suggestions as their consider relevant.

# LECTURE 6 – Competitive strategy, strategic groups and positioning (Week 6)

# Indicative Answer of Exercise 6.1: SUBMISSION OF PORTFOLIO COMPONENT

While writing your answers students will have in mind the assessment criteria which apply for the final submission of the portfolio report (graded):

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the industry forces (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the industry forces (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the forces (30%).

#### **Answers of Exercise 6.2**

## **Question A**

GG Ltd began life 20 years ago as a traditional hardware/convenience store, where customers
could purchase everyday items ranging from washing powder to kitchen equipment to toothpaste.
It is located in a highly populated area, but since the recent economic decline has found that it has
been surrounded by large national discount stores with fixed low prices, much cheaper than GG Ltd
for identical items.

Which of Porter's Five Forces would be the main issue for GG within this industry?

0	Power of Suppliers.
0	Threat of New Entrants.
0	Competitive Rivalry.
0	Threat of Substitutes.

# **Question B**

LM is a medium sized tyre manufacturer based in Country Z. It produces low cost tyres using standard rubber, to be used for the compact car market (which has a historically low margin for car manufacturers). 90% of its tyres are sold to BC, a global car manufacturer with a plant in Country Z.

Based on the above information, which THREE of the following suggests that BC has high power as a customer of LM?

~	The threat of backwards vertical integration by BC.
	Products are differentiated.
<b>~</b>	BC makes up a high proportion of LMs sales.
	Brand identity is high for tyres.
✓	Products are price sensitive.

### **Question C**

Q is an electrical appliance manufacturer and currently specialises in the manufacture of domestic dishwashers. Q operates in this market with four other companies. Each manufacturer similar products and sell similar volumes of vacuum cleaners each year. They operate in different regions however and sell through different retailers.

Q and its rivals all have long term contracts to supply each of their respective retailers and have a very good reputation and loyal customer base. Q buys its components through a number of large

suppliers, as do its rivals, as these suppliers are the only ones who can deliver the features and volume required. From the information above, which ONE of the following forces from Porter's Five Forces model would be classified as 'high'? Threat of new entrants **Power of suppliers** Competitive rivalry Threat of substitutes **Question D** Y offers consumer insurance products, including car and life insurance. According to Porter's Five Forces model, which ONE of the following would indicate that the power of buyers in Y's industry is low? Y's insurance policies have very few special features to differentiate them from those offered by its rivals Y has many rivals in the car and life insurance market Y's customers typically use comparison websites to see how much their insurance would cost from a number of different suppliers Y's customers are legally required to have car insurance **Question E** JK Airlines operate in the global aviation industry. In common with its rivals (many of which are similar sizes to JK), JK pays large sums for landing slots at major airports, as well as maintenance of its fleet of planes. These costs have become harder to cover due to falling revenue thanks to a major economic recession affecting the industry. JK's staff are heavily unionised and any redundancies made by JK would result in significant compensation payments to staff members. Which THREE of the following in Porter's Five Forces model, suggests that competitive rivalry will be high?

**✓** High fixed cost

Low level of product differentiation

High switching costs for customers

☐ High market growth

**▼** High exit barriers

### **Question F**

E, a mechanic based in Country Z, has recently sold her chain of garages for \$900m. She has decided to follow her dream and develop a cheap, environmentally friendly scooter for the heavily populated Country Z.

The design would be based on current scooters manufactured by several companies in Country Z, but with a number of modifications invented by E. The scooter market is dominated by four large manufacturers, who are also vertically integrated into retailing, with their chains of stores being the most common place for residents of Country Z to purchase scooters.

Which THREE of the following would be the most significant barriers to entry for E in Z's scooter manufacturing industry?

	Capital requirements
<b>~</b>	<u>Patents</u>
<b>~</b>	Reduced access to distribution channels
<b>V</b>	Economies of scale
	Government protectionism

### **Question G**

Gailen plc is a manufacturer of printers for home use. They also produce ink cartridges which customers can buy as refills for the printers they have bought.

Over the past years Gailen has suffered from falling profits as customers are using their printers less and less because they can read and submit documents online using smart phones and tablets.

They have also suffered from organisations offering refills to Gailen ink cartridges which means that customers don't have to buy a new cartridge.

From the information above, which one of the following forces from Porter's Five Forces model would be classified as 'high'?

(A)	Threat of Substitutes.
0	Competitive Rivalry.
0	Power of Suppliers.
0	Threat of New Entrants.

# Indicative Answer of Exercise 7.1: SUBMISSION OF PORTFOLIO COMPONENT

While writing your answer students will consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse company's strategic capabilities as a source of competitive advantage (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's strategic capabilities as a source of competitive advantage (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support
  the analysis and evaluation of the company's strategic capabilities as a source of competitive advantage
  (30%).

#### **Answers of Exercise 7.2**

### **Question A**

	The low spending on marketing is an opportunity the company improve its financial performance
	The focus strategy on drivers can be considered a weakness
	Healthy eating trends do not pose any threats for the conventional fast-food companies; thus menu changes are not needed
V	Developing a drive-through service could be an opportunity for the company
	The fact that the company is a recognizable brand is a dynamic capability
<b>V</b>	The fact that the company owns good locations is a strength
	None of the above
	All of the above

# **Question B**

Handling customer complaints	В
Budgeting for the manufacturing process	A.
Staff training	D.
Automated inventory control for raw material	C.

# **Question C**

Dealing with claims of negligence by customers	B.	l
--	----	---

Attending court cases	A.
Central control systems that ensure each case is independently reviewed	C.
Receiving and storing data from client meetings	D.

### **Question D**

Which statements about Benchmarking are correct:

<b>▽</b>	The benchmarking exercise can be beneficial for organizations with competitive disadvantage, but
	successful companies need to move further to develop strategic capabilities
	Best-in-class benchmarking involves comparing an organisation's performance or capabilities
	against the best-in-class in their specific industry
V	If benchmarking is limited to comparing outputs and not in identifying reasons for relative

performance, it is characterized as "surface comparison"

Trade correts may be a challenge in competitor benchmarking because it can lead to impre

Trade secrets may be a challenge in competitor benchmarking because it can lead to improper comparison and may yield to improper results.

### **Indicative Answer Plan of Exercise 7.3**

Students have been asked to determine how Adidas has growth on the basis of Ansoff' matrix. They can provide alternative answers based on their evaluations, but a more general framework is provided here.

In terms of market penetration, Adidas started with shoes for athletes in Germany and since then it has progressed with Jessie Owens shoes which has helped the company gain more market share. It provided the same product – i.e. athletes' shoes – and remained in Germany, thus the same market

In terms of market development, Adidas started exporting in the USA. It still focused on athlete's shoes, thus no major changes were made on the company's product line but expanded in a different national market, which constitutes market development.

In terms of product development, the company's strategy to produce footballs can be linked with the product development strategy on the basis that it developed a new product but targeting athletes and football players, thus no major changes in their markets.

Finally, in terms of diversification, the company's decision to acquire Reebok could be characterized as diversification strategy because it was now selling Reebok products (on some aspects different than Adidas products at the time) and selling them to different customers that Reebok was targeting until then.

# LECTURE 8 – International Strategy & Value Creation (Week 8)

#### Indicative Answer of Exercise 8.1: SUBMISSION OF PORTFOLIO COMPONENT

While writing their answers, students should consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's international strategy (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's international strategy(30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's international strategy(30%).

### **Indicative Answer Plan of Exercise 8.2**

- 1. What are the pros and cons of the different China strategies pursued by Carrefour and Walmart?
- The advantages of Walmart's strategy lie in the potential scale economies that will come from standardisation of purchasing and distribution systems. This will be consistent with its cost leadership strategy internationally, and make it relatively easier to transfer managers in and out of China. There are obvious problems with regard to catering to local markets, however. The advantage of Carrefour's strategy, on the other hand, is the ability to adapt to local needs and not to burden a thinly-spread network of outlets with the costs and inflexibilities of standardised systems, with high fixed costs (e.g. centralised distribution centres). In the long term, however, as Walmart grows in China, the fixed costs of standardised systems can be spread across more outlets, so that Wal-Mart's initial investments may begin to pay. Carrefour, on the other hand, may have problems of managerial and branding consistency as it grows in China, while being less able to take advantage of the benefits of integration and standardisation. In the short term, therefore, Carrefour's strategy might seem best; in the longer term, it is possible that Walmart's will be most effective, at least in urban concentrations.
- 2. What might be the dangers for a large Western retailer in staying out of the Chinese market?

  One obvious danger for a Western retailer staying out of China is simply the missed growth opportunity of this huge market. But students should recognise at least two more subtle points. In the first place, retailers with the vast scale of the Chinese market should be able to achieve purchasing economies that they can

transfer to other markets; in other words, the lower costs obtained through participation in the Chinese market may be leveraged into creating competitive advantage in other markets. Second, referring to the competitive drivers in Yip's model, rivals may use (eventual) profits from the Chinese market to cross-subsidise attacks into other markets, and, without a presence in the Chinese market, defending that companies may be limited in their ability to retaliate. These rivals might even include Chinese-based retailers such as GOME, who could start attacking Western retailers in markets they once regarded as their own.

# LECTURE 9 – Mergers, acquisitions, alliances and cultural issues (Week 9)

#### Indicative Answer of Exercise 9.1: SUBMISSION OF PORTFOLIO COMPONENT

While writing their answers, students should consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's international entry mode (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's international entry mode(30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's international entry mode (30%).

#### Indicative Answer Plan of Exercise 9.2

In this simulation exercise, students have been assigned with the role of the strategic consultant to evaluate the company's strategy for international expansion in France. Their task is to discuss the respective advantages and disadvantages and choice criteria of pursuing a strategy of expansion by:

- (i) Organic growth
- (ii) Acquisition

Students are expected to reflect on the advantages and disadvantages of each of the above entry modes. Some indicative advantages of organic development which need to be discussed are:

- Knowledge and learning can be enhanced.
- Spreading investment over time easier to finance.
- No availability constraints no need to search for suitable partners or acquisition targets.
- Strategic independence less need to make compromises or accept strategic constraints.

• Culture management – new activities with less risk of a culture clash.

Students should then refer to the disadvantages of this method, such as:

- uncertainty
- lack of experience in the foreign market
- lack of knowledge of language, market and consumer characteristics
- high degree of risk and resources needed
- legal restrictions

Some indicative advantages of acquisitions which need to be discussed are:

- Faster
- Acquire brands & reputation
- Acquire skills, patents & licences
- One less competitor
- Synergistic savings
- Deal with uncertainty, lack of market knowledge

With regard to the disadvantages, students can refer to:

- Big, up-front cost
- Cultural clash and cultural issues
- Organizational and strategic fit
- Difficult to establish trust
- Integration complexity
- Failed acquisition in the past

Students are expected to refer to the concept of cultural distance between the UK and France as an important factor influencing the decision to implement and they are also expected to refer to the strategic motives (extension, consolidation and capabilities enhancement) and financial motives (financial efficiency, and tax efficiency) when considered the two options as well as the four criteria: high urgency, high uncertainty, soft capabilities important and high module capabilities relevant.

# **Indicative Answer Plan of Exercise 9.3**

The intention of the this exercise is to promote students in critically thinking about the usefulness of the cultural web and particularly that the web does not, by itself, deliver a full image and detailed

understanding of the culture and sub-cultures of a company. Students will therefore be able to review the advantages and opportunities from developing a cultural-web, but at the same time understand that the outcomes from this analysis are the starting point in evaluating culture and not the final assessment. It then relies on managerial interpretations and actions in terms of identifying elements to reconsider or improve in the cultural environment of a company.

# LECTURE 10 - Multinational structures and strategic control (Week 10)

### Indicative Answer of Exercise 10.1: SUBMISSION OF PORTFOLIO COMPONENT

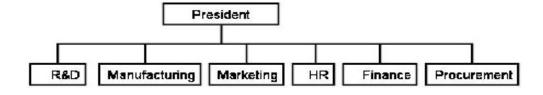
While writing their answers, students should consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's multinational structure (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's multinational structure (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's multinational structure (30%).

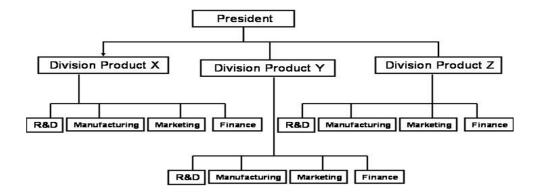
#### **Indicative Answer Plan of Exercise 10.2**

As an external consultant, students need to evaluate the company's organizational structure to determine its effectiveness. In their report, they need to draw organizational charts for both Glasbro's old structure (i.e. prior to 2011) and its new structure and evaluate whether the change from the old functional structure to the new structure is likely to be beneficial for Glasbro.

The old structure is the functional and the student's diagram should resemble the one presented in the lecture



The new structure is the divisional should resemble the one presented in the lecture



Next, students will then need to show that they have evaluated whether the change from the old functional structure to the new structure is likely to be beneficial for Glasbro by indicating the advantages and advantages of the functional structure for the specific company.

Overall, through the functional structure the company will have:

- Creates autonomous smaller separate SBUs
- Decentralization of units rather than individuals
- Control exercised by HQ
- Middle line, limited vertical decentralization, standardization of outputs

### Some of the advantages:

- Faster Decisions Decisions taken at the point of action
- Easier to Control
- More Congruence
- Increase staff motivation due to participation
- Senior management concentrate on overall strategy
- Allows for flexibility and quick response to environmental changes.
- Enhances innovation and differentiation strategies better than functional structures

# Some of the disadvantage's students could include:

- Conflict between divisions e.g. unfair transfer pricing systems
- Conflict over shared costs e.g. shared personnel
- This structure results in duplication of resources e.g. we need to have warehouse for each division.
- May lose bulk discounts
- it does not support the exchange of knowledge between people working in the same profession because part of them are working in one division and the others are working in other divisions.

# All the above should be discussed in relation to the specific company.

#### **Answer Plan of Exercise 10.3**

In this exercise, students are asked to reflect on a key debate on whether structure follows strategy. Several quotes and evaluations by scholars, such as Mintzeberg, Chandler and Hall, are featured in the debate and thus students have the opportunity to reflect on their insightful observations and conclusions.

With regard to how to approach the answer: the debate reinforces the importance of structure and raises issues regarding the adequacy of the Design Lens for understanding strategy. For Chandler, the importance of structure is that however good the strategy, it will fail for want of the right structure (as in the DuPont example). This reinforces a Design Lens perspective, in which everything should be fitted to strategy in a logical and linear fashion. Hall and Saias, however, give even more importance to structure, pointing to how existing structures can actually determine strategies: this is broadly consistent with an Experience Lens.

Turning to the question, there are possibly two approaches. First, organisations that are not under much pressure to perform might be able to live with stronger structural constraints on their strategies: this might be public sector organisations particularly (the cumbersome structures of some universities spring to mind). Second, organisations with politically powerful members might have strong structural constraints: for example, many professional organisations have clung to partnership structures rather than more corporate structures in a manner that some at least would argue has constrained growth, acquisition or internationalisation strategies, simply because the partners themselves fear dilution of their status and autonomy.

# LECTURE 11 - Global Risk Management (Week 11)

#### **Indicative Answer Plan of Exercise 10.1**

Answer plan: Discuss in 200 words and submit your answer in the discussion board.

Central and Eastern Europe (region is selected as example)

Sovereign risk: The 2008-09 crisis exposed the weak structural position of public finances in some east European countries. Fiscal consolidation has been necessary to stabilise public debt dynamics, particularly in view of the region's poor demo-graphics. A good deal of the fiscal consolidation is now complete. Low interest rates in the developed world have eased borrowing conditions for the region's sovereigns, but deleveraging by west European banks has resulted in tighter conditions in the

region's banking systems. The region's growth prospects have been adversely affected by the crisis in Ukraine.

Currency risk: A number of countries in the region operate various types of fixed pegs to the euro, including Bulgaria and some other Balkan economies. These economies underwent severe adjustments to support their pegs after the 2008-09 financial crisis. The region's floating currencies are sensitive to changes in global risk sentiment and to developments in the euro zone.

Banking sector risk: The region's main vulnerability stems from its exposure to deleveraging by western European banks, which account for a large share of the region's assets and liabilities. During the credit boom banks extended a large number of Swiss franc- and euro-denominated mortgages. These have been the source of payment difficulties as regional currencies weakened during periods of risk aversion since the 2008 crisis.

#### Indicative Answer Plan of Exercise 10.2

Answer plan: You will need to review the respective background information and summarize recent developments and main concerns within 100 words.

Israeli-Palestinian Conflict (conflict is selected as a major geopolitical conflict example)

The Israeli-Palestinian conflict dates back to the end of the nineteenth century. In 1947, the United Nations adopted Resolution 181, known as the Partition Plan, which sought to divide the British Mandate of Palestine into Arab and Jewish states. On May 14, 1948, the State of Israel was created, sparking the first Arab-Israeli War. The war ended in 1949 with Israel's victory, but 750,000 Palestinians were displaced and the territory was divided into 3 parts: the State of Israel, the West Bank (of the Jordan River), and the Gaza Strip. There is concern that a third intifada could break out and that renewed tensions will escalate into large-scale violence.

#### **Answers of Exercise 10.3**

1. A is correct. Operational risk refers to the risk of losses from inadequate or failed people, systems, and internal policies and procedures, as well as from external events that are beyond the control of the organisation but that affect its operations. B is incorrect because compliance risk relates to the risk that an organisation fails to follow all applicable rules, laws, and regulations and faces sanctions as a result. C is incorrect because investment risk is the risk associated with investing that arises from the fluctuation in the value of investments.

- 2. C is correct. Compliance risk is the risk that an organisation fails to follow all applicable rules, laws, and regulations and faces sanctions as a result. B is incorrect because the risk that a counterparty does not complete its side of a deal as agreed describes settlement risk (also called counterparty risk). A is incorrect because failure of an IT network that paralyses business operations is an example of operational risk.
- 3. A is correct. A risk management process generally includes five steps: set objectives, detect and identify events, assess and prioritise risks, select a risk response, and control and monitor activities. Controlling and monitoring activities are typically the final step of a risk management process. C is incorrect because hedging unwanted risks by using derivative instruments is a response, which relates to the fourth step of a risk management process. B is incorrect because using a risk matrix to prioritise risks is associated with the third step of a risk management process, assess and prioritise risks.
- 4. C is correct. A risk matrix is used to assess and prioritise the risks an organisation faces. It classifies risks according to the expected level of frequency of the event (e.g., highly unlikely, unlikely, possible, likely, or highly likely) and the expected severity of its consequences (e.g., negligible, slightly harmful, harmful, extremely harmful, or catastrophic). A and B are incorrect because they are not related to risk matrices. Market, credit, and liquidity risks refer to types of investment risks. Operational, compliance, and investment risks are risk classifications.
- 5. B is correct. It is typical for companies in the investment industry to have a stand-alone risk management function with a chief risk officer who is capable of independent judgment and action and who often reports directly to the board of directors.
- 6. B is correct. Employees and managers, through their daily responsibilities, form the first line of defence against risk. A is incorrect because internal auditors form the third line of defence against risk. C is incorrect because risk and compliance officers form the second line of defence against risk.
- 7. C is correct. One of the benefits of implementing a risk management process is bringing greater discipline to the organisation's operations, which leads to more effective business processes, better controls, and the more efficient allocation of capital. A is incorrect because implementing a risk management process can serve to incorporate risk considerations in all business decisions to ensure that the organisation's risk profile is aligned with its risk tolerance, but it does not lead to the elimination of risk. Some risks should be eliminated, but others may be exploited—for example, the risks the organisation has expertise in dealing with and can benefit from. B is incorrect because implementing a risk management process leads to more rather than less accountability.

8. C is correct. The intangible costs of risk management are slower decision making and missed opportunities. A and B are incorrect because hiring risk managers and putting compliance procedures in place are tangible, not intangible, costs of risk management.

9 B is correct. Rogue trading, which refers to situations in which traders bypass management controls and place unauthorised trades that can cause large losses for the companies they work for, is an example of operational risk. Operational risk is the risk of losses from inadequate or failed people, systems, and internal policies and procedures, as well as from external events that are beyond the control of the company but affect its operations. A is incorrect because investment risk is the risk associated with investing that arises from the fluctuation in the value of investments. C is incorrect because compliance risk relates to the risk that an organisation fails to follow all applicable rules, laws, and regulations and faces sanctions as a result.

10. A is correct. Using agents and third parties increases compliance risk. It is more difficult to monitor and control these agents and third parties than internal staff, but the company may still be responsible for the actions of these agents and third parties. B and C are incorrect because separating the front and back offices and monitoring and controlling business processes decrease compliance

risk.

11. B is correct. Credit risk is the risk for a lender that a borrower fails to honour a contract and make timely payments of interest and principal. A is incorrect because the risk caused by changes in market conditions affecting prices describes market risk. C is incorrect because the risk that an asset cannot be bought and sold quickly without a significant concession in price describes liquidity risk.

12. C is correct. Value at risk gives an estimate of the minimum, but not the maximum, loss of value that can be expected for a given period of time with a specified level of probability. A is incorrect because value at risk often underestimates, not overestimates, the frequency of losses. B is incorrect because value at risk makes ban assumption regarding the distribution of returns. For example, it is often assumed that returns are normally distributed.

# LECTURE 12 - Crisis Management and Leadership (Week 12)

# Indicative Answer of Exercise 12.1: SUBMISSION OF PORTFOLIO COMPONENT

While writing their answers, students should consider the assessment criteria for the final report:

• Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's risk management and contingency planning (40%).

• Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's risk management and contingency planning (30%).

• Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's risk management and contingency planning (30%).

**Indicative Answer Plan of Exercise 12.2** 

Case Study 21: Sony Pictures Cyberattack (2014) is used as an example.

The cyberattack destroyed Sony's image and reputation because the company was not able to secure its

systems and information. The estimated amount of about \$100 million spent to handle the situation was

reported to be the largest in the history of the U.S.

The cyberattack destroyed Sony's image and reputation because the company was not able to secure its

systems and information. The sensitive information that the company was supposed to safeguard, from

clients to employees, was not kept safe, and this was the major cause of the whopping amount to be paid.

Being a leading entertainment company, the failure to safeguard their information was a major challenge,

and a weakness used by competitors.

In the case of this crisis, the purpose of crisis management must be defined. After the definition of the

purpose, the type of crisis should be determined and then outlined. The crisis type will dictate the path

taken in managing the crisis. Having a crisis management plan in place makes the resolution process faster.

Creating awareness through the national government and making the crisis a national problem creates

critical thinking on the possible solutions. Implementing prospective solutions, as a company and as part of

a collective agreement with the state, allows for a faster solution to be reached, with all the problems

handled to everyone's satisfaction. In general, the attack on Sony played an essential role in learning how

to deal with various information-related issues in the company, as well as the industry at large.

Indicative Answer Plan of Exercise 12.3

Answer plan: Answers are embedded online for each quiz within the course material.

**LECTURE 12 - Revision** 

(Week 13)

The indicative answers for the revision exercises can be found in the corresponding weeks.

# BM4030 - International Strategic Management and Sustainability

Note: The interactive activities which contribute towards the **portfolio report**(assessment 1) are compulsory for students and are submitted on the end of relevant
weeks.

# L1 – Overview of Globalisation and International Business

(WEEK 1)

### 1. Problem-Solving Exercise

You are presented with *real-world problem* caused and intensified by the pandemic relevant to Globalization: **"Shift in reliance from international to domestic suppliers".** Read the article: <u>Will coronavirus reverse globalization? - BBC News</u> and follow the below steps:

- Step 1: Identify key factors that have driven this shift and outline its implications.
- **Step 2**: Craft a brief, targeted strategy to address this challenge. Focus on practicality and feasibility within the current global context.
- Step 3: In a few sentences, justify your strategy by linking it to key points from the article.
- Step 4: Post your answer on the discussion board on Blackboard Ultra.
- **Step 5**: Browse through the answers and leave your comments.

#### 2. (Complementary/Optional Exercise) Video Activity

Video case-study: Stiglitz on globalization

Joseph Stiglitz is an American economist, public policy analyst, and a professor at Columbia University. He is a recipient of the Nobel Memorial Prize in Economic Sciences (2001).

*Questions:* Watch the following video <a href="https://www.youtube.com/watch?v=sV7bRLtDr3E">https://www.youtube.com/watch?v=sV7bRLtDr3E</a> and answer in the discussion blog following questions:

- 1. How perception regarding globalization has evolved in the decades?
- 2. How globalization has impacted different countries?

- 3. How can we make globalization work today? Where it has failed?
- 4. How it has affected stability in global financial markets?
- 5. What are the dimensions of globalization?
- 6. How the "Washington Consensus Policies" in US have failed? Why US represents in a sense an example of failure of globalization whereas East Asia the success?
- 7. What was the global impact of strengthening intellectual property rights provisions for generic medicines?
- 8. How environmental concerns are related to the increase of regulations? What is the role of the government with reference to regulations in a market economy?

*Learning objective:* To get acquainted with the views of one of the most prominent economists in the field of globalisation and the criticisms of globalisation.

Answer plan: For each question you are expected to provide a short answer, based on the video. Your answer in the discussion blog should be approximately 400 words in total for the eight questions.

# L2 – Trade theories, trade barriers and trade blocs

(WEEK 2)

#### 1. Simulation – Policy Advisor

The simulation is designed to deepen your understanding of international trade theories and government interventions in trade.

Title: Tariff Dilemma in Italy

Context: Italy is considering imposing a tariff on imported electronics, particularly smartphones and laptops, to protect its domestic electronics industry, which is facing stiff competition from Asian manufacturers.

Task: <u>As a policy advisor</u>, analyse this situation using the Theory of Absolute Advantage and Factor-Proportions Theory. Consider the impacts on Italy's economy, focusing on the following aspects:

- Short-Term Impacts: Evaluate how the tariff could affect prices, supply chain dynamics, and employment for Italian consumers and electronics manufacturers, as well as foreign exporters.
- Long-Term Outcomes: Consider the tariff's potential long-term effects on Italy's economy and trade relations with Asian manufacturers, including industry growth and technological development.

- Absolute Advantage Analysis: Briefly discuss if Italy has an absolute advantage in electronics manufacturing compared to Asian countries and how the tariff might influence this.
- Factor-Proportions Analysis: Assess how Italy's resources (skilled labour, technology, capital) impact its competitiveness in electronics and how the tariff might affect resource allocation.

2. (Optional/Complementary Activity) Case Study: The boomerang effect.

The Economist (2012). The boomerang effect: As Chinese wages rise; some production is moving back to the rich world. <a href="https://www.economist.com/special-report/2012/04/21/the-boomerang-effect">https://www.economist.com/special-report/2012/04/21/the-boomerang-effect</a>

*Question*: Review the case study and discuss how China's comparative advantage has been challenged and impacted by changes in the competitiveness of its factors of production.

*Learning objective:* To understand the relationship between foreign trade and international factor mobility in the case of China within a dynamic setting.

Answer plan: Your answer in the discussion blog should be approximately 200 words. You are expected to comment for the cost of labor and its attractiveness as an industrial cluster. Also, for the changing environments of its main competitors.

# L3 – FDI trends and Environmental, Social, Governance Standards

(WEEK 3)

# 1. Decision-Making Challenge

Read the below scenarios and choose the option you believe best aligns with strong ESG principles. Consider both the ethical implications and business impacts of your choice. Your goal is to make decisions that demonstrate a good understanding of ESG considerations.

#### **SCORING SYSTEM:**

• Each choice in the 3 scenarios below is assigned a score (1-3). There are no 'right' or 'wrong' answers, but some choices better reflect balance in ESG principles than others. Aim for finding the answers which scores 3 points and provide a valid justification to get another 1 point (total max score of 12 points).

**Scenario 1:** Your company plans to expand its manufacturing plant in a suburban area. The expansion is expected to double production capacity and significantly increase profits. However, it requires acquiring land currently used by the local community for recreation and small businesses, potentially leading to displacement and disruption of community life. This situation has attracted media attention, raising concerns about corporate responsibility and community relations. What would you advise?

- A. Proceed with the expansion as planned to maximize growth and profits, disregarding the community's concerns, and focusing solely on business objectives.
- B. Redesign the expansion plan to minimize the impact on the community, such as reducing the size of the expansion or altering its location. This approach seeks a compromise, potentially sacrificing some growth for community well-being.
- C. Initiate a dialogue with community representatives to find a mutually beneficial solution. This could include incorporating community suggestions into the expansion plan, offering compensations, or investing in community development projects.

Justification of choice:			

**Scenario 2:** Your company, a major clothing manufacturer, is considering outsourcing its production to Country X, known for its significantly lower labour costs. This move could drastically reduce operational costs and increase profit margins. However, Country X has a history of lax labour standards, including issues like inadequate worker safety, long working hours, and minimal wages. Outsourcing production there could enhance company profits but at the risk of being complicit in unethical labour practices. Additionally, this decision might attract negative media attention and consumer backlash, potentially affecting brand and customer loyalty. What would you advise?

- A. Proceed with outsourcing to Country X, focusing primarily on the cost benefits and increased profits, while giving minimal attention to the labour standards in the host country.
- B. Choose to outsource only if suppliers in Country X adhere to strict labour standards similar to those in developed countries, even though this might mean higher operational costs than originally anticipated. This option balances cost-saving benefits with a commitment to ethical labour practices.
- C. Decide against outsourcing and maintain production in your home country, where labour costs are higher, but labour practices are more regulated and ethical. This option emphasizes ethical labour practices and corporate responsibility but at the expense of higher operational costs.

Justification of choice:		

**Scenario 3:** Your company, a leading electronics producer, has recently uncovered that one of its key suppliers in Southeast Asia is significantly violating environmental regulations. This supplier is responsible for a critical component in your product line, and their non-compliance involves improper disposal of hazardous waste and excessive carbon emissions, severely harming the local environment. Changing suppliers would not only incur additional costs but also lead to major disruptions in your supply chain, potentially delaying product releases and impacting market share. However, continuing the relationship with this supplier as is could damage your company's reputation for sustainability and corporate responsibility. What would you advise?

- A. Maintain the business relationship to avoid supply chain disruptions and additional costs, while acknowledging the potential risk to the company's reputation and the environment.
- B. Transition to an environmentally compliant supplier, accepting the financial costs and potential supply chain disruptions. This choice prioritizes environmental ethics and long-term brand reputation over short-term operational challenges.
- C. Engage with the current supplier to enforce compliance with environmental regulations, risking potential delays and added costs in ensuring they meet the required standards. This approach seeks to balance supply chain stability with environmental responsibility.

Justification of choic	re:	
2.	(Optional Activity) Case Study	

The Netherlands is currently the country attracting the largest inflows of foreign direct investment (FDI) in Europe. Despite the global recession, FDI inflows into the country in 2019 amounted to about \$84 billion, according to UNCTAD data.

Question: What are the main incentives offered by the Dutch government to attract Foreign Direct Investment (FDI) into the country?

*Learning objective:* To grasp the major incentives offered by an example government to attract inward FDI flows in the country.

Answer plan: Your answer in the discussion blog should be approximately 300 words. You are expected to use the following sources:

- UNCTADstat, Data Center,

https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740

- Invest in Holland, <a href="https://investinholland.com/">https://investinholland.com/</a>

# L4 - Sustainability and ethical issues

(WEEK 4)

#### 1. Interpreting Survey Findings

A recent PwC SDG engagement study revealed a striking insight: a mere 1% of the surveyed companies intend to evaluate their impact across all 17 Sustainable Development Goals (SDGs). Additional details of the survey responses are illustrated in the figure below.



Reflecting on this data, it's intriguing to note that 34% of the companies are opting to assess only those SDGs which are relevant to their business. Share your thoughts on why this answer was the highest scored response, and why this may be the case, considering that all 17 SDGs are highly interconnected.

Is because they they are selecting those that are the easiest? Most obvious? Or the ones they score more positively?

You can also share your thoughts on any other interesting results from this survey.

# 2. Certificate on the "Fight Against Corruption"

# Interactive e-learning tool "The Fight Against Corruption"

To access the tool an account should be created. Upon completion of the course, a printable certificate is emailed to you from the UN.

Please click the following link <a href="http://thefightagainstcorruption.org/certificate/">http://thefightagainstcorruption.org/certificate/</a> and start the Certificate course.

This e-learning tool is a joint product of the UN Global Compact and the UN Office on Drugs and Crime. It uses six interactive learning modules to further the audience's understanding of the UN Global Compact's 10th principle against corruption and the UN Convention against Corruption as it applies to the private sector. The tool is targeted at everyone who acts on behalf of a company. Each module only lasts about five minutes, providing a quick and effective way of learning. And it is fun too!

Questions: Answer the online questions within the e-learning tool.

*Learning objective:* The interactive e-learning tool aims to make you familiar with some practical, everyday cases in business ethics.

Answer plan: Feedback and self-guidance is provided within the e-learning tool when you attempt a question. To complete the course and get certified you need to complete successfully all six interactive learning modules.

# **L5 - Strategy Development and Practice**

(WEEK 5)

#### 1. Video-to-Video Interactive Activity

What the video "UNIQUE STRATEGIES - FINANCIAL SERVICE INDUSTRY" that is available on blackboard.

In this video you will learn about:

- Strategy as a dynamic beast [07:56]
- The strategy-making process [12:22]
- How to implement strategy [16:32]
- Board composition and the role of communication [19:23]

• Advice for students of strategy [22:13]

#### Task: After watching the video, so an Industry Comparison

- 1. Reflect on the strategic approach of the company or organization where you currently work (or focus on another organisation of your choice). Identify key aspects of its strategy such as its approach to competition, resource allocation, market positioning, and adaptation to industry changes.
- 2. **Compare** and contrast the strategic concepts discussed in the video with those of your company. Focus on similarities and differences in strategy formation, implementation, and adaptation to industry-specific challenges.
- 3. **Reflect** on how the strategies in the financial services industry, as presented in the video, could inform the strategies in your company. You can mention any insights or lessons that can be applied to your professional context or broader industry understanding.
- 4. Instead of a written response, <u>create a short recording</u> (max 3-4 minutes) on MS Teams and share the link in the discussion forum.

# 2. (Complementary/Optional Activity) Key Debate

Read the Key Debate uploaded on blackboard titled "Honda and the US motorcycle market" (adapted by Johnson et al. which is one the core textbooks of this module)

This consists of extracts from one of the most widely cited papers on strategy development processes ever written. The purpose of the original paper by Richard Pascale was to show two quite different explanations of the same event: one based on BCG and Harvard reports and the other based on accounts by the executives themselves. It is useful to read that original paper. Subsequent to the publication of that paper, it has been referred to by many other writers who have interpreted it in different ways. In addition to the papers referred to in the illustration, there is a third which provides still further insights:

Mair, A. (1999) Learning from Honda, Journal of Management Studies, vol 36, no. 1.

After reading the arguments in the Key Debate, reflect on the following:

- 1. Are the different accounts mutually exclusive?
- 2. Do you think Honda would have been more or less successful if it had adopted a more formalised strategic planning approach to the launch?

Post your answers in the discussion blog on blackboard.

You can also read the full articles of the Key Debate:

Pascale, R. T. (1984) 'Perspectives on Strategy: The Real Story Behind Honda's Success', *California management review*, 26(3), pp. 47–72.

Mintzberg, H. *et al.* (1996) 'The "Honda Effect" Revisited', *California management review*, 38(4), pp. 78–117.

*Learning objective*: This exercise will help students apply their knowledge and understanding from the part of the session which explained deliberate and emergent approaches, as well as the importance of the context and top managers in strategy development. Students will post their answers on the discussion blog and therefore have the chance to review other opinions and exchange views.

# L6 - Competitive Strategy, Strategic Groups & Positioning

(WEEK 6)

 Portfolio Assessment 1: Your role as a Strategy Consultant -Scenario

This is the **first** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the **role of** "Strategic Consultant"

Deadline: end of the teaching week.

Task:

- 1. Read the GTI Company Scenario available on blackboard
- 2. Evaluate the industry forces of GreenTech Innovations (GTI) in the host country by using the Porter's 5 Forces framework. For each of the 5forces, indicate if it is low, moderate, or high and explain.
- 3. Submit your answer via the blackboard link. Your answer is private and individual feedback will be provided.

Word count: 400words max

While writing your answers have in mind the assessment criteria which apply for the final submission of the portfolio report (graded):

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the industry forces (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the industry forces (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the forces (30%).

# 2. (Complementary/Optional Activity) Multiple Choice Questions

Following the lecture materials, this exercise will help you to test your understanding of Porter's Five Forces. Answer the below multiple-choice questions focusing on mini scenarios:

#### **Question A**

GG Ltd began life 20 years ago as a traditional hardware/convenience store, where customers could purchase everyday items ranging from washing powder to kitchen equipment to toothpaste. It is located in a highly populated area, but since the recent economic decline has found that it has been surrounded by large national discount stores with fixed low prices, much cheaper than GG Ltd for identical items.

Which of Porter's Five Forces would be the main issue for GG within this industry?

0	Power of Suppliers.
0	Threat of New Entrants.
0	Competitive Rivalry.
0	Threat of Substitutes.

# **Question B**

LM is a medium sized tyre manufacturer based in Country Z. It produces low cost tyres using standard rubber, to be used for the compact car market (which has a historically low margin for car manufacturers). 90% of its tyres are sold to BC, a global car manufacturer with a plant in Country Z.

Based on the above information, which THREE of the following suggests that BC has high power as a customer of LM?

The threat of backwards vertical integration by BC.
Products are differentiated.
BC makes up a high proportion of LMs sales.
Brand identity is high for tyres.

	Products are price sensitive.
Quest	tion C
dishw produ	an electrical appliance manufacturer and currently specialises in the manufacture of domestic vashers. Q operates in this market with four other companies. Each manufacturer similar acts and sell similar volumes of vacuum cleaners each year. They operate in different regions wer and sell through different retailers.
good	lits rivals all have long term contracts to supply each of their respective retailers and have a very reputation and loyal customer base. Q buys its components through a number of large suppliers, its rivals, as these suppliers are the only ones who can deliver the features and volume required.
	the information above, which ONE of the following forces from Porter's Five Forces model would assified as 'high'?
0	Threat of new entrants
0	Power of suppliers
0	Competitive rivalry
0	Threat of substitutes
Quest	tion D
Y offe	ers consumer insurance products, including car and life insurance.
	rding to Porter's Five Forces model, which ONE of the following would indicate that the power of in Y's industry is low?
	Y's insurance policies have very few special features to differentiate them from those offered by its rivals
0	Y has many rivals in the car and life insurance market
	Y's customers typically use comparison websites to see how much their insurance would cost from a number of different suppliers
0	Y's customers are legally required to have car insurance

# **Question E**

JK Airlines operate in the global aviation industry. In common with its rivals (many of which are similar sizes to JK), JK pays large sums for landing slots at major airports, as well as maintenance of its fleet of planes. These costs have become harder to cover due to falling revenue thanks to a major economic recession affecting the industry.

JK's staff are heavily unionised and any redundancies made by JK would result in significant compensation payments to staff members.

Which THREE of the following in Porter's Five Forces model, suggests that competitive rivalry will be high?

	High fixed cost Low level of product differentiation High switching costs for customers High market growth High exit barriers
Que	stion F
to fo	mechanic based in Country Z, has recently sold her chain of garages for \$900m. She has decided bllow her dream and develop a cheap, environmentally friendly scooter for the heavily populated ntry Z.
with man	design would be based on current scooters manufactured by several companies in Country Z, but a number of modifications invented by E. The scooter market is dominated by four large sufacturers, who are also vertically integrated into retailing, with their chains of stores being the t common place for residents of Country Z to purchase scooters.
	ch THREE of the following would be the most significant barriers to entry for E in Z's scooter sufacturing industry?
	Capital requirements Patents
	Reduced access to distribution channels
	Economies of scale
	Government protectionism
Que	stion G
cust fron docu	en plc is a manufacturer of printers for home use. They also produce ink cartridges which omers can buy as refills for the printers they have bought. Over the past years Gailen has suffered a falling profits as customers are using their printers less and less because they can read and submit uments online using smart phones and tablets. They have also suffered from organizations offering ls to Gailen ink cartridges which means that customers don't have to buy a new cartridge.
	n the information above, which one of the following forces from Porter's Five Forces lel would be classified as 'high'?
0	Threat of New Entrants.
0	Power of Suppliers.
0	Competitive Rivalry.
0	Threat of Substitutes.

Answers to the multiple-choice questions are indicated in the Appendices and students will get an automatic reply on blackboard indicating the correct answers to the questions.

*Learning objective*: This exercise will help students to test their understanding of the Five Forces lecture delivery. At the same time, they have their opportunity to apply this understanding to different companies across different industries.

# L7 - Strategic Capabilities and Growth

(WEEK 7)

1. **Portfolio Assessment** 2: Your role as a Strategy Consultant - Scenario

This is the **second** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the <u>role of "Strategic Consultant"</u>

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Determine the role of the company's strategic capabilities in gaining competitive advantage in the host country.
- 3. Submit your answer via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse company's strategic capabilities as a source of competitive advantage (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise
  and sustain arguments regarding the company's strategic capabilities as a source of competitive
  advantage (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's strategic capabilities as a source of competitive advantage (30%).

#### 2. (Complementary/Optional Activity) Multiple Choice Questions

This exercise involves multiple-choice questions to test your knowledge and understanding of the tools/models which can be used to identify strategic capabilities, namely Benchmarking, Value Chain and SWOT. Answer the below multiple-choice questions focusing on mini scenarios:

#### **Question A**

GiantCook plc is listed on the London International Stock Exchange and runs a chain of 105 roadside fast-food restaurants offering a wide range of meals served by waiters/waitresses at mid-market prices. The restaurants are mainly located in the Southeast of England. The company has financed expansion by issuing new equity and borrowing significant amounts in recent years including an overdraft. Overall, the company is near its current borrowing limit, and this has been reflected by a fall in its credit rating.

GiantCook commenced trading 30 years ago, at a single site. After an uncertain start the business began to grow with operating cash flows being reinvested, along with debt and equity capital, into purchasing land and building new restaurants. The restaurants are normally located on out-of-town major roads with a target market of motorists stopping for meals and snacks, offering a quick service to get them back on the road as soon as possible. Frequently, restaurants are located next to petrol stations to encourage motorists to stop.

As the business grew, the restaurants became a recognizable sign at the roadside with market surveys showing over 95% of car drivers in the Southeast recognizing the brand. The business growth gave greater buying power and distribution economies as well as more general economies of scale. To keep costs low the company attempts to minimize its marketing and human resources overheads. Also, the management structure of the company has not changed for the last 20 years, with the manager of each restaurant reporting directly to senior managers at head office who in turn report to the board.

Which of the following options relevant to SWOT are correct?

The low spending on marketing is an opportunity the company improve its financial
performance
The focus strategy on drivers can be considered a weakness
Healthy eating trends do not pose any threats for the conventional fast-food companies; thus, menu changes are not needed
Developing a drive-through service could be an opportunity for the company
The fact that the company is a recognizable brand is a dynamic capability
The fact that the company owns good locations is a strength
None of the above
All of the above

#### **Question B**

F is a manufacturer of children's toys. F is part-way through its first formal strategic planning process, and has tried to identify those activities it performs that its customers really seem to appreciate. The next step F must perform is to classify these activities using Porter's 'Value Chain' model.

Match the following lists of activities within F with the correct Value Chain classification.

Handling customer complaints	A.Inbound logistics
Budgeting for the manufacturing process	B. Human resource management
Staff training	C. Service
Automated inventory control for raw material	D. Infrastructure

#### **Question C**

QHQ is a law firm. It has recently undertaken an analysis of its activities, but is uncertain which activity relates to each part of the firm's Value Chain. Match the following lists of activities within QHQ with the correct Value Chain classification.

Dealing with claims of negligence by customers	A.Infrastructure	
Attending court cases	B. Operations	
Central control systems that ensure each case is independently reviewed	C. Inbound logistics	
Receiving and storing data from client meetings	D. Service	

#### **Question D**

Which statements about Benchmarking are correct:

The benchmarking exercise can be beneficial for organizations with competitive
disadvantage, but successful companies need to move further to develop strategic capabilities
Best-in-class benchmarking involves comparing an organisation's performance or
capabilities against the best-in-class in their specific industry
If benchmarking is limited to comparing outputs and not in identifying reasons for relative
performance, it is characterized as "surface comparison"
Trade secrets may be a challenge in competitor benchmarking because it can lead to
improper comparison and may yield to improper results.

Answers to the multiple-choice questions are indicated in the Appendices and students will get an automatic reply on blackboard indicating the correct answers to the questions.

Learning objective: This exercise will help students to test their understanding of the lecture delivery on identifying strategic capabilities. At the same time, they have their opportunity to apply this understanding to different company examples across different industries.

# L8 - International Strategy & Value Creation

(WEEK 8)

 Portfolio Assessment 3: Your role as a Strategy Consultant -Scenario

This is the **third** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the **role of "Strategic Consultant"**.

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Identify the appropriate international strategy to be pursued by GTI.
- 3. Submit your answer via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's international strategy (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's international strategy(30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's international strategy(30%).

# 2. (Complementary/Optional Activity) Case Study

Read the case study titled "Chinese retail: global or local" (adapted by Johnson et al.) which provides insights into the expansion of Carrefour and Walmart into China and the challenges involve. After reading the case study (available on blackboard), answer the below requirements.

- 1. What are the pros and cons of the different China strategies pursued by Carrefour and Walmart?
- 2. What might be the dangers for a large Western retailer in staying out of the Chinese market?

*Learning objective*: This exercise will help students understand the benefits and challenges associated with selecting different international strategies as well as the overall opportunities from successful international expansion. They do so by considering two well-known retailers, Carrefour and Walmart.

# L9 - Mergers, Acquisitions, Alliances and Cultural Issues

(WEEK 9)

1. **Portfolio Assessment 4:** Your role as a Strategy Consultant - Scenario

This is the **fourth** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the **role of** "Strategic Consultant"

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- 2. Assess if the company's decision to pursue internationalization via organic development is the right choice.
- 3. Submit your answers via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's international entry mode (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's international entry mode(30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's international entry mode (30%).

# 2. (Complementary/Optional Activity) Simulation

Read the mini scenario of JKL. You have been assigned the role of the strategic consultant which will evaluate the company's strategy for international expansion in France. Your first task is to discuss the respective advantages and disadvantages of pursuing a strategy of expansion by:

- (i) Organic growth
- (ii) Acquisition

Then discuss the criteria for selecting between the two, as well as the factors which will impact the decision.

Post your answers in the discussion blog on blackboard.

#### JKL:

JKL is a small European company based in the south of the UK which employs 35 people. It has an annual revenue of €9 million. One aspect of its recently formulated strategy is an aspiration to expand into a neighbouring country, France, by means of organic growth.

The reason that JKL's strategy for expansion is based on organic growth is due to JKL's experience. Two years ago, the directors of JKL negotiated the purchase of a UK business, LMN, located in the west of the UK. At the time of this acquisition, LMN was regarded by JKL as having complementary capabilities and competences. However, within a short time after the acquisition, JKL judged it to have been a failure and LMN was sold back to its original owner at a loss for JKL.

JKL employed consultants to analyse the reasons for the failure of the acquisition. The consultants concluded that the failure had happened because:

- (1) JKL and LMN had very different accounting and control systems and these had not been satisfactorily combined.
- (2) JKL and LMN had very different corporate cultures and this had posed many difficulties which were not resolved.
- (3) JKL had used an autocratic management style to manage the acquisition, and this had been resented by the employees of both companies.

JKL has learnt that a French competitor company, XYZ, may shortly be up for sale at a price which would be very attractive to JKL. XYZ has a very good reputation in its domestic market for all aspects of its operations and its acquisition would offer JKL the opportunity to widen its skill set. None of JKL's staff speaks fluent French or can correspond in French. A small number of XYZ's staff speak English fluently but none of its staff can correspond in English.

Learning objective: Through this simulation, students will engage with the weekly materials covering the advantages and disadvantages of each entry mode, the criteria which can be used to evaluate

which would be the best choice as well as the circumstances which impact this decision. Furthermore, students will undertake the role of a strategy consultant and therefore apply their knowledge, understanding and critical thinking skills to a specific scenario.

# **L10 - Multinational Structures and Strategic Control**

(WEEK 10)

 Portfolio Assessment 5: Your role as a Strategy Consultant -Scenario

This is the fifth component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the <u>role of "Strategy Consultant".</u>

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard.
- 2. Determine which multinational structured is likely to be more appropriate for the company by considering the relevant centralization vs decentralization aspects.
- 3. Submit your answers via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's multinational structure (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's multinational structure (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's multinational structure (30%).

2. (Complementary/Optional Activity) Key Debate

**Key Debate:** review the arguments presented in the key debate (available on blackboard and adapted by Johnson et al.) on whether structure follows strategy. Several quotes and evaluations by scholars, such as Mintzeberg, Chandler and Hall, are featured in the debate and after reading their arguments answer the following: Hall and Saias (1980) suggest that organizational structures can influence the kinds of strategies that management team will pursue. What kind of organizations might be particularly susceptible to structural constraints on their strategies?

*Learning objective*: Students will have the opportunity to reflect on the insightful observations and conclusions by authors debating the influence between structure and strategy and whether strategy shapes structure. Students will then post their answers on the blog, review the opinions of others, and continue the discussion.

# L11 – Global Risk Management

(WEEK 11)

1. Research on Current Global Tensions

The below video briefly covers some of the <u>most crucial geopolitical tensions currently unfolding across the globe</u>.

https://www.youtube.com/watch?v=0Ec4AxXo3-M

After watching the video, complete the below task:

- 1. Research and identify the industries that have been affected by the geopolitical tensions between Russia and Ukraine.
- 2. Continue to research how this geopolitical conflict has directly or indirectly affected multinational companies within the region or beyond.
- 3. Assess the magnitude of the impact where possible.
- 4. Post your research findings and assessment on the discussion forum.

2. Global Conflict Tracker

#### **Global Conflict Tracker**

The Center for Preventive Action's (CPA) Global Conflict Tracker is an interactive guide to ongoing conflicts around the world of concern to the United States. The map displays nearly thirty conflicts with background information and resources on each conflict.

Based on information available from The Council on Foreign Relations (CFR) at https://www.cfr.org/global-conflict-tracker/?category=us:

*Question:* Select and discus a major geopolitical conflict from the interactive map in 2021. Comment and present the status the selected conflict.

Answer plan: You will need to review the respective background information and summarize recent developments and main concerns within 100 words.

# L12 - Crisis Management and Leadership

(WEEK 12)

1. **Portfolio Assessment 6:** Your role as a Strategy Consultant - Scenario

This is the **sixth** component of the portfolio assessment. Your task is to read the 2-page company scenario and address the question. You must address the questions in the **role of "Strategic Consultant"**.

Deadline: end of the teaching week.

Task:

- 1. Refer to the Company Scenario available on blackboard
- Identify two risks/challenges/issues that would affect the company's success in internationalizing to India and create a brief contingency plan to monitor these risks and take early action to prevent or mitigate crises.
- 3. Submit your answers via the blackboard link. Your answer is private and individual feedback will be provided.

While writing your answer you can consider the assessment criteria for the final report:

- Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse the company's risk management and contingency planning (40%).
- Critical Analysis and Arguments: ability to critically analyse ideas, evaluate assumptions and devise and sustain arguments regarding the company's risk management and contingency planning (30%).
- Research/Evidence: use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the company's risk management and contingency planning (30%).

# 2. (Complementary/Optional Activity) Case Study

Refer to the book by Saleh on "Crisis management: the art of success & failure: 30 case studies in business & politics". Minneapolis, Minnesota: Mill City Press

https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=4660603.

#### **Read 1** of the following case studies:

- Case Study 6: Tesco Accounting Scandal
- Case Study 20: Starbucks U.K. Tax
- Case Study 21: Sony Pictures Cyberattack
- Case Study 24: JPMorgan Chase Financial Crisis
- Case Study 27: Tesla Motors Crisis

*Question*: Comment within 200 words how the particular organisation involved in the case study has been impacted by the crisis and how responded.

Learning objective: To get acquainted with a real case study on now crisis management has been performed within a particular business.

Indicative answer: It is included within each case study.

# L13 -REVISION

(WEEK 13)

# **Revision of Activities/ Exercises**

Following the revision lecture, the students are then directed to revisit their answers and plan for the assessments:

# Assessment 1: Portfolio Report

- Revisit activities from weeks 6,7, 8, 9, 10 and 12: Reconsider them as an appointed *Strategic Consultant* for the company.
- Reconsider tutor feedback and tips on how to improve your answers for the above activities for the development of the final portfolio report.

# Assessment 2: Exam

- Revisit activities from weeks 1,2,3, and 4.
- Reconsider tutor feedback in preparation for the exam and review/organise relevant reading to follow in the independent study weeks to follow until the exam date.

#### SAMPLE SESSION TO ILLUSTRATE INTERACTIVE ACTIVITIES

# L6 - Competitive Strategy, Strategic Groups & Positioning (WEEK 6)



#### Threat of New Entrants HIGH

Favourable Government incentives for renewable energy; no barriers to newcomers

New entrants will need a considerable amount of capital to compete with already established patents of GTI's N

Regulations are complex and may therefore pose challenges to new entrants

Quickly growing middle class entrepreneurs invested in renewable forms of energy Limited distribution channels available to GTI without local partnership and cultural knowledge

#### Threat of Substitutes HIGH

Switching costs high for majority of population (only a third of all fall into the 'urban middle class' target custom Coal and gas still the main source of power for the majority of the population due to costs and accessibility issu

#### **Power of Buyers MODERATE**

Solar industry already thriving in India with many offers and healthy competition Customers price sensitive inclusive of switching from more traditional sources of energy Varied customer preferences

#### Power of Suppliers HIGH

Local market expertise and cultural knowledge

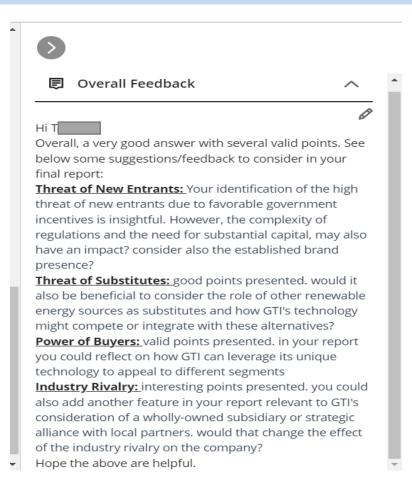
Established distribution network

Cost of switching suppliers. GTI is an American based firm and requires local supply chain in situ in India

#### Industry Rivalry HIGH

There are a number of other providers of solar power inclusive of; government, local players and NGOs making other international entrants)

Lots of players already installing solar systems in industry, government projects, middle class homes and rural  $\epsilon$  Local players have significant networks in place for supplies and marketing. GTI setting up in India would requir financially and culturally to navigate the complex business ecosystem





While writing your answers have in mind the assessment criteria which apply for the final submission of the portfolio report (graded):

- · Knowledge/Application: quality of ability to understand and apply relevant theory/model to analyse theindustry forces (40%).
- Critical Analysisand Arguments: ability to critically analyse ideas, evaluate assumptions anddevise and sustain arguments regarding the industry forces (30%).
- Research/Evidence:use of relevant literature and sources to indicate wider and detailed research to support the analysis and evaluation of the forces (30%).

#### Answer

GreenTech Innovations - Porter's 5 Forces (in the host country):

- Competition in the industry: High. India's solar market, while growing, is already populated with both established local players and international entrants. The managers have to consider many potential rivals, how much they charged, and whether they were able to discount deeply. The would also need to think about their resources: they might be setting up to compete with international companies, as well as local competitors.
- Potential of New Entrants in the industry: Low. India's solar market, while growing, is already
  populated with both established local players and international entrants. Existing large organizations
  may be able to use economies of scale to drive their costs down, and maintain competitive
  advantage over newcomers.
- Power of Suppliers: Low. GTI seeks to set up its own manufacturing units. The managers would have to assess your supply options for a range of specialist components. If one supplier dominated the components market, then they could raise their prices without worrying about their own competitors. This might affect the viability of their product.
- Power of Customers: High. They can choose among many options. The customers can return on the rival who provide other services like maintenance and after sales support.
- Threat of substitutes: High. The high competition gives access to many substitutes. If GTI will be specialist only in one renewable energy may the consumer go to rival which uses more than one renewable energies

#### Overall Feedback

Please see below some comments/feedback which might help you to improve your answer for the final report:

Rivalry: Your analysis correctly highlights the high competition in India's solar market due to the presence of both local and international players. In your report you could reflect on GTI's unique features (like NanoTech Layering and Self-Cooling Mechanism) in terms of how GTI could potentially stand out in this competitive environment.

Entrants: You've identified the low potential for new entrants, citing economies of scale as a barrier, which is a very good point. final report: further elaboration on other potential barriers such as regulatory hurdles, high capital requirements, and technological expertise might be helpful to add.

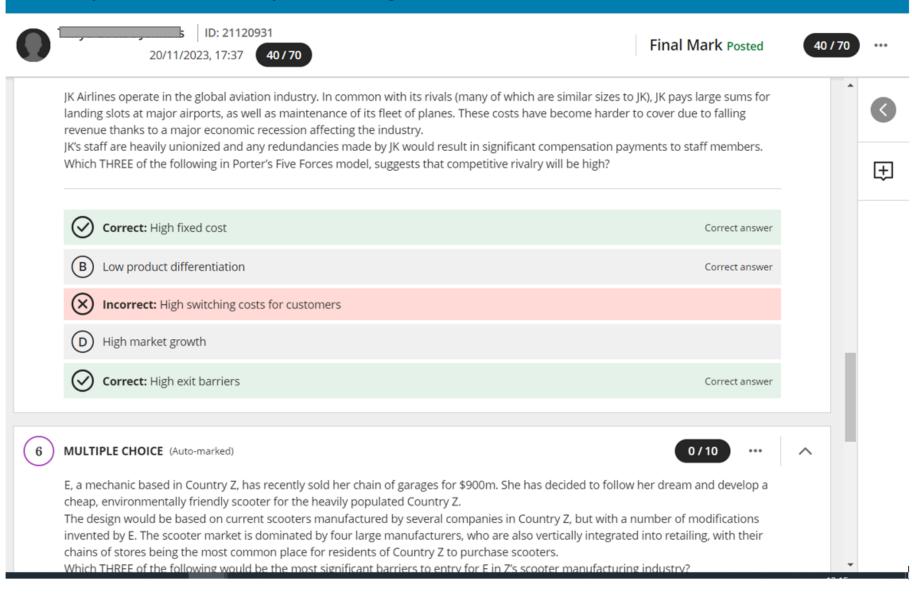
Suppliers: you mention a low power of suppliers, considering GTI's plan to establish its manufacturing units. You could also think about / consider the dynamics of local suppliers in India, local supplier reliability, quality control etc.

Buyers: valid point in relation to options. however is their power high because of it? are there any bargaining power influences that might lower power? think of it as power to negotiate prices and quality.

Substitutes: correct point about many substitutes. however, you can consider aspects which may lower the threat? are there any obstacles/barriers in the market which might impact on the threat?

Overall, very good points. in your final report you can consider some of the above suggestions, plus you can also briefly reflect on how these industry forces impact the company.

# Activity 2: Answer the MCQs to test your understanding of the session materials



Vioffore concumor incurance products, including car and life incurance

ENTYПO: 200.1.3

# Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

# ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus			
Programme of Studies	MBA Distance Learning			
Module	Entrepreneurial Skills a	Entrepreneurial Skills and Innovation		
Level	BA	MA		
Teaching Language	English			
Delivery Method	Distance Learning	Conventional		
Τύπος Μαθήματος	Compulsory	lsory Optional		
Number of lectures	Total: 13	Physical presence:	Online: 13	
Number of assignments	ONE ASSIGNMENT AND ONE FINAL EXAM			
Final Mark	<ul> <li>Group presentation of portfolio- asynchronous (50%)</li> <li>Exam (50%)</li> </ul>			
ECTS	10			

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# **STUDY GUIDE**

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# Introduction

BU4029 is a mandatory module and delivered through E-Learning. This module is designed to provide an insight into the contradictions, paradoxes of entrepreneurship and to maximise the potential for stimulating students' entrepreneurial mindsets. The module will focus on assessing the key stages of the entrepreneurial process, the role of the entrepreneur and innovation essentials. Key issues will include:

- Overview of the ideological nature of Entrepreneurship in contemporary context
- Identification and critical reflection on personal entrepreneurial skills and key competences
- Entrepreneurship development in relation to contemporary society and economy
- Various conceptualisations of entrepreneurship
- The role of context in entrepreneurship (social, environmental, digital)
- The relationship between entrepreneurship and innovation
- Types and forms of innovation
- Understanding the innovation process and the role of R&D
- Open innovation and its impact on R&D
- Innovation metrics and performance indicators
- Blue Ocean Strategy and Innovation
- Current and future trends in the field of innovation

Detailed cases will be employed to test out the various theoretical perspectives, offering students the opportunity to gain genuine insights into entrepreneurial skills and innovation.

#### **Learning objectives**

This module aims to provide an insight into key entrepreneurship and innovation concepts and to maximise the potential for stimulating students' entrepreneurial mindsets. To do so, the module will give emphasis on assessing the key stages of the entrepreneurial process, the development of entrepreneurial skills, the role of entrepreneurial context and the relationship between entrepreneurship and innovation. By engaging with the theoretical literature and examining entrepreneurship and innovation in action, students will assess the links between entrepreneurship

and innovation concepts, both at corporate and social levels. As a result, students will be able to evaluate the impacts of entrepreneurship and innovation in relation to contemporary society and economy. Detailed research into case-studies will also be conducted as a means of explaining the real-time situations they experience.

#### Learning outcomes

With the completion of this module, the students are expected to be able to:

- 1. Critically evaluate various conceptualisations of entrepreneurship and to demonstrate an awareness of the ideological nature of entrepreneurship and innovation.
- 2. Identify and critically reflect on their own personal entrepreneurial attributes and key competencies.
- 3. Demonstrate an ability to engage effectively into a process of creating, appraising, and presenting innovative entrepreneurial ideas in different contexts.

#### **Learning & Teaching strategy**

The module tutor/s will deliver the lecture material through asynchronous online and recorded lectures in MS Teams followed by interactive activities and directions for further reading and research. During the lectures, students will gain in-depth knowledge and understanding of the topics explored, along with a diversity of examples of entrepreneurship and innovative contexts, as well as of a variety of data and sources. These will be used to illustrate the key points from the lecture so that student get a real-life experience and application of the theory in practice.

In addition to the lecture materials, students will be able to engage with a variety of self-assessment exercises such as debates, simulations and scenarios, case studies, videos and expert talks, elearning tools, journal and newspaper articles, reflection activities, multiple-choice questions and more. Student answers, ideas and views of the topics explored through these exercises will be posted in the discussion blog which will be available on Blackboard. This way, students will be able to review the opinions and evaluations of the fellow classmates and be able to reply or respond to their views. This exchange of opinions will further enhance the learning and knowledge gained. Furthermore, the purpose of incorporating such a large variety of activities is based on the importance of students' development of a diversity of skills, along with providing an interesting and engaging environment for learning.

The tutor/s will provide appropriate feedback to students' comments as a result of the discussions, and additional directed reading may be required. Students will also be provided with relevant further reading, weblinks and resources for independent study. Through independent study, students will be able to further enhance their knowledge in specific aspects discussed in the lecture which may be of interest to them.

Speakers from leading organisations will be invited, where possible, to deliver live invited talks and enhance the students' experience. Where the need arises, the module tutor will schedule live sessions to provide further feedback to the students.

## **Assessment strategy**

The module will be assessed using 2 components of assessed work as outlined below:

Assessed work 1: Self-filmed presentation

For the first piece of assessment, students will create a group portfolio of tasks which they willpresent asynchronously via a self-filmed presentation (30 minutes max), which is worth 50% of the module's final grade. With the first piece of assessment students will meet learning outcome 3 of the module, namely:

3.Demonstrate an ability to engage effectively into a process of creating, appraising, and presenting innovative entrepreneurial ideas in different contexts.

Students will use the MS Teams application for creating and submitting their group presentations which will be asynchronous, and 30 minutes long maximum. Along with the presentation, students will submit their presentation slides and a summary document via Turninit (Blackboard space / Assignments / Turnitin assignment submission space). Students are encouraged to create as many group recordings as needed and submit the last one for grading. Through this process, students can engage with self-appraisal, teamwork, and identify improvements in their presentation styles and analytical skills. They also build on their capabilities to analyse and organise ideas/materials in a group, and to communicate them in an effective, methodological and convincing way which is essential for professional development in nowday's competitive business environment. Feedback

to students will be provided via written and oral fora, focusing both on the content and the correct use of strategic models, research and critical analysis skills as well as presentation skills.

The task, guides students into applying concepts, theories and frameworks delivered in the module. Student groups will be provided with a scenario (approximately 2 - 3 pages) which will analyse an hypothetical individual's entrepreneurial case/dilemma. This scenario will provide information about the history and current position of the individual as well as information about the individual's future strategic plans, focusing on entrepreneurial preparedness and innovative actions.

The task: Your group is exploring entrepreneurial opportunities in a hosting country [X]. As evident in the scenario, you are seeking to become entrepreneurially prepared to move to country [X] and which requires the development of your entrepreneurial and innovative skills, as well as evaluating your strategic plan in relation to contemporary social and economic priorities, including the UN's Sustainable Development Goals (SDG). As such, you are required to develop a group presentation which will cover the below:

- 1. Evaluate the industry forces in the host country by using the Porter's Five Forces framework;
- Determine what entrepreneurial and innovative attributes and key competences should the individual exhibit in order to obtain an advantage for entrepreneurial activity in the host country;
- 3. Identify the appropriate strategic plan to be pursued;
- 4. Assess if the individual's decision to pursue diaspora entrepreneurship via social entrepreneurial development is the right choice;
- 5. Identify three community-based problems the individual should be aiming to solve with their entrepreneurial activities and create a brief contingency plan to monitor potential risks and take early action to prevent or mitigate entrepreneurial failure and/or crises on behalf of the individual.

Students will have access to the detailed assignment brief and scenario in the end of week 4 and will use this throughout specific exercises in weeks 2 (Entrepreneurial skills and competences), 3 (Entrepreneurship development), 5 (Entrepreneurial context), 8 (International Strategy), 9 (M&A, alliances and organic development), and 10 (Multinational structures). Each of these exercises will

account for 10% (60% in total for the completion of 6 exercises) of the assignment grade along with a 40% designated for the self-filmed group presentation, including the background research, referencing, structure and organisation of materials involved in preparing it. Each weekly exercise will be submitted by the end of the corresponding week in designated assignment spaces in MS Teams and the tutor/s will then review the submitted exercises on a weekly basis. The tutor/s will grade the group presentation based on the 40% weighting indicated above.

#### Assessed work 2: Examination

A 2-hour unseen examination will be held during the examination period at the end of the semester. This assessed work is worth 50% of the final grade. The exam will consist essay type questions on the theoretical aspects of the module and will meet learning outcomes 1 and 2 of the module:

- 1. Critically evaluate various conceptualisations of entrepreneurship and demonstrate an awareness of the ideological nature of entrepreneurship and innovation.
- Identify and critically reflect on their own personal entrepreneurial attributes and key competencies.

#### Module pass requirements

The final grade for the module is the average of the overall self-filmed presentation (50%) and examination mark (50%). To pass, a student must achieve an overall weighted average of 50%, aggregated across all assessments.

#### **Tutor contact details**

	Module leader & tutor
Name	Dr. Anthi Avloniti
Tel.	24694144
Email	aavloniti@uclan.ac.uk

Office hours:	Office hours vary per semester. Consult
	module's Blackboard space for the tutor's
	office hours. You can also email the tutor to
	arrange an online/in-class meeting at another
	convenient time.

	Module tutor
Name	Dr. Eva Karayianni
Tel.	24694153
Email	EKarayianni2@uclan.ac.uk
Office hours:	Office hours vary per semester. Consult module's Blackboard space for the tutor's office hours. You can also email the tutor to
	arrange an online/in-class meeting at another convenient time.

### Purpose of this study guide

The purpose of this study guide is to provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying, point to study material and provide self-assessment exercises to enhance students' knowledge and skills. The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists keywords, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material. Moreover, there are self-assessment exercises per week that students should consider, so they can realize the material, build a critical thinking and skills relevant to the topics of study. The Appendix includes indicative solutions for the self-assessment exercises. With regards to the recommended study time, these include the lecture participation, the material study, searching for relevant bibliography, working on the self-assessment exercises and the exercises that

contribute to the module's final mark, etc. It should also be noted that this study guide is to provide guidance to the students while they study and should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

# L1 – Overview of the Ideological nature of Entrepreneurship in the Contemporary context

(WEEK 1)

## **Introduction & Overview**

On a basic level, entrepreneurship refers to the collection of actions and activities an individual or a small group of partners take in order to strike out on an original path to create a new business. Therefore, entrepreneurship is perceived as the process of evaluating, committing to and achieving, under contextual constraints, the creation of new value from new knowledge for the benefit of defined stakeholders. However, entrepreneurship captured in a contemporary context, has a broaden ideological nature which goes beyond mere business activities. Students will familiarise with entrepreneurship as it is nowadays and which encompasses broader societal and economic implications, and which can go beyond the perspective of individualism.

Entrepreneurship is often associated with innovation and disruptive thinking. Entrepreneurs are seen as agents of change who challenge established norms and introduce new ideas, technologies, and business models. This emphasis on innovation has become an important aspect of the entrepreneurial ideology, with the belief that it drives economic growth and social progress.

Entrepreneurs are typically viewed as risk-takers who embrace uncertainty and are willing to venture into uncharted territories. The willingness to take risks, coupled with resilience in the face of setbacks and failures, is often celebrated as a key entrepreneurial trait. This ideology promotes the notion that calculated risks and the ability to learn from failures can lead to success and personal growth.

Entrepreneurship is closely associated with individualism and the pursuit of personal freedom and self-determination. The ideology highlights the importance of individual agency and the ability to create opportunities and shape one's own destiny through entrepreneurial endeavours. This perspective often champions entrepreneurship as a means to break free from traditional employment structures and achieve financial and personal independence.

In recent years, there has been a growing emphasis on the social impact of entrepreneurship. Many entrepreneurs aim to create businesses that not only generate profits but also address societal challenges and contribute to the greater good. This ideological aspect of entrepreneurship emphasizes the potential for businesses to be a force for positive change, whether through environmental sustainability, social entrepreneurship, or corporate social responsibility initiatives.

Entrepreneurship in the contemporary context is increasingly global in nature, with entrepreneurs seeking opportunities beyond national borders. The ideology of entrepreneurship often promotes collaboration, networking, and knowledge-sharing across diverse cultures and geographic locations. This global perspective emphasizes the interconnectedness of economies and the potential for entrepreneurship to drive international cooperation and economic development.

The rapid advancement of technology has had a significant impact on the entrepreneurial landscape. Entrepreneurs often embrace technology as a catalyst for innovation and efficiency, and there is a strong association between entrepreneurship and technological enthusiasm. This ideology promotes the belief that technology can empower individuals and enable the creation of scalable businesses with far-reaching impact.

It is important to note that the ideological nature of entrepreneurship is not uniformly embraced by all entrepreneurs or societies. Different cultural, social, and economic contexts can shape how entrepreneurship is perceived and practiced. Nonetheless, these ideological aspects provide a general overview of the contemporary understanding of entrepreneurship and its broader implications in today's world.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Relate entrepreneurship to innovation and disruption and explain why their study is important
- Grasp the forces driving entrepreneurship including risk taking and resilience
- Discuss and critically assess whether entrepreneurship should be viewed under an individualistic or whether it should be viewed under a collectivistic lens
- Assess the social impact including sustainability, in relation to entrepreneurship

- Define and illustrate the global perspective of entrepreneurship
- Recognise why technological advancements promote entrepreneurship

# **Keywords**

Entrepreneurship	Innovation and disruption	Risk taking and resilience
Collective	Entrepreneurship and	Global and digital context
entrepreneurship	sustainability	of entrepreneurship

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

Bessant, J.R. and Tidd, J. (2015) Innovation and Entrepreneurship. Newark: Wiley Textbooks. (Chapter 1)

Ratten, V. (2022) Entrepreneurial Innovation: Strategy and Competition Aspects. Springer, Singapore. (Chapter 1)

### **Complementary material**

Bornstein, D. (2007) *How to change the world: social entrepreneurs and the power of new ideas.* Oxford University Press, Oxford.

Burns, P. (2013) Corporate entrepreneurship: entrepreneurship and innovation in large organisations. Palgrave MacMillan.

Hisrich, R.D., Peters, M.P. and Shepherd, D.A. (2019) *Entrepreneurship*. 11th ed. NY: McGraw-Hill US Higher Ed ISE.

Reis, E. (2011) *The Lean Startup: How Constant Innovation Creates Radically Successful Businesses.* Penguin Books.

## **Self-assessment exercises**

#### Exercise 1.1

Entrepreneurship online case study

Entrepreneurs and the Truth (hbr.org)

*Question*: What is your understanding of entrepreneurship? Is it a sneaky or an honest thing? Or is it simply associated with lies?

An online case study link accessible also from your mobile phone will be distributed prior to the lecture.

Learning objective: To get acquainted with major opinions and criticisms of entrepreneurship.

Answer plan: The aim of this case study is to identify, based on your opinion, the class consensus regarding entrepreneurship. Out of the case study, you need to select which opinion represents you the most regarding entrepreneurship.

#### Exercise 1.2

Video case-study: Characteristics of successful entrepreneurs

Questions: Watch the following video (184) 10 Characteristics of Successful Entrepreneurs -

YouTube and answer in the discussion blog the following questions:

- 1. Which other characteristics can you identify from real life stories?
- 2. How do different cultures influence entrepreneurial characteristics?
- 3. How can we make entrepreneurship work today?
- 4. How can entrepreneurs influence others?
- 5. What are the dimensions of entrepreneurship?
- 6. To what circumstances do entrepreneurs have to adopt to?
- 7. What unexpected changes can occur which will influence the decision making of an entrepreneur?

8. How would being myopic influence strategic decisions of entrepreneurs?

*Learning objective:* To get acquainted with the most common characteristics of entrepreneurs and question whether these characteristics play a significant role on entrepreneurial decision making and how they influence others.

Answer plan: For each question you are expected to provide a short answer, based on the video. Your answer in the discussion blog should be approximately 400 words in total for the eight questions.

# **Recommended study time**

Approx. 10-15 hours

# L2 – Identification and Critical Reflection on Personal Entrepreneurial skills and key competences

(WEEK 2)

## **Introduction & Overview**

Entrepreneurship emphasises the role of entrepreneurs in identifying opportunities, assembling resources, and taking risks to start and manage a business. On the other hand, entrepreneurship is often associated with innovation and creativity.

According to this perspective, entrepreneurs are individuals who introduce new ideas, products, services, or processes to the market. They are driven by a desire to solve problems, meet unmet needs, or create something novel which is associated to opportunity recognition. This perspective focuses on the ability of entrepreneurs to identify and exploit opportunities. Entrepreneurs possess a unique ability to spot market gaps, unmet needs, or underserved segments and develop innovative solutions to capitalize on those opportunities.

Therefore, entrepreneurship involves taking risks and uncertainty. Entrepreneurs are willing to assume personal and financial risks to pursue their business ideas. They often operate in situations with uncertain outcomes and face challenges such as market volatility, competition, and financial constraints, where proactiveness and action orientation are essential attributes of entrepreneurs. Entrepreneurship is characterized by proactiveness and action orientation. Entrepreneurs are proactive individuals who take initiative, make decisions, and engage in strategic actions to bring their ideas to fruition. They are not passive observers but active participants in shaping their entrepreneurial journey, as well as to create value. Entrepreneurship involves creating value, not only for the entrepreneurs themselves but also for customers, stakeholders, and society at large. Entrepreneurs generate economic value by introducing new products or services, creating jobs, and stimulating economic growth.

In order to act as such, the individual must have well established an entrepreneurial mindset. The entrepreneurial mindset encompasses a set of attitudes, behaviours, and skills that are essential for

entrepreneurial success. It includes traits such as persistence, resilience, adaptability, creativity, and a willingness to learn and embrace failure.

Additionally, entrepreneurship is not limited to economic pursuits but can also be focused on addressing social or environmental challenges. Because entrepreneurship is a social phenomenon, it can be addressed by viewing it under various context. For example, social entrepreneurs create ventures with the primary goal of generating social impact, while sustainable entrepreneurs aim to develop environmentally responsible and sustainable business models.

These conceptualisations provide different lenses through which the diverse nature of entrepreneurship can be understood and appreciated by students. However, it should be noted that, because entrepreneurship is a dynamic and evolving field, these conceptualisations may continue to evolve as our understandings in the field of entrepreneurship expand.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Analyse an entrepreneurial portfolio (including characteristics, attributes and necessary skill development).
- Understand the forces driving opportunity recognition in entrepreneurship.
- Discuss and critically assess whether entrepreneurship should be limited to economic pursuit.
- Assess creativity in individuals in relation to the entrepreneurial mindset.
- Define and illustrate specific actions towards entrepreneurial preparedness.

# **Keywords**

Entrepreneurial	Opportunity recognition	Creativity in
characteristics		entrepreneurship
Entrepreneurial	Entrepreneurial mindset	Entrepreneurial
Portfolio		preparedness

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

Bridge, S. (2018) Understanding enterprise: entrepreneurs & small business. Palgrave, London. (Chapters 9,11,12).

Kuratko, D. F. and Hornsby, J. S. (2017) *New Venture Management: The Entrepreneur's Roadmap.*Routledge, London. (Chapters 10).

#### **Complementary material**

(184) What Having a "Growth Mindset" Actually Means - YouTube

To compare the growth mindset with the entrepreneurial mindset

(184) The Power of an Entrepreneurial Mindset | Bill Roche | TEDxLangleyED - YouTube

Entrepreneurial skills and nurturing an entrepreneurial mindset

#### **Self-assessment exercises**

#### Exercise 2.1

Provide an entrepreneurial portfolio, by critically analysing the characteristics, attributes and skills of a chosen entrepreneur.

Learning objective: To grasp an in-depth understanding of the entrepreneurial mindset by analysing the major entrepreneurial characteristics, attributes and skills of a successful entrepreneur.

Answer plan: Your answer in the discussion blog should be approximately 500 words.

#### Exercise 2.2

Provide a reflective account and justified action plan that develops your own entrepreneurial skills.

Learning objective: The aim is to identify your own entrepreneurial characteristics and attributes, and to get acquainted with and learn possible ways to individually enhance and/or develop your individual entrepreneurial skills.

Answer plan: The study contains qualitative means of identifying with entrepreneurship and developing your mindset. Your answer in the discussion blog should be approximately 500 words in total for both components.

## Components:

- 1. Reflective account of your entrepreneurial mindset
- 2. Action plan indicating entrepreneurial skills to further develop

# Recommended study time

Approx. 10 hours

# L3 – Entrepreneurship Development in relation to Contemporary Society and Economy

(WEEK 3)

#### **Introduction & Overview**

Entrepreneurship development plays a crucial role in contemporary society and economy. As the society and the economy evolve, entrepreneurship becomes an increasingly important driving force for innovation, creating jobs, and fostering economic growth.

In today's fast-paced and technology-driven world, entrepreneurship is closely linked to innovation. Entrepreneurs often identify new opportunities and develop novel solutions to address societal challenges. They drive technological advancements, introduce disruptive business models, and create products and services that enhance people's lives. Entrepreneurial ventures focused on emerging technologies like artificial intelligence, blockchain, and renewable energy contribute to shaping the future of contemporary society and the economy. Additionally, the rise of the digital era has opened new opportunities for entrepreneurs. E-commerce platforms and online marketplaces have democratised access to markets, allowing entrepreneurs to reach customers globally. Digital entrepreneurship encompasses online businesses, mobile apps, software development, and other tech-enabled ventures. It has transformed the way products and services are delivered, creating new business models and disrupting traditional industries.

As assessed, entrepreneurship is a powerful engine for job creation. Small and medium-sized enterprises (SMEs) and startups generate employment opportunities, especially for young professionals and individuals seeking alternative career paths. By launching new businesses and expanding existing ones, entrepreneurs stimulate economic growth, contribute to GDP (Gross Domestic Product) growth, and promote overall prosperity. They also foster a competitive business environment, encouraging other companies to innovate and improve.

As such, contemporary society, increasingly values social impact and sustainable development. Entrepreneurs play a vital role in addressing social and environmental challenges by developing businesses with a purpose. Social entrepreneurship focuses on creating ventures that have a positive impact on society, addressing issues like poverty, education, healthcare, and climate change. By integrating social and environmental considerations into their business models, entrepreneurs contribute to a more sustainable and equitable society as well as towards reaching SDG per country.

Moreover, entrepreneurship development is not limited to individual entrepreneurs but extends to building supportive ecosystems. Collaborative networks, incubators, accelerators, and innovation hubs provide entrepreneurs with resources, mentorship, and networking opportunities. Government policies and initiatives also play a significant role in creating an enabling environment for entrepreneurship, including access to funding, regulatory frameworks, and educational programs.

Therefore, entrepreneurship development is closely intertwined with contemporary society and economy. It drives innovation, creates jobs, addresses social and environmental challenges, embraces digital transformation, fosters a culture of innovation, and contributes to sustainable development.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Understand the relation between innovation and technological advancement, and entrepreneurship.
- Comprehend the entrepreneurship rationale to SMEs and GDP.
- Describe theories that explain entrepreneurship as a social phenomenon.
- Describe the relationship between entrepreneurship and Digital Transformation and E-Commerce.
- Explain how governments try to enhance entrepreneurship to meet the Sustainable Development Goals (SDG).
- Describe how entrepreneurship influences ecosystem building.

## **Keywords**

Entrepreneurial SMEs	Entrepreneurial learning	Digital transformation
	theory	
E-Commerce	Social Capital theory	Sustainability
Development Goals	GDP	Ecosystems

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

Bessant, J.R. and Tidd, J. (2015) *Innovation and Entrepreneurship*. Newark: Wiley Textbooks. (Chapter 3).

Kuratko, D. F. and Hornsby, J. S. (2017) *New Venture Management: The Entrepreneur's Roadmap.*Routledge, London. (Chapters 1, 2, 3).

#### **Complementary material**

European Commission, a n.d. *Internal Market, Industry, Entrepreneurship and SMEs,* Available at: <a href="https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\_en">https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\_en</a>

Evansluong, Q. and Ramirez Pasillas, M., 2019. From the periphery to the centre: Start-up and growth strategies for minority diaspora entrepreneurs. *International Journal of Entrepreneurship and Small Business*, 36(1-2) pp. 189-215.

Davidsson, P. and Honig, B., 2003. The role of social and human capital among nascent entrepreneurs. *Journal of business venturing*, *18*(3), pp.301-331.

### **Self-assessment exercises**

#### Exercise 3.1

Embracing entrepreneurship and supporting its development can lead to positive outcomes for individuals, communities, and the overall economy.

Question: Explain the importance of entrepreneurship to meet the Sustainable Development Goals (SDG)

*Learning objective:* To understand the relationship between entrepreneurship and contemporary society within a dynamic setting.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide a critical analyses of SMEs' entrepreneurial activities towards meeting SDG. Emphasis should be given on positive impacts specifically towards poverty alleviation (SDG 1), economic development and unemployment reduction (SDG 8), enhancement of infrastructure and innovation (SDG 9), social equality and inclusion (SDGs 5 and 10) and sustainable production and consumption (SDG 12).

Explore the below links to enrich your answer:

Sustainable Development Goals | United Nations Development Programme (undp.org)

THE 17 GOALS | Sustainable Development (un.org)

Sustainable Development Report 2023 (sdgindex.org)

## Recommended study time

Approx. 10 hours

(WEEK 4)

#### **Introduction & Overview**

Entrepreneurship is a multifaceted concept that has been conceptualised and understood in different ways, while been viewed and understood from various contexts, each highlighting different aspects and perspectives.

In the economic context, entrepreneurship is seen as a driver of economic growth, job creation, and wealth generation. Entrepreneurs identify market opportunities, take risks, and mobilize resources to establish and grow businesses. They contribute to GDP growth, attract investment, and stimulate innovation, leading to economic development and prosperity, while in the social context, entrepreneurship focuses on creating ventures that address social issues and create positive social impact. Social entrepreneurs tackle problems such as poverty, education, healthcare, and environmental sustainability. They prioritize social mission over profit and use innovative approaches to address societal challenges while also creating sustainable business models.

The cultural context is also important since, entrepreneurship in a cultural context takes into account the influence of cultural values, norms, and practices on entrepreneurial activities. It recognizes that cultural factors, such as attitudes towards risk-taking, attitudes towards entrepreneurship, and societal expectations, can shape the behaviour and success of entrepreneurs. Cultural entrepreneurship also emphasizes the promotion and preservation of cultural heritage through entrepreneurial endeavours, as well as the rise of diaspora entrepreneurship which is linked to immigrant and refugee entrepreneurship.

In the technological context, entrepreneurship is closely linked to technological innovation. Technopreneurs leverage emerging technologies, scientific knowledge, and advancements to develop new products, services, and business models. They contribute to digital transformation, disrupt industries, and create opportunities through technology-driven entrepreneurship, as well as digitalise their own cultural characteristics as assets rather than liabilities.

Additionally, entrepreneurship can be analysed within specific regional or geographical contexts. Different regions have unique characteristics, resources, and ecosystems that influence entrepreneurial activities. Factors such as infrastructure, access to markets, government policies, cultural dynamics, and local industry clusters can significantly impact the entrepreneurial landscape in a particular region. Moreover, the political context of entrepreneurship examines the role of government policies, regulations, and support mechanisms in shaping entrepreneurial activities. Governments can create conducive environments for entrepreneurship by implementing policies that support start-ups, provide access to finance, simplify regulatory procedures, and foster innovation ecosystems. Political stability and the rule of law also play essential roles in encouraging entrepreneurial endeavours.

The gender context of entrepreneurship explores the experiences and challenges faced by women entrepreneurs. It recognizes that women face unique barriers and biases in starting and growing businesses. Efforts to promote gender equality in entrepreneurship involve initiatives that provide mentorship, access to capital, networking opportunities, and policies that address gender-based discrimination.

Entrepreneurship in the global context considers the interconnectedness of economies, markets, and cultures worldwide. Global entrepreneurship involves identifying opportunities beyond national boundaries, expanding businesses internationally, and navigating diverse cultural and regulatory environments. Global entrepreneurs adapt their strategies to cater to diverse markets and leverage global networks for growth.

By examining entrepreneurship through these various contexts, we can gain a comprehensive understanding of its multifaceted nature and the different factors that influence entrepreneurial activities in different settings.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the various contexts in which entrepreneurship is found.
- Articulate the foundations of immigrant, diaspora and refugee entrepreneurship
- Articulate the rise of women entrepreneurship in relation to intersectionality theory.
- Discuss the importance of social responsibility pursuing entrepreneurial activities.
- Analyse real-world ethical dilemmas of entrepreneurship in the global context.

# **Keywords**

Diaspora	Ethical behavior approaches	Woman
entrepreneurship	in entrepreneurship	entrepreneurship
Social entrepreneurship	Global entrepreneurship	Geographical context of entrepreneurship
Cultural influences on entrepreneurship	Technopreneurs	Digitalising entrepreneruship

# **Bibliography**

Reference the following bibliography to study in-depth this week's material:

#### **Primary material**

Bessant, J.R. and Tidd, J. (2015) *Innovation and Entrepreneurship*. Newark: Wiley Textbooks. (Chapter 2).

Ratten, V. (2022) *Entrepreneurial Innovation: Strategy and Competition Aspects*. Springer, Singapore. (Chapters 11).

#### **Complementary material**

Barth, H. and Zalkat, G. (2020). "Immigrant entrepreneurship in Sweden: the liability of newness", *Sustainability*, Vol. *12 No.* 16, pp. 6478. DOI: <a href="https://doi.org/10.3390/su12166478.">https://doi.org/10.3390/su12166478.</a>

Grip, L. (2020). "Knocking on the Doors of Integration: Swedish Integration Policy and the Production of a National Space". *Journal of International Migration and Integration*, Vol. 21, pp. 861-877. Doi: 10.1007/s12134-019-00691-y.

Viruell-Fuentes, E. A., Miranda, P. Y., & Abdulrahim, S. (2012). More than culture: structural racism, intersectionality theory, and immigrant health. Social science & medicine, 75(12), 2099-2106.

Baker, T., & Welter, F. (2018). Contextual entrepreneurship: An interdisciplinary perspective. Foundations and Trends® in Entrepreneurship, 14(4), 357-426.

#### **Self-assessment exercises**

## Exercise 4.1

To produce a report where you will provide an in-depth account of the impact that the migration flow towards Europe had on entrepreneurship in recent years alongside tables showing the flows. The length of the report should be approximately 1000 words.

*Learning objectives*: You will cover various entrepreneurship context, including geographic, immigrant, diaspora and women's entrepreneurship.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide a critical analysis of the impact of migration flows towards Europe and how this has affected entrepreneurship in various context. Your answer should also include impact on hosting country. You need to provide tables and/or graphs to justify your answer. You will cover various

entrepreneurship context, including geographic, immigrant, diaspora and women's entrepreneurship.

Explore the below links to enrich your answer:

Migrant entrepreneurs (europa.eu)

**Interactive World Migration Report 2022 (iom.int)** 

Global migration, by the numbers | World Economic Forum (weforum.org)

Migration and migrant population statistics - Statistics Explained (europa.eu)

Women entrepreneurship is soaring in the US, a new survey finds | World Economic Forum (weforum.org)

# Recommended study time

Approx. 10 hours

## L5 – The role of Context in Entrepreneurship (social, environmental, digital)

(WEEK 5)

### **Introduction & Overview**

This week's lecture and activities focus on understanding social, environmental and digital entrepreneurship, as strategies for entrepreneurial growth.

Social entrepreneurship refers to the practice of using entrepreneurial principles and strategies to address social or environmental challenges. Social entrepreneurs create and lead ventures with the primary objective of creating positive social impact. They identify social problems, such as poverty, inequality, or environmental degradation, and develop innovative and sustainable solutions to tackle these issues. Social entrepreneurship focuses on creating both economic and social value, aiming to bring about positive change in society.

Environmental entrepreneurship is centred around addressing environmental issues and promoting sustainability. Environmental entrepreneurs develop and implement business models that are environmentally responsible and sustainable. They may focus on renewable energy, waste management, conservation, green technologies, or other initiatives aimed at reducing environmental harm and promoting ecological balance. Environmental entrepreneurship recognizes the importance of business practices that align with environmental stewardship and sustainable development.

Digital entrepreneurship involves leveraging digital technologies and online platforms to create and grow businesses. It encompasses the use of digital tools, such as e-commerce, social media, mobile apps, and software solutions, to launch innovative ventures or transform existing businesses. Digital entrepreneurs often embrace disruptive technologies and business models, seeking to capitalize on the opportunities presented by the digital age. They harness the power of digital innovation to develop new products, services, or experiences, and reach a global audience.

The students should note that these three forms of entrepreneurship—social, environmental, and digital—are not mutually exclusive. Entrepreneurs can combine elements of these approaches to create ventures that are socially conscious, environmentally sustainable, and digitally enabled. For example, a social entrepreneur may utilise digital technologies to scale their impact and reach underserved communities, while also ensuring

their business practices align with environmental sustainability. The integration of social, environmental, and digital dimensions can lead to innovative and impactful entrepreneurial endeavours.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Define social, environmental and digital entrepreneurship as a strategy towards growth.
- Articulate the core assumptions and key implications of combining the three (social, environmental and digital entrepreneurship)
- Understand what is meant by embedded features of entrepreneurship.
- Identify deliberate processes of strategy development in organisations including Corporate Social Responsibility (CSR) planning systems.

# **Keywords**

Social entrepreneurship	Corporate Social	Environmental
	Responsibility	entrepreneurship
Digital	Social integration	
entrepreneurship		

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

Ratten, V. (2022) *Entrepreneurial Innovation: Strategy and Competition Aspects*. Springer, Singapore (Chapter 5).

#### **Complementary material**

Azapagic, A. (2003). Systems approach to corporate sustainability: a general management framework. *Process Safety and Environmental Protection*, *81*(5), 303-316.

Chababi, M., Chreim, S., & Spence, M. (2017). Are they really different: the entrepreneurial process from the perspective of first and second generation immigrant entrepreneurs. *Journal of enterprising culture*, *25*(03), 263-295.

Dentchev, N. A. (2004). Corporate social performance as a business strategy. *Journal of Business Ethics*, *55*(4), 395-410.

Eizenberg, E., & Jabareen, Y. (2017). Social sustainability: A new conceptual framework. Sustainability, 9(1), 68.

Elkington, J. 1997. *Cannibals with forks: the triple bottom line of twenty-first century business*. Capstone. Oxford.

Hahn, T., Figge, F., Pinkse, J., & Preuss, L. (2018). A paradox perspective on corporate sustainability: Descriptive, instrumental, and normative aspects. *Journal of Business Ethics*, *148*(2), 235-248.

Huang, X., & Liu, C. Y. (2019). Immigrant entrepreneurship and economic development: A local policy perspective. *Journal of the American Planning Association*, *85*(4), 564-584.

Jennings, P. D., & Zandbergen, P. A. (1995). Ecologically sustainable organizations: An institutional approach. *Academy of management Review*, *20*(4), 1015-1052.

Resolution, A. (2015). RES/70/1. Transforming our world: the 2030 agenda for sustainable development. *Seventieth United Nations General Assembly, New York, 25*, 86-97.

### **Self-assessment exercises**

#### Exercise 5.1

You are required to develop a sustainability plan for small business in report style, identifying the forms of sustainability initiatives in which small businesses need to or engage in, including an analysis of the "Triple Bottom Line" concept.

Learning objective: This exercise will help students understand the importance of context (social,

environmental and digital) in entrepreneurial development.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are

expected to provide a small-scale business report. Your answer should include the importance of

entrepreneurial sustainability initiatives. You need to provide tables and/or graphs to justify your

answer. You will cover the "Triple Bottom Line" concept and include an analysis based on this

concept.

Explore the below links to enrich your answer:

What The 3Ps Of The Triple Bottom Line Really Mean (forbes.com)

What is CSR? | UNIDO

Microsoft Word - gBR 4-6 (msu.edu)

Recommended study time

Approx. 10-15 hours

32/79

## L6 – The relationship between Entrepreneurship and Innovation

(WEEK 6)

#### **Introduction & Overview**

The purpose of this week's lecture and activities/tasks is concerned with understanding the relationship between entrepreneurship and innovation.

Until now student understand that entrepreneurship and innovation are closely interconnected and mutually reinforcing concepts, while often seen as two sides of the same coin, with entrepreneurship providing the context and platform for innovation to flourish.

This week students will familiarise with key aspects of the relationship between entrepreneurship and innovation. Innovation is a driver of entrepreneurship and it plays a critical role in entrepreneurship by providing the foundation for new business ideas and opportunities. Entrepreneurs often identify market gaps, unmet needs, or problems that can be solved through innovative products, services, or processes. Innovation fuels entrepreneurial activity by offering novel solutions that create value for customers and differentiate new ventures from existing ones.

On the other hand, entrepreneurship is a vehicle for innovation because it brings innovation to the market. Entrepreneurs are the catalysts who take innovative ideas, develop them into viable business models, and bring them to commercial reality. They undertake the necessary steps to turn ideas into tangible products, services, or processes, including resource acquisition, market entry, and organizational development.

Both entrepreneurship and innovation involve risk-taking and experimentation. As students already know from L2, entrepreneurs take calculated risks to pursue their innovative ideas and venture into new markets. They are willing to challenge the status quo, embrace uncertainty, and learn from failures. Innovation requires experimentation and learning from trial and error, which are core components of the entrepreneurial mindset.

Additionally, entrepreneurship and innovation together can create a sustainable competitive advantage for businesses. The ability to continuously innovate allows entrepreneurs to stay ahead

of the competition and adapt to changing market dynamics. Innovation can lead to the development of unique products, services, or business models that differentiate entrepreneurs from their competitors and provide a basis for long-term success. But most importantly, entrepreneurship and innovation create entrepreneurial ecosystems, which encompass various stakeholders such as entrepreneurs, investors, universities, government, and support organizations, play a crucial role in fostering both entrepreneurship and innovation. These ecosystems provide the infrastructure, resources, mentorship, and networking opportunities necessary for entrepreneurs to thrive and for innovation to flourish.

In summary, entrepreneurship and innovation are intertwined concepts that reinforce and complement each other. While innovation provides the fuel for entrepreneurial activity, entrepreneurship provides the platform for innovation to be harnessed, developed, and brought to the market. Together, they drive economic growth, societal progress, and transformative change.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the importance of analysing innovative entrepreneurial business ideas.
- Recognise the different ways in which companies in the same industry are affected by those companies who engage in continuous innovation.
- Articulate the meaning and role of analysing innovative ideas.
- Determine and evaluate how the concepts of entrepreneurship and innovation reinforce and complement each other.
- Articulate the characteristics entrepreneurial ecosystems.

## **Keywords**

Entrepreneurship	Innovation	Market Gaps and	Role of Entrepreneurs
		Unmet Needs	

Risk-taking	Entrepreneurial	Transformative	Sustainable
	Ecosystems	Change	Advantage

# **Bibliography**

Reference the following bibliography to study in-depth this week's material. In addition to the texts below, you will be encouraged to use a variety of websites and on-line learning materials as well as materials related to your individual research interests:

#### **Primary material**

Bessant, J.R. and Tidd, J. (2015) *Innovation and Entrepreneurship*. Newark: Wiley Textbooks. (Chapters 5, 6).

### **Complementary material**

Burns, P. (2013) Corporate entrepreneurship: entrepreneurship and innovation in large organisations. Palgrave MacMillan.

Reis, E. (2011) *The Lean Startup: How Constant Innovation Creates Radically Successful Businesses.*Penguin Books.

### **Self-assessment exercises**

#### Exercise 6.1

Explore the role of networks and collaborations in fostering entrepreneurship and innovation in a diaspora or migrant context. Investigate how diaspora or immigrant entrepreneurs form partnerships, engage with industry experts, and build relationships with customers and suppliers. Analyse how these networks facilitate knowledge exchange, resource sharing, and the development of innovative solutions.

*Learning Objective:* This exercise will help students understand the importance of networks for entrepreneurship and innovation development in a diaspora (immigrant) context.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide an essay style answer. Your answer should include the importance of context in entrepreneurship development and the relationship of such entrepreneurship with innovation.

# Recommended study time

Approx. 10 hours

(WEEK 7)

### **Introduction & Overview**

This week's lecture, and associated activities, focus on introducing the forms and types of innovation as well as the importance of commercialization.

In the first part of the lecture, students will be presented with the distinction between innovation and invention. Although these two terms are often used interchangeably, they carry different meanings. Invention refers to the creation of a new product, service or method, whereas innovation is about the application of these inventions in a way that generates tangible socio-economic value. Innovation, therefore, requires not just the conception of new ideas, but also their successful commercialisation. This will lead the discussion to the concept of commercialisation - the process of bringing an invention or innovative idea to market. Students will understand that commercialisation involves various steps such as market research, product development, production planning, marketing, sales and customer support.

In the second part of the lecture, students will be exposed to the different forms and types of innovation. In terms of the forms of innovation, students will be presented with real life examples as to understand incremental, radical, disruptive, and social innovation. As a concept, incremental innovation pertains to gradual, iterative improvements made to existing products, services, or processes to enhance efficiency, productivity, or customer experience whereas radical innovation, involves substantial breakthroughs that completely alter the landscape of technology or market practices. Disruptive Innovation refers to an innovation that redefines markets, by displacing established practices or market leaders. Lastly, Social Innovation aims to address societal needs and to foster new social relationships or collaborations.

For the different types of innovation, students will be presented with real life examples as to understand product, service, and process innovation. Product innovation refers to the introduction of a good or service that is new or significantly improved whereas service innovation involves creating new ways of providing services, improving customer experience, or addressing new customer needs. Lastly, process innovation is about enhancing the ways in which goods or services are produced or delivered, often leading to increased efficiency or quality.

The lecture will be concluded by discussing 'why entrepreneurs need to innovate'. This will help students to appreciate the use of innovation in meeting the everchanging consumer demands,

responding to market dynamics, and differentiating themselves from competitors by creating a unique value proposition. Thus, by the end of this lecture, students will understand how innovation may be utilized to achieve socio-economic growth as well as to enhance efficiency, profitability, and market share. Students will be able to apply to test their understanding and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises indicated below as well as to expand their knowledge the bibliography provided.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the distinction between innovation and invention.
- Appreciate the process of commercialisation and its role in bringing an invention or an innovative idea to the market.
- Gain knowledge about different forms of innovation, including incremental, radical, disruptive, and social innovation.
- Learn about different types of innovation, specifically product, service, and process innovation.
- Recognise the role of innovation in differentiating businesses and creating a unique value proposition.

# **Keywords**

Innovation	Invention	Incremental Innovation
Radical Innovation	Disruptive Innovation	Social Innovation
Product Innovation	Service Innovation	Process Innovation
Commercialisation	Unique Value Proposition	Differentiation through Innovation

# **Bibliography**

Reference the following bibliography to study in-depth this week's material. In addition to the texts below, you will be encouraged to use a variety of websites and on-line learning materials as well as materials related to your individual research interests:

#### **Primary material**

• Bessant, J.R. and Tidd, J. 2015. Innovation and entrepreneurship 3. ed. Chichester, West Sussex: Wiley.

Chapter 1: 'The Innovation Imperative'

and

Chapter 2: 'Social Innovation'

Available from:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/t99jj4/alma9910075169274038 21

• Si, S. and Chen, H. (2020) 'A literature review of Disruptive Innovation: What it is, how it works and where it goes', *Journal of Engineering and Technology Management*, 56, p. 101568. Available from:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi scopus primary 20 05501832

#### **Complementary material**

- Sahut, J.-M. and Peris-Ortiz, M. (2013) 'Small business, innovation, and entrepreneurship', Small Business Economics, 42(4), pp. 663–668. Available from: <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_gale\_infotracacade">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_gale\_infotracacade</a> miconefile A361520985
- Freakonomics Podcast 'Honey, I Grew the Economy', Available from:
   https://freakonomics.com/podcast/honey-i-grew-the-economy/

"Innovation experts have long overlooked where a lot of innovation actually happens. The personal computer, the mountain bike, the artificial pancreas — none of these came from some big R&D lab, but from users tinkering in their homes. Acknowledging this reality — and encouraging it — would be good for the economy (and the soul too)."

### **Self-assessment exercises**

#### Exercise 7.1

This exercise involves multiple-choice questions to test your knowledge and understanding of the topics covered in this lecture. Please answer the multiple-choice questions below:

- 1. Which of the following best describes the difference between invention and innovation?
  - a) Invention is the creation of a new product, while innovation is the improvement of an existing product.
  - b) Invention is the improvement of an existing product, while innovation is the creation of a new product.
  - c) Invention is the creation of a new product, while innovation is the commercial application of inventions.
  - d) Invention and innovation are two terms that mean the same thing.
- 2. Which type of innovation refers to creating new ways of providing services or addressing new customer needs?
  - a) Product innovation
  - b) Process innovation
  - c) Service innovation
  - d) Radical innovation
- 3. Which form of innovation refers to an innovation that redefines markets by displacing established practices or market leaders?
  - a) Incremental innovation
  - b) Radical innovation
  - c) Disruptive innovation
  - d) Social innovation
- 4. What does the term 'unique value proposition' mean in the context of entrepreneurship and innovation?
  - a) The financial value of a company
  - b) The unique product or service a company offers that sets it apart from competitors
  - c) The cost-effectiveness of a company's product or service
  - d) The projected financial return from a new product or service

- 5. What does commercialization entail?
  - a) Taking an invention or innovative idea to market
  - b) Brainstorming a new idea
  - c) Re-introducing an existing product with a new marketing approach
  - d) Creating financial projections before launching a product

## Learning Objective:

Through this exercise students will test their overall knowledge and understanding of the topics presented during the lecture.

#### Exercise 7.2

Read IKEA's strategy 'Transforming into a circular business' from <a href="https://about.ikea.com/en/sustainability/a-world-without-waste">https://about.ikea.com/en/sustainability/a-world-without-waste</a> and answer the following two questions:

- 1. How is IKEA applying process innovation in its mission to become a circular business by 2030?
- 2. IKEA plans to manufacture all of its products from renewable and recycled materials. How does this approach exemplify product innovation and what are the potential benefits and challenges that IKEA may encounter?

### Learning Objective:

These questions will allow students to self-assess their knowledge and understanding on innovation and commercialization by critically engaging with the real-life case study of IKEA.

#### Exercise 7.3

Read 'Start-up thinking: How digital innovation is shaping the future of "non-digital" businesses' from <a href="https://www.ft.com/partnercontent/henkel/start-up-thinking-how-digital-innovation-is-">https://www.ft.com/partnercontent/henkel/start-up-thinking-how-digital-innovation-is-</a>

shaping-the-future-of-non-digital-businesses.html and answer the question:

Reflect on Henkel's partnership strategy with start-ups for digital innovation as described in

the article. How does this strategy facilitate the commercialisation of innovations?

How might this approach be applicable or not applicable to other industries or businesses?

Learning Objective:

This exercise encourages students to reflect on a real-world case study, by considering the concept

of innovation. The reflective component of this question encourages students to move beyond

surface level comprehension to a deep analysis of Henkel's approach and its implications to

innovation.

Recommended study time

Approx. 15 hours

42/79

## L8 – Understanding the Innovation Process and the role of R&D

(WEEK 8)

### **Introduction & Overview**

This week's lecture focuses on the innovation process by laying a special emphasis on the role of Research & Development (R&D).

The first part of this lecture is concerned with the different steps of the innovation process: Ideation, Research, Design, Prototyping, Development and Commercialization. Through this discussion, students will understand that the innovation process is not linear but iterative with various and continuous feedback loops. During this first part, students will also be presented with the role of creativity in the ideation stage and the importance of fostering a creative environment to facilitate innovation. Students will thus learn that a successful innovation process is often underpinned by a culture of openness, collaboration and risk-taking.

In the second part of the lecture, students will be presented with the role of research and development (R&D) within the innovation process. As a process, R&D involves the systematic investigation of new ideas and the development of these into practical, market-ready products or services. Students will understand that effective R&D requires not only technical expertise but also strategic alignment with the enterprise's business strategy, vision and mission. This second part will also explore the role of R&D in incremental, radical, disruptive and social innovation, and discuss strategies for managing the R&D process effectively – e.g. building multidisciplinary teams, partnering with external organizations, or setting up a dedicated R&D department. The second part will be concluded by discussing the challenges that often arise during the R&D process – e.g. managing uncertainties, securing sufficient funding, and ensuring a smooth transition from R&D to commercialisation.

By the end of the lecture, students will develop a comprehensive understanding of the innovation process with a particular focus on Research & Development (R&D). Students will be able to test their understanding and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises indicated below as well as to expand their knowledge the bibliography provided.

## **Learning outcomes**

After completing this week's study, students will be able to:

- Articulate the key steps involved in the innovation process
- Articulate the iterative nature of the innovation process.
- Articulate the role of creativity in the ideation stage and identify the cultural elements that can facilitate innovation.
- Appreciate the role and significance of Research and Development (R&D) within the innovation process.
- Differentiate between the role and nature of R&D in incremental, radical, disruptive and social innovations.
- Identify potential challenges that might arise during the R&D process and propose potential solutions.

# Keywords

Innovation Process	Ideation	Research and
		Development
Commercialisation	Creativity	Organisational Culture
Market Research		

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

- Milling, P.M. (2002) 'Understanding and managing innovation processes', System Dynamics
  Review, 18(1), pp. 73–86. The paper can be accessed here:
   https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_webofscience\_primary\_000174760900005.
- Michelacci, C. (2002) 'Low returns in R&D due to the lack of entrepreneurial skills', The Economic Journal, 113(484), pp. 207–225. The paper can be accessed here:
   https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_jstor\_primary\_7984\_49.

### **Complementary material**

- Werner, B.M. and Souder, W.E. (1997) 'Measuring R&D performance—state of the art', Research-Technology Management, 40(2), pp. 34–42. The paper can be accessed here:
   <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_informaworld\_taylo">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_informaworld\_taylo</a>
   rfrancis 310 1080 08956308 1997 11671115.
- Nambisan, S. and Baron, R.A. (2013) 'Entrepreneurship in innovation ecosystems:
   Entrepreneurs' self–regulatory processes and their implications for new venture success', Entrepreneurship Theory and Practice, 37(5), pp. 1071–1097. The paper can be accessed here:
   https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_gale\_infotracmisc\_A

346138910.

## Self-assessment exercises

#### Exercise 8.1

This exercise involves multiple-choice questions to test your knowledge and understanding of the topics covered in this lecture. Please answer the multiple-choice questions below:

- 1. Which of the following best describes the innovation process?
  - a. A linear process from ideation to commercialization
  - b. A cyclical process with continuous feedback loops
  - c. A static process that begins and ends with research
  - d. A process that depends solely on the ideation stage
- 2. In the context of the innovation process, what is the role of Research & Development (R&D)?
  - a. To systematically investigate new ideas and develop them into market-ready products, services, or processes.
  - b. To handle the marketing and sales of the finalized product
  - c. To only work on the ideation of new concepts
  - d. To manage the financial aspects of the company's operations
- 3. Which of the following is NOT a typical challenge in the R&D stage of the innovation process?
  - a. Managing uncertainties
  - b. Securing sufficient funding
  - c. Implementing an aggressive marketing strategy
  - d. Ensuring a smooth transition from development to commercialization
- 4. Which of the following is NOT a type of innovation that would typically involve R&D?
  - a. Incremental Innovation
  - b. Radical Innovation
  - c. Disruptive Innovation
  - d. All of the above would typically involve R&D

## Learning Objective:

Through this exercise students will test their knowledge and understanding of the innovation process and the role of the R&D stage.

#### Exercise 8.2

Read 'The Innovation Mindset in Action: 3M Corporation' from <a href="https://hbr.org/2013/08/the-innovation-mindset-in-acti-3">https://hbr.org/2013/08/the-innovation-mindset-in-acti-3</a> and answer the two questions:

- 1. According to the article, what role does the culture of the organization play in the success of its innovation process?
- 2. What internal processes does 3M use to enhance its innovation and R&D process?

## Learning Objective:

These questions will allow students to self-assess their knowledge on the innovation process and R&D by critically engaging with the real-life case study of 3M.

## Exercise 8.3

Read 'Google X and the Science of Radical Creativity' from <a href="https://www.theatlantic.com/magazine/archive/2017/11/x-google-moonshot-factory/540648/">https://www.theatlantic.com/magazine/archive/2017/11/x-google-moonshot-factory/540648/</a> and answer the following question

- After reading the article about Google's 'moonshot factory' X, reflect on the risks and rewards associated with pursuing disruptive innovation and R&D on a large scale.
- In your opinion, what elements of X's approach to innovation could be applicable and beneficial in a different industry or organization you're familiar with, and why?

## Learning Objective:

This exercise encourages students to reflect on a real-world case study and how it might be applicable to different sectors and industries. The reflective component of this question encourages introspection and enables students to delve beyond surface level comprehension of the material and to deeply analyze the potential risks and rewards associated with innovation and R&D.

## Recommended study time

Approx. 15 hours

## L9 – Open Innovation and its impact on R&D

(WEEK 9)

## **Introduction & Overview**

This week's lecture focuses on the concept of Open Innovation, highlighting its advantages and disadvantages, and examining its relationship with in-house Research & Development (R&D) and R&D outsourcing.

The first part of the lecture focuses on defining Open Innovation and exploring its potential benefits. Students will learn about the Open Innovation approach and its emphasis on utilizing both internal and external resources to develop and launch innovative products and services. By considering real-life case studies, students will appreciate how Open Innovation allows entrepreneurs to reduce costs, increase speed to market, improve access to markets and foster a culture of collaboration and diversity. The first part will also cover the role of Intellectual Property (IP) management and strategic partnerships in successful Open Innovation initiatives.

In the second part of the lecture, students will be presented with the potential disadvantages of Open Innovation. More specifically, students will be presented with the potential loss of control over IP, cultural clashes, managing complex relationships with external partners, and the challenges of integrating external processes and structures into existing internal processes and structures. By discussing both the potential benefits and drawbacks, students will gain a balanced understanding of Open Innovation. The lecture will then proceed to discuss the relationship between Open Innovation, in-house R&D and R&D outsourcing by considering the question 'Buy, Ally or DIY?'. Students will be presented with how these three approaches to innovation may require different resources, strategies and management. By utilizing real-life case studies, students will be able to appreciate under which circumstances each may be preferable.

In conclusion, this lecture will help students to develop an understanding of of Open Innovation, its potential benefits and disadvantages, and its relationship with in-house R&D and R&D outsourcing.

Students will be able to apply to test their understanding and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises indicated below as well as to expand their knowledge the bibliography provided.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the concept of Open Innovation.
- Discuss the key advantages of Open Innovation.
- Articulate R&D Outsourcing as a strategic component in the innovation process.
- Discuss the potential disadvantages of Open Innovation.
- Compare and contrast Open Innovation, in-house R&D, and R&D Outsourcing.

## **Keywords**

Open Innovation	In-house Research and	Research and
	Development	Development
		Outsourcing
Intellectual Property	Research and Development	Research and
	Alliances	Development
		Partnerships

## **Bibliography**

Reference the following bibliography to study in depth this week's materials:

## **Primary material**

Alberti, F.G. and Pizzurno, E. (2017) 'Oops, I did it again! knowledge leaks in open innovation networks with start-ups', European Journal of Innovation Management, 20(1), pp. 50–79. This paper can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi emerald primary 1 0 1108 EJIM-11-2015-0116.

Usman, M. and Vanhaverbeke, W. (2017), "How start-ups successfully organize and manage open innovation with large companies", European Journal of Innovation Management, Vol. 20 No. 1, pp. 171-186. The paper can be accessed here:
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_crossref\_primary\_1">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_crossref\_primary\_1</a>
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf

## **Complementary material**

- Adam JOLLY (2007) 'IP and open innovation', in Handbook of European Intellectual
   Property Management. United Kingdom: Kogan Page. The eBook can be found here:
   <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL">https://librarysearch.uclan.ac.uk/permalink/44UOCL</a> INST/1jklcnf/cdi proquest ebookcen
   tralchapters 302334 21 72.
- Alexy, O. et al. (2009) Does IP strategy have to cripple open innovation? MIT Sloan management review. 51 (1), p.71. The journal article may be found here:
   https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_proquest\_journals

   224960458

## **Self-assessment exercises**

This exercise involves multiple-choice questions to test your knowledge and understanding of the topics covered in this lecture. Please answer the multiple-choice questions below:

## Exercise 9.1

- 1. What is Open Innovation?
  - a. A model that only relies on internal sources for ideas
  - b. A model that uses both internal and external sources for ideas and market entry
  - c. A model that is solely dependent on external sources for ideas
  - d. A model that discards all external sources of innovation
- 2. Which of the following is NOT an advantage of Open Innovation?
  - a. Reduction in costs
  - b. Acceleration in time to market
  - c. Difficulty in managing external partnerships
  - d. Access to external expertise and resources
- 3. How does Outsourcing contribute to the innovation process?
  - a. By allowing businesses to focus only on non-core tasks
  - b. By enabling businesses to focus on core competencies and driving efficiency.
  - c. By ensuring all tasks are performed in-house
  - d. By eliminating all external partnerships
- 4. What is a potential disadvantage of Open Innovation?

- a. Cultural synergy.
- b. Easy integration of external innovations
- c. Potential loss of control over Intellectual Property (IP)
- d. Decreased time to market
- 5. How do Open Innovation, in-house R&D, and Outsourcing differ?
  - a. They are all the same and don't have any differences
  - b. They differ in terms of approach, management, cost-effectiveness, and potential pitfalls
  - c. They differ only in terms of cost-effectiveness
  - d. They differ only in terms of approach and management
- 6. In what context might in-house R&D be more beneficial than Open Innovation or Outsourcing?
  - a. When the company has no access to external resources.
  - b. When the task requires highly specialized skills not available in-house.
  - c. When the innovation involves sensitive IP or core competencies.
  - d. When there is an excess of resources and time.

## Learning Objective:

Through this exercise students will test their knowledge and understanding of Open Innovation, Outsourcing and IP.

## Exercise 9.2

Read 'The Open Innovation Barometer' by The Economist from <a href="https://impact.economist.com/projects/open-innovation/Open%20Innovation%20Briefing%20Paper.pdf">https://impact.economist.com/projects/open-innovation/Open%20Innovation%20Briefing%20Paper.pdf</a> and answer the question:

• The article highlights the necessity of a shift in organizational culture to truly embrace

open innovation. Reflect on what such a culture shift might look like in practice, and

discuss the potential challenges and benefits a company might face in attempting this

cultural transition.

Learning Objective:

This exercise allows students to apply theoretical knowledge to real-world scenarios and to reflect

on the practical implications of adopting an Open Innovation approach, including potential

challenges and benefits.

Exercise 9.3

Read 'Managing the business risks of open innovation' by McKinsey from

https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our

%20Insights/Managing%20the%20business%20risks%20of%20open%20innovation/Managing%20t

<u>he%20business%20risks%20of%20open%20innovation.pdf</u> and answer the question:

Reflect on how open innovation might influence IP development, protection and

differentiation? How does this apply to businesses at different stages of development?

Learning objective: This exercise allows students to apply theoretical knowledge to real-world data

and to reflect on the practical implications of Open Innovation to IP.

Recommended study time

Approx. 15 hours

54/79

## L10 - Innovation Metrics and Performance Indicators

(WEEK 10)

## **Introduction & Overview**

This week's lecture focuses on the topic of Innovation Metrics, emphasizing the importance of measuring innovation performance for decision-making as well as discussing the difficulties associated with the identification, quantification and interpretation of metrics.

In the first part of the lecture, students will be introduced to the concept of innovation metrics. Students will be presented with the importance of evaluating innovation performance for organizations aiming to sustain and improve their competitive advantage. Students will thus learn about the complexities inherent in measuring innovation, given its multifaceted nature. This will include things like the balance between long-term and short-term innovation objectives and outcomes as well as the difficulty in quantifying qualitative aspects of innovation such as creativity. The first part will continue by discussing the different types of innovation metrics. This will include input metrics, like R&D spending or number of new projects started, process metrics, such as the ratio of ideas accepted to those generated, and output metrics, like the number of patents filed or new products introduced. Finally, the first part will explore impact metrics, such as market share gains or increased revenue from new products.

The second part of the lecture shifts the focus to the application of these metrics in real-world settings. Through case studies of companies like 3M, IBM and Google, students will be exposed to how organizations employ innovation metrics. Students will thus understand how these metrics inform innovation strategies, aid decision-making, and foster a culture of continuous improvement in innovation processes.

By the end of this session, students will gain an understanding of innovation metrics, their significance, challenges in measurement, and their application in real-world scenarios. They will be

able to test their comprehension and apply the knowledge gained on the above session topics by engaging with the self-assessment exercises outlined below. Additionally, they can expand their knowledge on the subject using the provided bibliography.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Define innovation metrics and understand their role and significance in evaluating and enhancing innovation performance.
- Articulate the complexities and challenges associated with measuring innovation.
- Articulate how real-world organisations employ innovation metrics to inform their strategies and decision-making.

## **Keywords**

Innovation Metrics	Innovation Performance	Quantifying Innovation
Decision-Making	Innovation Input Metrics	Innovation Output metrics
Innovation Impact	Innovation Process Metrics	
Metrics		

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

 Radziszewski, P. (2020) Exploring the development of an innovation metric — from hypothesis to initial use. Journal of innovation and entrepreneurship. [Online] 9 (1), 1–29.
 This article can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi doaj primary oai doaj org article 4f3cd8aa0d224d1f9feda72fe0503a2a.

Engelbrecht, H.-J. (2018) The (social) innovation - subjective well-being nexus: subjective well-being impacts as an additional assessment metric of technological and social innovations. *Innovation (Abingdon, England)*. [Online] 31 (3), 317–332.

This article can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi informaworld taylo rfrancis 310 1080 13511610 2017 1319262.

## **Complementary material**

Krasnopolskaya, I. & Korneeva, I. (2020) Social innovation measurement: a room for
quantitative metrics. *International review of applied economics*. [Online] 34 (5), 567–587.
 This article can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi informaworld taylo rfrancis 310 1080 02692171 2020 1776686.

## **Self-assessment exercises**

#### Exercise 10.1

- 1. Why is it important to measure innovation performance?
  - A) To make the company look good
  - B) To track resource usage
  - C) To guide innovation strategies and drive continuous improvement
  - D) It is not important to measure innovation performance
- 2. What are the four types of innovation metrics discussed in the lecture?
  - A) Input, Process, Product, People
  - B) Input, Process, Output, Impact

- C) Innovation, Creativity, Output, Impact
- D) Input, Product, People, Impact
- 3. What is one challenge in measuring innovation discussed in the lecture?
  - A) Lack of resources to innovate
  - B) Balance between long-term and short-term innovation outcomes
  - C) There are no challenges in measuring innovation
  - D) Difficulty in finding innovative ideas
- 4. Which of the following is NOT a way companies use innovation metrics?
  - A) To decide which projects to invest in
  - B) To drive continuous improvement in innovation processes
  - C) To measure marketing expenditure
  - D) To guide their innovation strategies

#### Learning Objective:

Through this exercise students will test their knowledge and understanding of innovation metrics.

#### Exercise 10.2

Read the report 'The Eight Essentials of innovation performance' by McKinsey from <a href="https://www.mckinsey.com/~/media/mckinsey/dotcom/client\_service/strategy/pdfs/the\_eight\_e">https://www.mckinsey.com/~/media/mckinsey/dotcom/client\_service/strategy/pdfs/the\_eight\_e</a> ssentials of innovation performance.ashx and answer the following question:

 Considering the importance of McKinsey's 'Eight Essentials' in driving innovation within established companies, how might an entrepreneur adapt and apply these principles to a startup context? *Learning objective:* 

This exercise allows students to apply theoretical knowledge to real-world scenarios and to reflect

on the practical implications of measuring innovation.

Exercise 10.3

Read the article 'Mihci, H. (2020) Is measuring social innovation a mission impossible? Innovation

(Abingdon, England). [Online] 33 (3), 337–367' from

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi crossref primary 10 1080

<u>13511610</u> <u>2019</u> <u>1705149</u> and answer the following question:

Reflecting on the difficulties presented in measuring social innovation, how could a social

entrepreneur, design a business model that clearly incorporates and projects social innovation?

Learning objective:

This exercise allows students to expand their knowledge and understanding of the topics

discussed by proposing a new business model and approaches that capture and communicate

social innovation.

**Recommended study time** 

Approx. 10 hours

59/79

## L11 – Blue Ocean Strategy and Innovation

(WEEK 11)

## **Introduction & Overview**

This week's lecture and its accompanying activities focus on Blue Ocean Strategy as a source of innovation and competitive advantage.

The first part of the lecture introduces students to the concept of competitive advantage and its linkage to innovation. Here, we will emphasise the necessity for entrepreneurs to constantly innovate in order to maintain their competitive edge in an ever-changing economy. The students will thus appreciate the challenges of gaining, sustaining and utilising a competitive advantage, including the need for balancing incremental and radical / disruptive innovation. These challenges will be studied through various real-life examples – such Apple which has consistently managed to stay ahead of their competition through the introduction of incremental and radical / disruptive innovations.

The second part of the lecture focuses on Blue Ocean Strategy, a framework that encourages companies to create uncontested market spaces (or "blue oceans") rather than competing in existing markets (or "red oceans"). Students will understand the various principles of Blue Ocean Strategy, such as value innovation, the simultaneous pursuit of differentiation and low cost, and the creation of new demand in uncontested market spaces. Students will be presented with various examples of Blue Ocean Strategies such as Cirque du Soleil, a company that revolutionized the circus industry by creating a unique blend of theater and circus, and Nintendo Wii, a gaming console that revolutionised gaming controllers and user interaction. Through these examples, students will comprehend the Blue Ocean Strategy 'Four Actions Framework' (Reduce, Eliminate, Raise, Create) and understand how it leads to innovative outputs and the creation of a competitive advantage.

By the end of this session, students will have a comprehensive understanding of how innovation contributes to competitive advantage and the principles and application of Blue Ocean Strategy. They will be able to apply the knowledge acquired from this lecture by engaging with the self-assessment exercises provided. Additionally, they can broaden their understanding of the subject with the help of the recommended bibliography.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the concept of competitive advantage and its linkage to innovation.
- Critically evaluate the challenges and strategies involved in maintaining competitive advantage through innovation.
- Understand the principles and techniques of Blue Ocean Strategy.
- Analyse how companies can create uncontested market spaces using Blue Ocean Strategy.
- Reflect on the role of continuous innovation and unique market positioning in achieving and sustaining competitive advantage.

## **Keywords**

Blue Ocean Strategy	Competitive Advantage	Value Critique
Four Action	Creating New Markets	
Framework		

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

Shafiq, M. et al. (2016) RELATIONSHIP OF BLUE OCEAN STRATEGY AND INNOVATION
 PERFORMANCE, AN EMPIRICAL STUDY. City University Research Journal. 74–80. This paper

## may be found here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi proguest journals 2102335398.

- Watch the video from Harvard Business Review The Explainer: Blue Ocean Strategy. The
   video can be found here: https://www.youtube.com/watch?v=sYdaa02CS5E.
- Kim, W. C. & Mauborgne, R. (2005) Blue Ocean Strategy: From Theory to Practice.
   California management review. [Online] 47 (3), 105–121. This paper may be found here:
   <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_crossref\_primary\_1">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_crossref\_primary\_1</a>
   0 2307 41166308.

## **Complementary material**

Išoraitė, M. & Alperytė, I. (2022) How Blue Ocean Strategy helps innovate social inclusion. Entrepreneurship and Sustainability Issues. [Online] 10 (2), 239–254. This paper may be found here:
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_proquest\_journals\_2761604104">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_proquest\_journals\_2761604104</a>.

## **Self-assessment exercises**

#### Exercise 11.1

- 1. What does Blue Ocean Strategy fundamentally entail?
  - A. Competing in existing market space
  - B. Beating the competition
  - C. Exploiting existing demand
  - D. Creating uncontested market space and making competition irrelevant
- 2. Which of the following best describes 'value innovation,' a key aspect of Blue Ocean Strategy?
  - A. Investing heavily in research and development

	B. Striving for a differentiated yet low-cost position
	C. Seeking high-cost, high-value products
	D. Solely focusing on cost leadership
3.	How is a 'Red Ocean Strategy' different from a 'Blue Ocean Strategy'?
	A. Red Ocean Strategy seeks to compete in existing markets, Blue Ocean Strategy focuses on
	creating new markets
	B. Red Ocean Strategy focuses on creating new markets, Blue Ocean Strategy competes in existing markets
	C. Both focus on competing in existing markets
	D. Both aim to create new markets
4.	Cirque du Soleil is often used as an example of Blue Ocean Strategy because:
	A. They reinvented the traditional circus by offering a new kind of entertainment experience
	B. They focused on improving traditional circus elements
	C. They competed directly with traditional circus companies
	D. They lowered their prices compared to traditional circus companies
5.	Which of the following is NOT a principle of the Blue Ocean Strategy?
	A. Create uncontested market space
	B. Compete in existing market space
	C. Break the value-cost trade-off
	D. Pursue differentiation and low cost
6.	The 'Four Actions Framework' in Blue Ocean Strategy refers to:

- A. Creating, Adding, Reducing, and Eliminating
- B. Analyzing, Strategizing, Executing, and Monitoring
- C. Planning, Organizing, Leading, and Controlling
- D. Forming, Storming, Norming, and Performing
- 7. The 'Strategy Canvas' in the Blue Ocean Strategy is a tool that:
  - A. Compares the cost-structure of different companies
  - B. Measures the financial performance of a company
  - C. Visualizes a company's relative performance across its industry's factors of competition
  - D. Outlines a company's organizational structure
- 8. The 'Eliminate-Reduce-Raise-Create Grid' in Blue Ocean Strategy is used to:
  - A. Prioritize R&D projects
  - B. Decide which employees to promote
  - C. Assist companies in breaking the value-cost trade-off
  - D. Organize the company's financial resources
- 9. A 'Blue Ocean Shift' refers to:
  - A. A decrease in a company's profitability
  - B. A shift in a company's target market
  - C. A change in the competitive landscape due to economic factors
  - D. A systematic process to move from red oceans of competition to blue oceans of new market space

Through this exercise students will test their knowledge and understanding of Blue Ocean Strategy and Competitive Advantage.

#### Exercise 11.2

Watch the video 'Power On: The Story of Xbox | Chapter 6: TV...Or Not TV' from <a href="https://www.youtube.com/watch?v=O1h--43R8Oo">https://www.youtube.com/watch?v=O1h--43R8Oo</a> (40:10) and answer the following questions:

- Reflecting on the case of Xbox Kinect, what are some key lessons learned from their attempt at a Blue Ocean Strategy that did not result in the expected success?
- How could these insights inform future innovative strategies, both in the gaming industry and in other sectors?
- In what ways might they have better navigated the challenges they encountered to create a more sustainable competitive advantage?

## Learning objective:

Through this exercise students may critically engage with Microsoft's Blue Ocean Strategy attempt. By evaluating Microsoft's failed attempt, students may gain a holistic understanding of the benefits and potential pitfalls of Blue Ocean Strategy.

## Exercise 11.3

Blue Ocean strategy in Action. Follow the steps below to develop a Strategy Canvas for an enterprise of your choosing:

Step 1: (Select a Case) - Choose a competitive industry or a well-known company within an industry of your interest that you believe could benefit from applying a Blue Ocean Strategy.

Step 2: (Analyze the Current Situation) - Conduct a brief analysis of your selected industry or

company. Identify the key competitive factors, the main players, market trends, and what the

customer demands are.

Step 3 (Propose a Blue Ocean Strategy)- Based on your analysis, develop a potential Blue Ocean

Strategy for your selected industry or company.

Ask yourself:

• Which factors that the industry or company currently competes on could be eliminated or

reduced?

• Which factors could be raised or created to offer unique value and create an uncontested

market space?

Step 4 (Create a Strategy Canvas) - The canvas should visually depict the current competitive factors

in your chosen industry/company and demonstrate the changes proposed by your Blue Ocean

Strategy.

Learning objective:

This practical exercise helps students to understand the process of developing a Blue Ocean

Strategy.

Recommended study time

Approx. 10 hours

66/79

## L12 – Current and Future Trends in the Field of Innovation

(WEEK 12)

## **Introduction & Overview**

This week's lecture focuses on discussing digital innovation and its implications to entrepreneurial ventures as well as presenting future trends in the field of innovation.

In the first part of the lecture, students will be presented with the definition and the various forms digital innovation can take, such as process automation, digital platforms, and new digital business models. Students will also be exposed to the transformative power of digital innovation in creating new value propositions and reshaping industries. To achieve this, this first part will utilise the case of Uber, an entrepreneurial venture that utilized digital innovation to disrupt the traditional taxi industry.

The second part of the lecture focuses on discussing the future of innovation and how digital technologies are influencing this trajectory. Students will be exposed emerging trends, such as Artificial Intelligence, Internet of Things, and Blockchain, and how these technologies are paving the way for innovation. Various real-life examples will be used to illustrate the potential of these new technologies – such as smart contracts, smart cities, and smart supply chain management. The second part will be concluded by discussing how entrepreneurs can leverage new technologies to disrupt existing markets through the introduction of innovative products and services.

By the end of this session, students will have a comprehensive understanding of digital innovation, its implications for the future of innovation, and the opportunities it presents for entrepreneurship. They will be equipped to apply the knowledge gained in this lecture by engaging with the self-assessment exercises provided. Furthermore, they can deepen their understanding of the subject using the recommended bibliography.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the concept of digital innovation and its various forms in relation to entrepreneurship.
- Discuss the role of digital innovation in transforming industries and creating new value propositions.
- Articulate the key trends shaping the future of innovation, including emerging technologies
   like Artificial Intelligence, Internet of Things, and Blockchain.

## **Keywords**

Digital Innovation	Artificial Intelligence	Internet of Things
Blockchain	Future of innovation	

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

- Berger, E. S. C. et al. (2021) Digital or not The future of entrepreneurship and innovation:
   Introduction to the special issue. Journal of business research. [Online]. The article may be accessed here:
  - https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi swepub primary o ai DiVA org hj 47205.
- Kraus, S. et al. (2019) Digital innovation and venturing: an introduction into the digitalization of entrepreneurship. Review of managerial science. 13 (3), 519–528. The article may be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi proquest journals 2396613222.

## **Complementary material**

Verganti, R. et al. (2020) Innovation and Design in the Age of Artificial Intelligence. The
Journal of product innovation management. 37 (3), 212–227. The article may be accessed
here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1jklcnf/cdi proquest journals 2396613222.

## **Self-assessment exercises**

#### Exercise 12.1

- 1. Which of the following best describes digital innovation?
  - a. Only the use of digital technologies to improve a company's existing processes
  - b. The creation of entirely new digital businesses
  - c. The application of digital technologies to create new or modify existing business processes, culture, or customer experiences
  - d. The use of digital technologies only to automate existing business processes
- 2. Which of the following technologies is NOT considered as part of the future of digital innovation?
  - a. Internet of Things
  - b. Artificial Intelligence
  - c. Blockchain
  - d. 3G
- 3. What is one of the primary ways that digital innovation can create a competitive advantage for entrepreneurs?
  - a. By increasing a company's paper usage
  - b. By maintaining existing processes and resisting change
  - c. By opening new markets and disrupting established ones

- d. By strictly adhering to traditional business models
- 4. How does digital innovation influence entrepreneurial decision-making?
  - a. It has no influence on decision-making
  - b. It pushes entrepreneurs to stick with traditional methods
  - c. It encourages entrepreneurs to explore new opportunities and disrupt established industries
  - d. It discourages entrepreneurs from considering new ideas
- 5. Which of the following statements best describes the future of innovation?
  - a. The future of innovation is static and unaffected by digital technologies
  - b. The future of innovation is uncertain and risky
  - c. The future of innovation is closely linked to the evolution of digital technologies
  - d. The future of innovation will be primarily influenced by traditional business methods

## Learning Objective:

Through this exercise students will test their knowledge and understanding of digital innovation and how it informs the entrepreneurship process.

## Exercise 12.2

Please read the report 'Tech at the edge: Trends reshaping the future of IT and business' by McKinsey from <a href="https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/tech-at-the-edge-trends-reshaping-the-future-of-it-and-business">https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/tech-at-the-edge-trends-reshaping-the-future-of-it-and-business</a> and answer the following question:

 McKinsey's report mentions "learning buffers" and acceptance of mistakes as part of continuous learning and experimentation with digital technologies. Reflecting on this, what do you think is the balance that entrepreneurs need to find between risk-taking, learning from mistakes, and being innovative? Learning Objective:

Through this exercise students may utilize their theoretical knowledge to gain a practical grasp of

Balance between Risk-taking, Learning from Mistakes, and Innovation

Exercise 12.3

Select an industry or sector you are interested in and identify how start-ups using digital

technologies (e.g. Artificial Intelligence, Internet of Things, and Blockchain) are disrupting products,

services and processes.

Learning Objective:

Through this exercise students may better appreciate the practical implications of digital

technologies to the entrepreneurship landscape.

Recommended study time

Approx. 10 hours

#### **Introduction & Overview**

The purpose of this week's lecture is to revise the module's materials. Through this lecture students will have the chance to refresh the most important topics covered in this module by way of highlighting the pivotal concepts and issues underpinning each topic, while also offering students the opportunity for a practical overview of the activities involved. The material to be covered during the revision includes all topics beginning with a revision of the learning achieved in terms of entrepreneurship and understanding some key concepts of innovation. It will then cover the role of context in entrepreneurship. Furthermore, this session will remind students of important theories which explain entrepreneurship and innovation, and why entrepreneurial ecosystems are important in contemporary society. The importance of ethical decision-making and the challenges for entrepreneurs will also be covered in terms of achieving sustainability (SDG).

In terms of innovation, students will revisit the different types and forms of innovation as well as the entire innovation process. This session will also remind students about the different approaches to R&D, and its implication to the innovation process, as well as the various innovation metrics and performance indicators that provide insights in terms of innovation progress and outcomes. Blue Ocean thinking and its implications to the innovation process will also be revisited. Finally, students will be reminded about the current trends and future prospects in the field of innovation, discussing how these evolving dynamics might shape organizations' strategic approaches to innovation in the foreseeable future.

## **Learning outcomes**

After completing this week's study, you will be able to:

 Understand key concepts of entrepreneurship and analyse entrepreneurial characteristics, attributes and necessary skills.

- Articulate the major concepts of entrepreneurship based on context.
- Identify major ethical issues and challenges in order to meet UN's SDGs.
- Understand the key points of importance in regard to entrepreneurial ecosystems.
- Assess and manage risks by developing risk treatment action plans.
- Acknowledge the different types and forms of innovation.
- Articulate the innovation process and the role of R&D.
- Appreciate Open Innovation and its impact on innovation and R&D.
- Articulate the different innovation metrics and performance indicators.
- Articulate the Blue Ocean Strategy and its impact on innovation.
- Appreciate current and future trends in the field of innovation.

## **Keywords**

Entrepreneurship	SDG	Entrepreneurial ecosystems
Entrepreneurial traits	Entrepreneurial attributes	Entrepreneurial skills
Disruptive Innovation	Radical Innovation	Social Innovation
Incremental Innovation	Open Innovation	Research and Development
Blue Ocean Strategy	Innovation Process	Innovation Metrics and Performance

## **Bibliography**

Refer to the materials covered in the previous weeks

## **Self-assessment exercises**

Students must review all questions and practice exercises delivered as part of the module and practice on additional exercises available in the primary bibliographic material identified per study week.

During the revision week, the following exercises will be reviewed:

## Exercise 1.1

Entrepreneurship online case study

## Entrepreneurs and the Truth (hbr.org)

Question: What do you understand by entrepreneurship? Is it a sneaky or an honest thing? Or is it simply associated with lies?

An online case study link accessible also from your mobile phone will be distributed prior to the lecture.

## Exercise 1.2

Video case-study: Characteristics of successful entrepreneurs

*Questions:* Watch the following video (184) 10 Characteristics of Successful Entrepreneurs - YouTube and answer in the discussion blog the following questions:

- 1. Which other characteristics can you identify from real life stories?
- 2. How do different cultures influence entrepreneurial characteristics?
- 3. How can we make entrepreneurship work today?
- 4. How can entrepreneurs influence others?
- 5. What are the dimensions of entrepreneurship?
- 6. To what circumstances do entrepreneurs have to adopt to?
- 7. What unexpected changes can occur which will influence the decision making of an entrepreneur?
- 8. How would being myopic influence strategic decisions of entrepreneurs?

## Exercise 2.1

Provide an entrepreneurial portfolio, by critically analysing the characteristics, attributes and skills of a chosen entrepreneur.

#### Exercise 2.2

Provide a reflective account and justified action plan that develops your own entrepreneurial skills.

## Exercise 3.1

Embracing entrepreneurship and supporting its development can lead to positive outcomes for individuals, communities, and the overall economy.

Question: Explain the importance of entrepreneurship to meet the Sustainable Development Goals (SDG)

## Exercise 4.1

To produce a report where you will provide an in-depth account of the impact that the migration flow towards Europe had on entrepreneurship in recent years alongside tables showing the flows.

## Exercise 5.1

You are required to develop a sustainability plan for small business in report style, identifying the forms of sustainability initiatives in which small businesses need to or engage in, including an analysis of the "Triple Bottom Line" concept.

## Exercise 7.2

Read IKEA's strategy 'Transforming into a circular business' from <a href="https://about.ikea.com/en/sustainability/a-world-without-waste">https://about.ikea.com/en/sustainability/a-world-without-waste</a> and answer the following two questions:

- 3. How is IKEA applying process innovation in its mission to become a circular business by 2030?
- 4. IKEA plans to manufacture all of its products from renewable and recycled materials. How does this approach exemplify product innovation and what are the potential benefits and challenges that IKEA may encounter?

#### Exercise 8.2

Read 'The Innovation Mindset in Action: 3M Corporation' from <a href="https://hbr.org/2013/08/the-innovation-mindset-in-acti-3">https://hbr.org/2013/08/the-innovation-mindset-in-acti-3</a> and answer the two questions:

- 3. According to the article, what role does the culture of the organization play in the success of its innovation process?
- 4. What internal processes does 3M use to enhance its innovation and R&D process?

#### Exercise 9.3

Read 'Managing the business risks of open innovation' by McKinsey from <a href="https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Managing%20the%20business%20risks%20of%20open%20innovation/Managing%20the%20business%20risks%20of%20open%20innovation.pdf">https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Managing%20the%20business%20risks%20of%20open%20innovation/Managing%20the%20business%20risks%20of%20open%20innovation.pdf</a> and answer the question:

 Reflect on how open innovation might influence IP development, protection and differentiation? How does this apply to businesses at different stages of development?

## Exercise 10.2

Read the report 'The Eight Essentials of innovation performance' by McKinsey from <a href="https://www.mckinsey.com/~/media/mckinsey/dotcom/client\_service/strategy/pdfs/the\_eight\_e">https://www.mckinsey.com/~/media/mckinsey/dotcom/client\_service/strategy/pdfs/the\_eight\_e</a> ssentials of innovation performance.ashx and answer the following question:

 Considering the importance of McKinsey's 'Eight Essentials' in driving innovation within established companies, how might an entrepreneur adapt and apply these principles to a startup context?

## Exercise 11.2

Watch the video 'Power On: The Story of Xbox | Chapter 6: TV...Or Not TV' from https://www.youtube.com/watch?v=O1h--43R8Oo (40:10) and answer the following questions:

• Reflecting on the case of Xbox Kinect, what are some key lessons learned from their attempt

at a Blue Ocean Strategy that did not result in the expected success?

How could these insights inform future innovative strategies, both in the gaming industry

and in other sectors?

In what ways might they have better navigated the challenges they encountered to create a

more sustainable competitive advantage?

Exercise 12.2

Please read the report 'Tech at the edge: Trends reshaping the future of IT and business' by

McKinsey from https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/tech-at-the-

<u>edge-trends-reshaping-the-future-of-it-and-business</u> and answer the following question:

• McKinsey's report mentions "learning buffers" and acceptance of mistakes as part of

continuous learning and experimentation with digital technologies. Reflecting on this, what

do you think is the balance that entrepreneurs need to find between risk-taking, learning

from mistakes, and being innovative?

**Recommended study time** 

Approx. 15 hours

77/79

## **HOLIDAYS & STUDY WEEKS**

(WEEKS 14 & 15)

## Instructions

Week 14 & 15 is the Easter Break and Study week so you can prepare for your forthcoming assessments. During these weeks you are expected to do a revision of the following topics:

- Overview of the ideological nature of Entrepreneurship in contemporary context
- Identification and critical reflection on personal entrepreneurial skills and key competences
- Entrepreneurship development in relation to contemporary society and economy
- Various conceptualisations of entrepreneurship
- The role of context in entrepreneurship (social, environmental, digital)
- The relationship between entrepreneurship and innovation
- Types and forms of innovation
- Understanding the innovation process and the role of R&D
- Open innovation and its impact on R&D
- Innovation metrics and performance indicators
- Blue Ocean Strategy and Innovation
- Current and future trends in the field of innovation

## Recommended study time

Approx. 10 hours

## **FINAL EXAM**

(Week 16)

## Instructions

The final examination will take place in Week 16. The date of the exam will be announced in due course.

## **BU4029 – Entrepreneurial Skills and Innovation**

## Interactive activities per session

	(WEE
 Entrepreneurship online case study	

## Entrepreneurs and the Truth (hbr.org)

*Question*: What is your understanding of entrepreneurship? Is it a sneaky or an honest thing? Or is it simply associated with lies?

An online case study link accessible also from your mobile phone will be distributed prior to the lecture.

Learning objective: To get acquainted with major opinions and criticisms of entrepreneurship.

Answer plan: The aim of this case study is to identify, based on your opinion, the class consensus regarding entrepreneurship. Out of the case study, you need to select which opinion represents you the most regarding entrepreneurship.

Post your answers to our Teams group chat.

Video case-study: Characteristics of successful entrepreneurs

*Questions:* Watch the following video (184) 10 Characteristics of Successful Entrepreneurs - YouTube and answer in the discussion blog the following questions:

- 1. Which other characteristics can you identify from real life stories?
- 2. How do different cultures influence entrepreneurial characteristics?
- 3. How can we make entrepreneurship work today?
- 4. How can entrepreneurs influence others?
- 5. What are the dimensions of entrepreneurship?

- 6. To what circumstances do entrepreneurs have to adopt to?
- 7. What unexpected changes can occur which will influence the decision making of an entrepreneur?
- 8. How would being myopic influence strategic decisions of entrepreneurs?

*Learning objective:* To get acquainted with the most common characteristics of entrepreneurs and question whether these characteristics play a significant role on entrepreneurial decision making and how they influence others.

Answer plan: For each question you are expected to provide a short answer, based on the video. Your answer in the discussion blog should be approximately 400 words in total for the eight questions.

Post your answers on our dedicated Blackboard space.

# L2 – Identification and Critical Reflection on Personal Entrepreneurial skills and key competences

# Discussion Blog

Provide an entrepreneurial portfolio, by critically analysing the characteristics, attributes and skills of a chosen entrepreneur.

Learning objective: To grasp an in-depth understanding of the entrepreneurial mindset by analysing the major entrepreneurial characteristics, attributes and skills of a successful entrepreneur.

Answer plan: Your answer in the discussion blog should be approximately 500 words.

# Reflective Account and Action Plan

Provide a reflective account and justified action plan that develops your own entrepreneurial skills.

*Learning objective:* The aim is to identify your own entrepreneurial characteristics and attributes, and to get acquainted with and learn possible ways to individually enhance and/or develop your individual entrepreneurial skills.

Answer plan: The study contains qualitative means of identifying with entrepreneurship and developing your mindset. Your answer in the discussion blog should be approximately 500 words in total for both components.

#### Components:

- 1. Reflective account of your entrepreneurial mindset
- 2. Action plan indicating entrepreneurial skills to further develop

# L3 – Entrepreneurship Development in relation to Contemporary Society and Economy

(WEEK 3)

Discussion Forum Question:

Embracing entrepreneurship and supporting its development can lead to positive outcomes for individuals, communities, and the overall economy.

*Question*: Explain the importance of entrepreneurship to meet the Sustainable Development Goals (SDG)

*Learning objective:* To understand the relationship between entrepreneurship and contemporary society within a dynamic setting.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide a critical analyses of SMEs' entrepreneurial activities towards meeting SDG. Emphasis should be given on positive impacts specifically towards poverty alleviation (SDG 1), economic development and unemployment reduction (SDG 8), enhancement of infrastructure and innovation (SDG 9), social equality and inclusion (SDGs 5 and 10) and sustainable production and consumption (SDG 12).

Explore the below links to enrich your answer:

<u>Sustainable Development Goals | United Nations Development Programme (undp.org)</u>

THE 17 GOALS | Sustainable Development (un.org)

Sustainable Development Report 2023 (sdgindex.org)

Post your answers on our dedicated Blackboard space.

# L4 – Various Conceptualisations of Entrepreneurship

**(WEEK 4)** 

#### **Problem-solving scenario**

To produce a report where you will provide an in-depth account of the impact that the migration flow towards Europe had on entrepreneurship in recent years alongside tables showing the flows. The length of the report should be approximately 1000 words.

*Learning objectives*: You will cover various entrepreneurship context, including geographic, immigrant, diaspora and women's entrepreneurship.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide a critical analysis of the impact of migration flows towards Europe and how this has affected entrepreneurship in various context. Your answer should also include impact on hosting country. You need to provide tables and/or graphs to justify your answer. You will cover various entrepreneurship context, including geographic, immigrant, diaspora and women's entrepreneurship.

Explore the below links to enrich your answer:

Migrant entrepreneurs (europa.eu)

Interactive World Migration Report 2022 (iom.int)

Global migration, by the numbers | World Economic Forum (weforum.org)

Migration and migrant population statistics - Statistics Explained (europa.eu)

Women entrepreneurship is soaring in the US, a new survey finds | World Economic Forum (weforum.org)

L5 – The role of Context in Entrepreneurship (social, environmental, digital)
(WEEK 5)

#### Simulation: Create a sustainability Plan!

You are required to develop a sustainability plan for small business in report style, identifying the forms of sustainability initiatives in which small businesses need to or engage in, including an analysis of the "Triple Bottom Line" concept.

*Learning objective*: This exercise will help students understand the importance of context (social, environmental and digital) in entrepreneurial development.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide a small-scale business report. Your answer should include the importance of entrepreneurial sustainability initiatives. You need to provide tables and/or graphs to justify your answer. You will cover the "Triple Bottom Line" concept and include an analysis based on this concept.

Explore the below links to enrich your answer:

What The 3Ps Of The Triple Bottom Line Really Mean (forbes.com)

What is CSR? | UNIDO

Microsoft Word - gBR 4-6 (msu.edu)

Post your answers in our dedicated Blackboard space.

# L6 – The relationship between Entrepreneurship and Innovation

(WEEK 6)

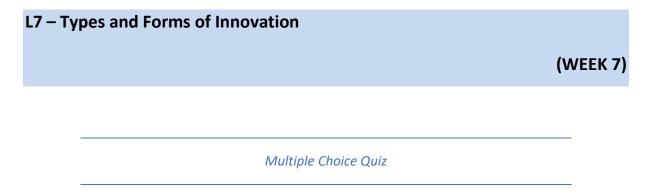
Research and analysis activity: Unveiling Entrepreneurial Networks and Collaborations for Innovation

Explore the role of networks and collaborations in fostering entrepreneurship and innovation in a diaspora or migrant context. Investigate how diaspora or immigrant entrepreneurs form partnerships, engage with industry experts, and build relationships with customers and suppliers. Analyse how these networks facilitate knowledge exchange, resource sharing, and the development of innovative solutions.

*Learning Objective:* This exercise will help students understand the importance of networks for entrepreneurship and innovation development in a diaspora (immigrant) context.

Answer plan: Your answer in the discussion blog should be approximately 1000 words. You are expected to provide an essay style answer. Your answer should include the importance of context in entrepreneurship development and the relationship of such entrepreneurship with innovation.

Post your answers in our dedicated space on Blackboard



This exercise involves multiple-choice questions to test your knowledge and understanding of the topics covered in this lecture. Please answer the multiple-choice questions below:

- 1. Which of the following best describes the difference between invention and innovation?
  - a) Invention is the creation of a new product, while innovation is the improvement of an existing product.
  - b) Invention is the improvement of an existing product, while innovation is the creation of a new product.
  - c) Invention is the creation of a new product, while innovation is the commercial application of inventions.
  - d) Invention and innovation are two terms that mean the same thing.
- 2. Which type of innovation refers to creating new ways of providing services or addressing new customer needs?
  - a) Product innovation
  - b) Process innovation
  - c) Service innovation
  - d) Radical innovation

Read II	(EA's strategy 'Transforming into a circular business' from
	Real-life Case Study
presen	ted during the lecture.
Throug	h this exercise students will test their overall knowledge and understanding of the topic
Learnir	ng Objective:
	d) Creating financial projections before launching a product
	c) Re-introducing an existing product with a new marketing approach
	b) Brainstorming a new idea
	a) Taking an invention or innovative idea to market
5.	What does commercialization entail?
	d) The projected infancial return from a new product of service
	<ul><li>c) The cost-effectiveness of a company's product or service</li><li>d) The projected financial return from a new product or service</li></ul>
	b) The unique product or service a company offers that sets it apart from competitors
	a) The financial value of a company
4.	What does the term 'unique value proposition' mean in the context of entrepreneurship and innovation?
	d) Social innovation
	c) Disruptive innovation
	b) Radical innovation
	a) Incremental innovation
3.	established practices or market leaders?
_	Which form of innovation refers to an innovation that redefines markets by displacing

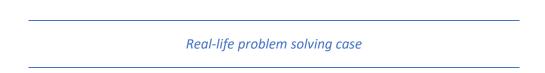
questions:

- 1. How is IKEA applying process innovation in its mission to become a circular business by 2030?
- 2. IKEA plans to manufacture all of its products from renewable and recycled materials. How does this approach exemplify product innovation and what are the potential benefits and challenges that IKEA may encounter?

#### Learning Objective:

These questions will allow students to self-assess their knowledge and understanding on innovation and commercialization by critically engaging with the real-life case study of IKEA.

Post your answers to our Blackboard dedicated space



Read 'Start-up thinking: How digital innovation is shaping the future of "non-digital" businesses' from <a href="https://www.ft.com/partnercontent/henkel/start-up-thinking-how-digital-innovation-is-shaping-the-future-of-non-digital-businesses.html">https://www.ft.com/partnercontent/henkel/start-up-thinking-how-digital-innovation-is-shaping-the-future-of-non-digital-businesses.html</a> and answer the question:

- Reflect on Henkel's partnership strategy with start-ups for digital innovation as described in the article. How does this strategy facilitate the commercialisation of innovations?
- How might this approach be applicable or not applicable to other industries or businesses?

#### Learning Objective:

This exercise encourages students to reflect on a real-world case study, by considering the concept of innovation. The reflective component of this question encourages students to move beyond surface level comprehension to a deep analysis of Henkel's approach and its implications to innovation.

# L8 – Understanding the Innovation Process and the role of R&D

(WEEK 8)

#### 1. Quiz

This exercise involves multiple-choice questions to test your knowledge and understanding of the topics covered in this lecture. Please answer the multiple-choice questions below:

- 1. Which of the following best describes the innovation process?
  - a. A linear process from ideation to commercialization
  - b. A cyclical process with continuous feedback loops
  - c. A static process that begins and ends with research
  - d. A process that depends solely on the ideation stage
- 2. In the context of the innovation process, what is the role of Research & Development (R&D)?
  - a. To systematically investigate new ideas and develop them into market-ready products, services, or processes.
  - b. To handle the marketing and sales of the finalized product
  - c. To only work on the ideation of new concepts
  - d. To manage the financial aspects of the company's operations
- 3. Which of the following is NOT a typical challenge in the R&D stage of the innovation process?
  - a. Managing uncertainties
  - b. Securing sufficient funding
  - c. Implementing an aggressive marketing strategy
  - d. Ensuring a smooth transition from development to commercialization
- 4. Which of the following is NOT a type of innovation that would typically involve R&D?
  - a. Incremental Innovation
  - b. Radical Innovation
  - c. Disruptive Innovation
  - d. All of the above would typically involve R&D

#### Learning Objective:

Through this exercise students will test their knowledge and understanding of the innovation process and the role of the R&D stage.

#### 2. Real life problem case study

Read 'The Innovation Mindset in Action: 3M Corporation' from <a href="https://hbr.org/2013/08/the-innovation-mindset-in-acti-3">https://hbr.org/2013/08/the-innovation-mindset-in-acti-3</a> and answer the two questions:

- 1. According to the article, what role does the culture of the organization play in the success of its innovation process?
- 2. What internal processes does 3M use to enhance its innovation and R&D process?

#### Learning Objective:

These questions will allow students to self-assess their knowledge on the innovation process and R&D by critically engaging with the real-life case study of 3M.

#### 3. Real-life problem solving case study

Read 'Google X and the Science of Radical Creativity' from <a href="https://www.theatlantic.com/magazine/archive/2017/11/x-google-moonshot-factory/540648/">https://www.theatlantic.com/magazine/archive/2017/11/x-google-moonshot-factory/540648/</a> and answer the following question

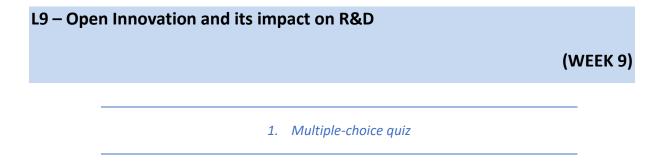
After reading the article about Google's 'moonshot factory' X, reflect on the risks and rewards
associated with pursuing disruptive innovation and R&D on a large scale.

• In your opinion, what elements of X's approach to innovation could be applicable and beneficial in a different industry or organization you're familiar with, and why?

#### Learning Objective:

This exercise encourages students to reflect on a real-world case study and how it might be applicable to different sectors and industries. The reflective component of this question encourages introspection and enables students to delve beyond surface level comprehension of the material and to deeply analyze the potential risks and rewards associated with innovation and R&D.

Post your answers in the dedicated Blackboard space.



This exercise involves multiple-choice questions to test your knowledge and understanding of the topics covered in this lecture. Please answer the multiple-choice questions below:

- 1. What is Open Innovation?
  - a. A model that only relies on internal sources for ideas
  - b. A model that uses both internal and external sources for ideas and market entry
  - c. A model that is solely dependent on external sources for ideas
  - d. A model that discards all external sources of innovation
- 2. Which of the following is NOT an advantage of Open Innovation?
  - a. Reduction in costs
  - b. Acceleration in time to market
  - c. Difficulty in managing external partnerships

d. Access to external expertise and resources 3. How does Outsourcing contribute to the innovation process? a. By allowing businesses to focus only on non-core tasks b. By enabling businesses to focus on core competencies and driving efficiency. c. By ensuring all tasks are performed in-house d. By eliminating all external partnerships 4. What is a potential disadvantage of Open Innovation? a. Cultural synergy. b. Easy integration of external innovations c. Potential loss of control over Intellectual Property (IP) d. Decreased time to market 5. How do Open Innovation, in-house R&D, and Outsourcing differ? a. They are all the same and don't have any differences b. They differ in terms of approach, management, cost-effectiveness, and potential pitfalls c. They differ only in terms of cost-effectiveness d. They differ only in terms of approach and management 6. In what context might in-house R&D be more beneficial than Open Innovation or Outsourcing? a. When the company has no access to external resources. b. When the task requires highly specialized skills not available in-house. c. When the innovation involves sensitive IP or core competencies. d. When there is an excess of resources and time.

Through this exercise students will test their knowledge and understanding of Open Innovation, Outsourcing and IP.

#### 2. Real-world scenario

Read 'The Open Innovation Barometer' by The Economist from <a href="https://impact.economist.com/projects/open-innovation/Open%20Innovation%20Briefing%20Paper.pdf">https://impact.economist.com/projects/open-innovation/Open%20Innovation%20Briefing%20Paper.pdf</a> and answer the question:

 The article highlights the necessity of a shift in organizational culture to truly embrace open innovation. Reflect on what such a culture shift might look like in practice, and discuss the potential challenges and benefits a company might face in attempting this cultural transition.

#### Learning Objective:

This exercise allows students to apply theoretical knowledge to real-world scenarios and to reflect on the practical implications of adopting an Open Innovation approach, including potential challenges and benefits.

# Real-world data analysis and reflection

Read 'Managing the business risks of open innovation' by McKinsey from <a href="https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Managing%20the%20business%20risks%20of%20open%20innovation/Managing%20the%20business%20risks%20of%20open%20innovation.pdf">https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Managing%20the%20business%20risks%20of%20open%20innovation/Managing%20the%20business%20risks%20of%20open%20innovation.pdf</a> and answer the question:

• Reflect on how open innovation might influence IP development, protection and differentiation? How does this apply to businesses at different stages of development?

*Learning objective*: This exercise allows students to apply theoretical knowledge to real-world data and to reflect on the practical implications of Open Innovation to IP.

Post your answers to our Teams group chat.

#### L10 – Innovation Metrics and Performance Indicators

(WEEK 10)

#### 1. Multiple choice Quiz

- 2. Why is it important to measure innovation performance?
  - A) To make the company look good
  - B) To track resource usage
  - C) To guide innovation strategies and drive continuous improvement
  - D) It is not important to measure innovation performance
- 3. What are the four types of innovation metrics discussed in the lecture?
  - A) Input, Process, Product, People
  - B) Input, Process, Output, Impact
  - C) Innovation, Creativity, Output, Impact
  - D) Input, Product, People, Impact
- 4. What is one challenge in measuring innovation discussed in the lecture?
  - A) Lack of resources to innovate
  - B) Balance between long-term and short-term innovation outcomes
  - C) There are no challenges in measuring innovation
  - D) Difficulty in finding innovative ideas
- 5. Which of the following is NOT a way companies use innovation metrics?

- A) To decide which projects to invest in
- B) To drive continuous improvement in innovation processes
- C) To measure marketing expenditure
- D) To guide their innovation strategies

#### Learning Objective:

Through this exercise students will test their knowledge and understanding of innovation metrics.

#### 3. Real-world scenario discussion

Read the report 'The Eight Essentials of innovation performance' by McKinsey from <a href="https://www.mckinsey.com/~/media/mckinsey/dotcom/client\_service/strategy/pdfs/the\_eight\_ess">https://www.mckinsey.com/~/media/mckinsey/dotcom/client\_service/strategy/pdfs/the\_eight\_ess</a> entials of innovation performance.ashx and answer the following question:

 Considering the importance of McKinsey's 'Eight Essentials' in driving innovation within established companies, how might an entrepreneur adapt and apply these principles to a startup context?

#### Learning objective:

This exercise allows students to apply theoretical knowledge to real-world scenarios and to reflect on the practical implications of measuring innovation.

## 4. Article reading: real-life problem solving

Read the article 'Mihci, H. (2020) Is measuring social innovation a mission impossible? *Innovation* (Abingdon, England). [Online] 33 (3), 337–367' from

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1jklcnf/cdi\_crossref\_primary\_10\_1080\_1 3511610\_2019\_1705149 and answer the following question:

Reflecting on the difficulties presented in measuring social innovation, how could a social entrepreneur, design a business model that clearly incorporates and projects social innovation?

#### Learning objective:

This exercise allows students to expand their knowledge and understanding of the topics discussed by proposing a new business model and approaches that capture and communicate social innovation.

Post your answers to the dedicated Blackboard space.

# **L11** – Blue Ocean Strategy and Innovation

(WEEK 11)

#### Multiple Choice Quiz

- 1. What does Blue Ocean Strategy fundamentally entail?
  - A. Competing in existing market space
  - B. Beating the competition
  - C. Exploiting existing demand
  - D. Creating uncontested market space and making competition irrelevant
- 2. Which of the following best describes 'value innovation,' a key aspect of Blue Ocean Strategy?
  - A. Investing heavily in research and development
  - B. Striving for a differentiated yet low-cost position
  - C. Seeking high-cost, high-value products
  - D. Solely focusing on cost leadership

3. How is a 'Red Ocean Strategy' different from a 'Blue Ocean Strategy'? A. Red Ocean Strategy seeks to compete in existing markets, Blue Ocean Strategy focuses on creating new markets B. Red Ocean Strategy focuses on creating new markets, Blue Ocean Strategy competes in existing markets C. Both focus on competing in existing markets D. Both aim to create new markets 4. Cirque du Soleil is often used as an example of Blue Ocean Strategy because: A. They reinvented the traditional circus by offering a new kind of entertainment experience B. They focused on improving traditional circus elements C. They competed directly with traditional circus companies D. They lowered their prices compared to traditional circus companies 5. Which of the following is NOT a principle of the Blue Ocean Strategy? A. Create uncontested market space B. Compete in existing market space C. Break the value-cost trade-off D. Pursue differentiation and low cost 6. The 'Four Actions Framework' in Blue Ocean Strategy refers to: A. Creating, Adding, Reducing, and Eliminating B. Analyzing, Strategizing, Executing, and Monitoring C. Planning, Organizing, Leading, and Controlling D. Forming, Storming, Norming, and Performing

7. The 'Strategy Canvas' in the Blue Ocean Strategy is a tool that:

- A. Compares the cost-structure of different companies
- B. Measures the financial performance of a company
- C. Visualizes a company's relative performance across its industry's factors of competition
- D. Outlines a company's organizational structure
- 8. The 'Eliminate-Reduce-Raise-Create Grid' in Blue Ocean Strategy is used to:
  - A. Prioritize R&D projects
  - B. Decide which employees to promote
  - C. Assist companies in breaking the value-cost trade-off
  - D. Organize the company's financial resources
- 9. A 'Blue Ocean Shift' refers to:
  - A. A decrease in a company's profitability
  - B. A shift in a company's target market
  - C. A change in the competitive landscape due to economic factors
  - D. A systematic process to move from red oceans of competition to blue oceans of new market space

#### Learning objective:

Through this exercise students will test their knowledge and understanding of Blue Ocean Strategy and Competitive Advantage.

Video watching: Real-life evaluation

Watch the video 'Power On: The Story of Xbox | Chapter 6: TV...Or Not TV' from <a href="https://www.youtube.com/watch?v=O1h--43R8Oo">https://www.youtube.com/watch?v=O1h--43R8Oo</a> (40:10) and answer the following questions:

- Reflecting on the case of Xbox Kinect, what are some key lessons learned from their attempt at a Blue Ocean Strategy that did not result in the expected success?
- How could these insights inform future innovative strategies, both in the gaming industry and in other sectors?
- In what ways might they have better navigated the challenges they encountered to create a more sustainable competitive advantage?

#### *Learning objective:*

Through this exercise students may critically engage with Microsoft's Blue Ocean Strategy attempt. By evaluating Microsoft's failed attempt, students may gain a holistic understanding of the benefits and potential pitfalls of Blue Ocean Strategy.

# Simulation

Blue Ocean strategy in Action. Follow the steps below to develop a Strategy Canvas for an enterprise of your choosing:

Step 1: (Select a Case) - Choose a competitive industry or a well-known company within an industry of your interest that you believe could benefit from applying a Blue Ocean Strategy.

Step 2: (Analyze the Current Situation) - Conduct a brief analysis of your selected industry or company. Identify the key competitive factors, the main players, market trends, and what the customer demands are.

Step 3 (Propose a Blue Ocean Strategy)- Based on your analysis, develop a potential Blue Ocean Strategy for your selected industry or company.

Ask yourself:

- Which factors that the industry or company currently competes on could be eliminated or reduced?
- Which factors could be raised or created to offer unique value and create an uncontested market space?

Step 4 (Create a Strategy Canvas) - The canvas should visually depict the current competitive factors in your chosen industry/company and demonstrate the changes proposed by your Blue Ocean Strategy.

#### *Learning objective:*

This practical exercise helps students to understand the process of developing a Blue Ocean Strategy.

#### L12 - Current and Future Trends in the Field of Innovation

(WEEK 12)

#### Multiple Choice Quiz

- 1. Which of the following best describes digital innovation?
  - a. Only the use of digital technologies to improve a company's existing processes
  - b. The creation of entirely new digital businesses
  - c. The application of digital technologies to create new or modify existing business processes, culture, or customer experiences
  - d. The use of digital technologies only to automate existing business processes
- 2. Which of the following technologies is NOT considered as part of the future of digital innovation?
  - a. Internet of Things
  - b. Artificial Intelligence
  - c. Blockchain
  - d. 3G
- 3. What is one of the primary ways that digital innovation can create a competitive advantage for entrepreneurs?

- a. By increasing a company's paper usage
- b. By maintaining existing processes and resisting change
- c. By opening new markets and disrupting established ones
- d. By strictly adhering to traditional business models
- 4. How does digital innovation influence entrepreneurial decision-making?
  - a. It has no influence on decision-making
  - b. It pushes entrepreneurs to stick with traditional methods
  - c. It encourages entrepreneurs to explore new opportunities and disrupt established industries
  - d. It discourages entrepreneurs from considering new ideas
- 5. Which of the following statements best describes the future of innovation?
  - a. The future of innovation is static and unaffected by digital technologies
  - b. The future of innovation is uncertain and risky
  - c. The future of innovation is closely linked to the evolution of digital technologies
  - d. The future of innovation will be primarily influenced by traditional business methods

#### Learning Objective:

Through this exercise students will test their knowledge and understanding of digital innovation and how it informs the entrepreneurship process.



Please read the report 'Tech at the edge: Trends reshaping the future of IT and business' by McKinsey from <a href="https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/tech-at-the-edge-trends-reshaping-the-future-of-it-and-business">https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/tech-at-the-edge-trends-reshaping-the-future-of-it-and-business</a> and answer the following question:

 McKinsey's report mentions "learning buffers" and acceptance of mistakes as part of continuous learning and experimentation with digital technologies. Reflecting on this, what do you think is the balance that entrepreneurs need to find between risk-taking, learning from mistakes, and being innovative?

#### Learning Objective:

Through this exercise students may utilize their theoretical knowledge to gain a practical grasp of Balance between Risk-taking, Learning from Mistakes, and Innovation

Post your answers to our dedicated Blackboard Space.

#### Simulation

Select an industry or sector you are interested in and identify how start-ups using digital technologies (e.g. Artificial Intelligence, Internet of Things, and Blockchain) are disrupting products, services and processes.

#### Learning Objective:

Through this exercise students may better appreciate the practical implications of digital technologies to the entrepreneurship landscape.

# L13 – Revision (WEEK 13) Entrepreneurship online case study

#### Entrepreneurs and the Truth (hbr.org)

Question: What do you understand by entrepreneurship? Is it a sneaky or an honest thing? Or is it simply associated with lies?

An online case study link accessible also from your mobile phone will be distributed prior to the lecture.

Video case-study: Characteristics of successful entrepreneurs	
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*Questions:* Watch the following video (184) 10 Characteristics of Successful Entrepreneurs - YouTube and answer in the discussion blog the following questions:

- 1. Which other characteristics can you identify from real life stories?
- 2. How do different cultures influence entrepreneurial characteristics?
- 3. How can we make entrepreneurship work today?
- 4. How can entrepreneurs influence others?
- 5. What are the dimensions of entrepreneurship?
- 6. To what circumstances do entrepreneurs have to adopt to?
- 7. What unexpected changes can occur which will influence the decision making of an entrepreneur?
- 8. How would being myopic influence strategic decisions of entrepreneurs?

# Simulation

You are required to develop a sustainability plan for small business in report style, identifying the forms of sustainability initiatives in which small businesses need to or engage in, including an analysis of the "Triple Bottom Line" concept.

# Real-life Case study

Read IKEA's strategy 'Transforming into a circular business' from <a href="https://about.ikea.com/en/sustainability/a-world-without-waste">https://about.ikea.com/en/sustainability/a-world-without-waste</a> and answer the following two questions:

3. How is IKEA applying process innovation in its mission to become a circular business by 2030?

	IKEA plans to manufacture all of its products from renewable and recycled materials. How
	does this approach exemplify product innovation and what are the potential benefits and
	challenges that IKEA may encounter?
	Real-life problem solving
ľΝ	Managing the business risks of open innovation' by McKinsey from
	/www.mckinsey.com/~/media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%2
	ts/Managing%20the%20business%20risks%20of%20open%20innovation/Managing%20the%
	ness%20risks%20of%20open%20innovation.pdf and answer the question:
	Reflect on how open innovation might influence IP development, protection are differentiation? How does this apply to businesses at different stages of development?
	Real-life problem solving
s://	the report 'The Eight Essentials of innovation performance' by McKinsey from <a href="https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/strategy/pdfs/the_eight_es_of_innovation_performance.ashx">https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/strategy/pdfs/the_eight_es_of_innovation_performance.ashx</a> and answer the following question:
•	Considering the importance of McKinsey's 'Eight Essentials' in driving innovation with established companies, how might an entrepreneur adapt and apply these principles to
	startup context?

Watch the video 'Power On: The Story of Xbox | Chapter 6: TV...Or Not TV' from <a href="https://www.youtube.com/watch?v=O1h--43R8Oo">https://www.youtube.com/watch?v=O1h--43R8Oo</a> (40:10) and answer the following questions:

- Reflecting on the case of Xbox Kinect, what are some key lessons learned from their attempt at a Blue Ocean Strategy that did not result in the expected success?
- How could these insights inform future innovative strategies, both in the gaming industry and in other sectors?
- In what ways might they have better navigated the challenges they encountered to create a more sustainable competitive advantage?

Post your answers to our dedicated blackboard Space

ENTYIO: 200.1.3

# Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

# ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus		
Programme of Studies	School of Business & Management		
Module	BM4028 Operations Management, Supply Chains and Digitalisation		
Level	BSc	N	ИВА
			$\boxtimes$
Teaching Language	English		
Delivery Method	Distance Learning	Conventional	
Τύπος Μαθήματος	Compulsory	Op:	tional
Number of lectures	Total: 12	Physical	Online: 12
		presence:	
Number of assignments	1		
Final Mark	<ul><li>1 Assignment (50%)</li><li>1 Exam (50 %)</li></ul>		
ECTS	1 LXaIII (30 %)	10	

Author:	Dr Panagiotis Kontakos, Module Leader
Editing:	Dr Anthi Avloniti, Course Leader for MBA DL
Final approval:	Prof Loukas Glyptis, Chair of the School of Business and Management Academic Standards and Quality Assurance

# **STUDY GUIDE**

# **AUTHOR**

Dr Panayiotis Kontakos

Course title

BM4028

Operations Management, Supply Chains and Digitalisation

2023-2024

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#### Introduction to the study guide and the module

This module gives an overview of the nature of Operations Management and Strategy including the strategic decision-making process and an insight into how they contribute to addressing the day-to-day and long-term challenges that modern organisations face.

The module enables students to apply various theoretical approaches to practical examples and to critically discuss current issues within the subject.

The module will also provide students with a comprehensive understanding and knowledge of the concepts of Supply Chain Management and its contribution to the global economy. This will include strategic supply chain skills, decision-making in key areas such as procurement and logistics. Further, it also emphasises digitalisation techniques in the real world that aim to address the changing nature of operations in response to supply and demand.

The first part of the module focuses on Operations Management Strategy and the second on Strategic Supply Chain Management and Digitalisation.

The students will have the opportunity to develop their understanding and ability to apply relevant academic theories, tools, and techniques to practical real-world cases to appraise their impact and analyse their relevance and value in the workplace. Students will also be able to critically appraise how processes can contribute to the achievement of organisational strategy and vision. From a risk management perspective, a comprehensive operational risk framework and approach will be thoroughly discussed.

#### Course content

- Sourcing
- Procurement
- Negotiation and contract management
- Logistics
- Technological innovations: Enterprise systems
- Operation strategy formulation in SCM
- Quality management
- Entrepreneurial SCM

- Supply chain risk
- Supply chain value and performance
- Global supply chains
- Operational risk management

#### **Learning outcomes**

#### On successful completion of this module a student will be able to:

- 1. Critically analyse the design of operations (core or supportive) and the management of systems and processes within an organisational context (i.e. the way it works) and the subsequent impact that it may have on the effectiveness, efficiency and competitiveness of an organisation.
- 2. Contrast the utilisation of strategic tools in supply chain management and their influence on the effectiveness of an organisation.
- 3. Appraise the impact of innovative digitalisation on value added supply chain activities.
- 4. Determine supply chain management techniques that are linked to social, environmental, and economic goals and risks.

# **Teaching methodology**

#### **Learning & Teaching strategy**

The module tutor will deliver the lecture material through asynchronous online lectures (recorded in MS Teams and accessible via Blackboard) followed by interactive, peer and self-assessment activities, as well as directions for further reading and research.

Students will have the opportunity to engage with a variety of activities across sessions, including preselected online certifications, case study scenarios, expert talks, and reflection activities, and post their responses/views/ideas asynchronously on discussion boards. Students will also be provided with self-assessment quizzes, so that they can reflect on their progress. They will also be guided to use synchronous peer-to-peer discussions via MS Teams for specific activities, thus promoting and enabling the exchange of ideas and experiences. Students will also be asked to deliver responses on issues or questions via recorded messages on MS Teams, instead of written responses in the forum. The purpose of incorporating such a large variety of activities is based on the importance of students' developing a diversity of transferable skills, along with providing an interesting and engaging environment for learning. Speakers from leading organisations or experts

will also be invited, where possible, to deliver live and recorded talks to further enhance the students' experience.

Following these interactive activities, students will receive feedback in various forms. For online quizzes, students will get real-time automatic feedback. For addressing other questions (e.g., relevant to a scenario or case study), rubrics are utilised so that students can self-evaluate their performance, thus promoting self-assessment. For sharing their ideas/views/evaluations on the discussion forum, students will receive feedback from their tutors as well as from their peers. Therefore, tutors will provide feedback through resorting to direct responses as well through other forms, as explained above. Different means of communication will be utilized by the tutor to offer support to the students based on the reported issue, e.g., MS Teams chats, Blackboard, Skype, and email. If students have difficulties with a particular assessment activity, they are expected to contact the module tutor via one of the designated communication channels above that will be nominated for such purposes or post a question on the discussion forum, where the module tutor and/or their peers can provide feedback. It is worth noting that the module tutor will also be scheduling live sessions to provide further feedback to the students.

Students will also be provided with relevant further reading, weblinks and resources for independent study. Through independent study, students will be able to further enhance their knowledge in specific aspects discussed in the lecture which may be of interest to them.

## **Assessment strategy**

The module will be assessed using 2 components of assessed work as outlined below:

Number of Assessments	Form of Assessment	% weighting	Size of Assessment	Category of assessment	Learning Outcomes assessed
1	Individual Portfolio Report	50%	2000 words	Coursework	1, 4
1	Exam	50%	2 hours	Examination	2, 3

To successfully complete/pass this module students must achieve a mark of 50% or above aggregated across all the assessments.

#### Module pass requirements

The final grade for the module is the average of the overall portfolio report mark (50%) and of the examination mark (50%). To pass, a student must achieve an overall weighted average of 50%, aggregated across all assessments.

#### **Individual Portfolio Report Assessment**

**Assessment 1**: Individual Portfolio Report

Weighting for module: 50% (see MIP on Bb)

**Submission deadline:** Friday 29<sup>th</sup> March 2024, midnight

**Submission method:** Word document via Turnitin, on Blackboard

**Format:** 2000 word report (see structure guide on Bb),

**Grades:** Grade bands (see Bb); pass = 50% and above

**Research:** Use at least 10 academic sources (see RLO on Bb)

**Referencing:** LBS Guide to Harvard (see Bb)

The ongoing conflict in Ukraine has raised significant concerns about its impact on global and European supply chains. Identify and assess the key elements of European supply chains that have been affected by the Ukraine-Russia war.

Write an academic report in the required format, which addresses the following:

**Part 1** (50%) Select an MNE, from either the service or manufacturing sector, and briefly describe how it goes about operations strategy formulation.

Part 2 (50%) Critically discuss the strategies and adaptations employed by European businesses to mitigate the impact of the Ukrainian war on their supply chains, using as an example your selected MNE from Part 1.

Ensure your analysis is supported by relevant data, case studies, and scholarly sources to provide a comprehensive understanding of the multifaceted impact of the Ukrainian war on European supply chains.

Presentation format required:

Font – Aerial, size 12; 1.5 line space; text justified on the left and right of the page;

Relevant graphics should be used in each section.

Interactive activities which contribute towards the preparation of the portfolio report:

Week	Topic	Activity to submit by the end of each week	
1	Developing a	Analyse an organization in three dimensions: people, systems, and	
	Systems and	processes.	
	Process Mind		
3	Formulating	Enhance your understanding of real-world operations issues by analyzing a	
	and	company.	
	Implementing		
	the Operations		
	Strategy		
8	Continuous	Understand the principles and techniques necessary to drive change	
	Improvement	throughout an entire organization.	
	and Change		
	Management		
9	Global and	Assess the role of emerging global logistics hubs in shaping the future of	
	Emerging	international trade and supply chains.	
	Logistics Hubs		
10	Supply Chain	Grasp the process of building supply chains that are great for the planet	
	Sustainability	and your business.	
	and Innovation		

# **Tutor contact details**

	Module leader/tutor	
Name	Dr Panayiotis Kontakos	
Tel.	+357 24 69 4112	

Email	pkontakos@uclan.ac.uk	
MS Teams	Available	
Office hours:	Office hours vary per semester. Please cons module's Blackboard space for the tutor's off hours. You can also email the tutor to arrange online meeting at an appropriate time.	

# Purpose of the study guide

The purpose of this study guide is twofold:

- 1. provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying;
- 2. point to study material and provide self-assessment exercises to enhance students' knowledge and skills.

The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists keywords, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material.

Note that the study time includes the time to study the material, searching for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It also includes the time required to viewing any offline recordings.

It should also be noted that this study guide should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

The study guide is revised and updated at the beginning of each academic year, to include any new content and requirements, which are also uploaded on Blackboard.

#### **Professional associations**

- Chartered Institute for Procurement and Supply. URL: https://www.cips.org https://www.cips.org/
   This is the main professional body for Procurement and Supply in the UK.
- Chartered Institute of Logistics and Transport. URL: <a href="https://ciltuk.org.uk/">https://ciltuk.org.uk/</a>
   This is the main professional body for Supply Chain, Operations, Warehousing and Distribution Management in the UK.
- The Institute of Operational Risk. URL: <a href="https://www.ior-institute.org/">https://www.ior-institute.org/</a>
  - The mission of the Institute is to promote the development and discipline of Operational Risk and to foster and maintain investigations and research into the best means and methods of developing and applying the discipline and to encourage, increase, disseminate and promote knowledge, education and training and the exchange of information and ideas.
- Chartered Institute for Project Management. URL: <a href="https://www.apm.org.uk/">https://www.apm.org.uk/</a>
   This is the main professional body for Project Management in the UK.

#### L1 – Developing a Systems and Process Mind

(WEEK 1)

#### Introduction

Operations should not be mistaken for being merely operational. In reality, operations strategy plays a crucial role in generating competitive advantage for for-profit businesses and in achieving social welfare in not-for-profit enterprises. Regardless of the sector, operations strategy has a profound and enduring impact. Numerous companies, including Amazon, Apple, Dyson, IKEA, Intel, Rolls Royce, Samsung, Singapore Airlines, Tesco, ARM, Toyota, Wipro, Zara, and many others, have successfully transformed their prospects by strategically managing their operations' resources. These companies have recognised that it is the way they manage their operations and resources that sets them apart from their competitors, establishing them as formidable assets.

The dilemma arises when discussing "operations" because it encompasses the majority of a firm's resources, as they contribute to the creation of the firm's services and products. The pervasive nature of operations' resources makes it challenging to comprehend their entirety. This paradox is at the core of operations strategy and profoundly influences how organisations implement their strategic intent in practice. Understanding operations strategy is crucial for achieving long-term success. However, its all-encompassing nature often leads to underestimating its significance.

This very first lecture briefly describes how the module is structured presenting some main details of each of its 12 lectures.

Lecture 1: Provides a comprehensive outline and introduction to the module's content.

Lecture 2: Operations strategy is delineated as the process of harmonising market demands and operations' resources.

Lecture 3: Focuses on the long-term reconciliation of market requirements and operations resources, specifically addressing the initial two stages of the four-stage operations strategy process, namely formulation and implementation.

Lecture 4: Examines those decisions that influence the comprehensive capacity of operations' resources. It specifically delves into the determination of capacity levels and its optimal location. Furthermore, it delves into the dynamic nature of capacity decisions by scrutinising the mechanisms through which capacity is modified over time.

Lecture 5: Delves into the realm of supply networks, with a specific focus on examining the dynamics of relationships that emerge among different operations within a network. The lecture explores the benefits of adopting a comprehensive network perspective and analyses the behaviour of networks in a dynamic context.

Lecture 6: Examines some of the most widely embraced approaches and strategic tools for enhancing operations performance. These approaches encompass total quality management (TQM), lean operations, business process reengineering (BPR), and Six Sigma. Although not inherently categorised as strategies, the implementation of any of these approaches is regarded as a strategic decision.

Lecture 7: It is dedicated to examining the last two stages, namely monitoring and control, of the four-stage process of operations strategy.

Lecture 8: Investigates thoroughly the means through which operations resources can be enhanced and developed within an organisation. Specifically, it focuses on the direction, development, and deployment of capabilities in a cyclical process of improvement.

Lecture 9: Delves into the fundamental components that facilitate the formation of global hubs. It focuses on an analysis of the existing frontrunners in the global supply chain within these hubs and investigates their potential to emerge as the primary epicenters of international trade in the future.

Lecture 10: Explores strategies for supply chain companies to adeptly address the growing imperatives of environmental sustainability, responsibility, and digitisation.

Lectures 11 & 12: Will present a practical and comprehensive approach on the effective management and measurement of operational risk in financial institutions and manufacturing corporations.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Understand the theory and practice of leading and developing processes in the workplace.
- 2. Provide a logical path through the key activities and decisions of operations strategy, as well as covering the broad principles that underpin the subject and the way in which operations strategies are put together in practice.
- 3. Understand the major practical challenges and trends faced in global supply chain management, with examples focusing on the global maritime energy sector.

#### **Keywords**

Operations strategy	Formulation and implementation	Capacity strategy
Process technology strategy	Procurement and supply strategy	TQM
Lean strategy	Six Sigma	Performance management
Change management	Operational risk management	Global Supply Chain Risks
Global and Emerging	Maritime Logistics	Energy supply chain
Logistics Hubs		management

#### **Bibliography**

#### **Primary material**

• Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for Strategic Impact, Fifth Edition, Pearson. Chapter 1.

#### **Complementary material**

- Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Book Preface.
- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed. FT Prentice Hall. Chapter 1.
- Hammer, M. and Stanton, S. (1999). How Process Enterprises Really Work. HBR, [online].
   Available at: <a href="https://hbr.org/1999/11/how-process-enterprises-really-work">https://hbr.org/1999/11/how-process-enterprises-really-work</a>

#### **Self-assessment exercises**

#### 1.1 Exercise

Go through the primary and recommended material to obtain a view of different approaches in operations strategy and management.

1.2 Exercise (Dentist) \*

For the dentist practice

Draw the transformational process (input-transformation-output)

Consider the dentist business as an operations box and draw the relevant supply chain.

1.3 Exercise (Ashburton Operations Management case study)\*

Read through the information about Ashburton Products – case study posted on Bb.

1. Indicate the main constraints on current operations.

2. Indicate problems with current production process.

3. How might the company improve its operation on terms of process type, process layout, process

technology and job and work design?

1.4 Exercise (Classification of Objectives) \*

Classify under the generic objectives, the objectives that you discern in the three customer statements posted

on Bb titled "Objectives".

1.5 Exercise

Video Watch and Online Certification by the Project Management Institute (PMI)®

**Operations Management Foundations** 

https://www.linkedin.com/learning/operations-management-foundations/operations-basics-for-business-

professionals?u=42775724

Course details

Duration: 2h 4m

Customers want value. Companies want productivity. The solution: streamlined operations, from manufacturing

to delivery. In this course, Arizona State University senior lecturer Eddie Davila shows how to identify the

operations systems in your workplace and use operations management tools and concepts to improve

outcomes, efficiency, and innovation. In this course, he covers all aspects of operations management, including

inventory forecasting and management, purchasing decisions, managing waiting lines, quality control, and business processes.

Learning objectives

Understanding operations management

Making key inventory decisions

Balancing holding costs and ordering costs

Choosing a production strategy and facility layout

Managing waiting-line systems

Defining quality and improving quality

Managing business processes

You are expected to email your online certificate to your tutor upon completion.

1.6 Interactive Activity, Discussion Forum Question. \*\*\* This is an activity critical to the coursework assessment component 1 \*\*\*

Choose an organization with which you are familiar and analyze it in three dimensions: people, systems, and processes.

1. People: Briefly describe the organizational structure, roles, and responsibilities of key individuals.

**2. Systems:** Examine the technology and information systems employed by the organization. Briefly discuss how these systems support or hinder the overall operational efficiency.

**3. Processes:** Outline the main operational processes within the organization. Briefly comment on the effectiveness and efficiency of these processes.

In your analysis, try to highlight the interconnections between people, systems, and processes, and discuss how improvements in one dimension might positively impact the others. Be sure to provide specific examples to illustrate your points. This exercise will not only deepen your understanding of the organization but also allow you to apply key concepts in operations management to real-world scenarios.

Post your answers and replies to other students to our dedicated space on Blackboard.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

# L2 – Operations Strategy: Developing Resources and Processes for Strategic Impact

(WEEK 2)

#### Introduction

This lecture emphasises that the concept of 'operations strategy' may appear contradictory to some business managers who associate it with strategic decision-making, which seems distant from the day-to-day tasks of an operations manager. However, it is well-established that operations can have a significant strategic impact. Remarkable enterprises have demonstrated that effectively managing operations' resources and processes is crucial for long-term strategic success.

The primary purpose of this lecture is to showcase how strategic operations management can improve firms, differentiate them from competitors, or achieve both. Furthermore, it emphasises that companies often stumble when they neglect the importance of operations or fail to recognise their significance.

In a broader context, all enterprises and their various components must ensure that strategic decisions are not hindered by poor operational implementation. Consequently, this lecture's secondary purpose is to illustrate that the principles of operations strategy are applicable throughout a business, encompassing all its functions as well as the extended supply network. By employing these principles, any enterprise can reap benefits. This first lecture introduces the multiple meanings of operations strategy and explores how different perspectives can establish a connection between strategy and operational processes and resources across all aspects of the business.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Define operations strategy and distinguish it from operations management.
- Conceptualise the alignment of operations strategy with the overall organizational strategy.
- Utilise operational experience to inform operations strategy development.
- Identify and discuss the impact of market requirements on operations strategy.

- Identify and critically evaluate the influence of an operation's intrinsic capabilities on operations strategy.
- Understand the content of operations strategy.
- Understand the process involved in operations strategy development.
- Appreciate the evolving nature of operations strategy.

#### **Keywords**

Operations excellence	Four Vs	VRIO framework
Operations strategy matrix	Operations strategy stages	Business vs Operating Model

#### **Bibliography**

#### **Primary material**

Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Chapter 1.

#### **Complementary material**

- Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for Strategic Impact, Fifth Edition, Pearson. Chapter 2.
- Sherwood, D. (2011) Seeing the Forest for the Trees, A Manager's Guide to Applying Systems Thinking,
   Nicholas Brealey Publishing, London. Chapter 1.
- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed. FT Prentice Hall. Chapter 2.

#### **Self-assessment exercises**

#### 2.1 Exercise (4Vs and operations strategy matrix)\*

For two businesses you are familiar with (this may include your own company), you are required to:

- 1. Profile them in the 4Vs framework;
- 2. Formulate their operations strategy matrix;

3. Evaluate and advise whether the process issues are appropriate and whether it would be better to

change them.

2.3 Interactive Activity, Discussion Forum Question

Described as having revolutionised the concept of sandwich making and eating, Prêt A Manger opened their first

shop in the mid-1980s, in London. Now they have over 130 shops in UK, New York, Hong Kong and Tokyo. They

say that their secret is to focus continually on quality, in all its activities. 'Many food retailers focus on extending

the shelf life of their food, but that's of no interest to us. We maintain our edge by selling food that simply can't

be beaten for freshness. At the end of the day, we give whatever we haven't sold to charity to help feed those

who would otherwise go hungry.' The first Prêt A Manger shop had its own kitchen where fresh ingredients were

delivered first thing every morning, and food was prepared throughout the day. Every Prêt shop since has

followed this model. The team members serving on the tills at lunchtime will have been making sandwiches in

the kitchen that morning. They rejected the idea of a huge centralised sandwich factory even though it could

significantly reduce costs. Prêt also own and manage all their shops directly so that they can ensure consistently

high standards. 'We are determined never to forget that our hardworking people make all the difference. They

are our heart and soul. When they care, our business is sound. If they cease to care, our business goes down the

drain. We work hard at building great teams. We take our reward schemes and career opportunities very

seriously. We don't work nights (generally), we wear jeans, we party!'

(a) Do you think Prêt A Manger fully understand the importance of their operations management?

(b) What evidence is there for this?

(c) What kind of operations management activities at Prêt A Manger might come under the four headings of

direct, design, deliver and develop?

Post your answers and replies to other students to our dedicated space on Blackboard.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

#### Introduction

The process of formulating operations strategy revolves around the challenge of reconciling market requirements with available operations' resources in the long-term. The reason for dedicating the lecture to this topic is due to the inherent complexity of achieving such alignment in practice. While any step-by-step model for operations strategy will inevitably oversimplify this intricate reality, this lecture will employ a four-stage model to illustrate the key elements of this process.

The four-stage models the operations strategy process into formulation, implementation, monitoring, and control. This lecture focuses on the initial two stages: formulation and implementation. A subsequent lecture will explore the final two stages, namely monitoring and control. It is through this systematic examination that this lecture aims to shed light on the intricacies of operations strategy formulation and provide insights into its implementation for long-term success.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Understand the formulation of operations strategy;
- Analyse the operations strategy formulation;
- Understand the implementation of operations strategy.

#### **Keywords**

Operations strategy formulation	Operations strategy alignment	Operations SWOT Analysis
Strategic sustainability	Central operations typology	Operations strategy implementation

#### **Bibliography**

#### **Primary material**

Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Chapter 8.

#### **Complementary material**

- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed. FT
   Prentice Hall. Chapter 6.
- Porter, M. (1985, 2004) Competitive Advantage: Creating and Sustaining Superior Performance, First Free Press Export Edition, Free Press, New York. Chapter 2 entitled "The Value Chain and Competitive Advantage" that presents Value Chain diagrams and describes the primary and secondary activities as well as the horizontal and vertical linkages. Also of interest to the student is Chapter 1 entitled "Competitive Strategy: The Core Concepts" where Porter describes industry structure and generic competitive strategies.

#### **Self-assessment exercises**

#### 3.1 Exercise (Ashburton Operations Management)\*

Read through the information about Ashburton Products posted on BB and perform the following activities:

- 1. List the inputs and outputs in the transformation process;
- 2. Draw a flow diagram to show the current production stages;
- 3. Identify and critically evaluate the current process type employed;
- 4. Indicate and discuss the main constraints on current operations;
- 5. Identify and discuss the weaknesses involved with the current production process;
- 6. Discuss how the company might improve its operations.

#### 3.2 Exercise (Renault's Romanian strategy)

Read through the information about Renault's operations posted on BB and perform the following activities:

1. Analyse how Renault's operations strategy is implemented in the case of its Romanian subsidiary;

2. Explain and apply the concept of the 'line of fit' in the case study.

Note: the case and your answers to the questions will be discussed further in the next lecture.

#### 3.3 Exercise (Schefenacker Operations Management)\*

Read through the information about Schefenacker posted on BB and answer the following questions:

- a. How have they secured a competitive advantage? and
- b. How are they likely to be performing in the five areas (quality, speed, dependability, flexibility and cost)?

Use the strategy matrix and line of fit to make operations strategy.

## 3.4 Interactive Activity, Simulation: Become an Operations Manager for a day! \*\*\* This is an activity critical to the coursework assessment component 1 \*\*\*

Welcome to this exciting simulation activity where you'll step into the shoes of an Operations Manager for a day. This immersive exercise will enhance your understanding of real-world operations issues by analyzing a company featured in a financial newspaper. Let's dive into the details of this activity:

#### **Activity Instructions:**

#### 1. Select a Financial Newspaper:

- Choose a reputable financial newspaper such as Financial Times, Wall Street Journal, or Economist.
- You may explore for relevant articles regarding the previous step in our library specific-subject databases here: Business & Management (sharepoint.com)

#### 2. Identify a Company:

Browse through the newspaper and select one company that is prominently featured or discussed. Ensure that the information is current and relevant to the day you conduct the simulation.

#### 3. Analyze Operations Issues:

 Investigate and identify the main operations issues faced by the chosen company. Look for information related to supply chain management, production processes, logistics, or any operational challenges the company might be dealing with.

#### 4. Prepare a Short Video (5-10 minutes):

• Create a short video presentation where you act as the Operations Manager of the selected company.

• Briefly discuss the identified operations issues. Use visuals, graphics, or relevant charts to support your

analysis.

5. Key Points to Cover:

Provide an overview of the company's operations and industry.

Highlight any recent events or developments affecting operations.

• Discuss key challenges and opportunities in the company's operations.

Tips for the Video Presentation:

Be concise and focused on the key operations issues.

• Use visual aids to enhance the clarity of your presentation.

Support your analysis with relevant data or examples from the newspaper article.

Encourage discussion among your peers by posing thought-provoking questions.

This simulation activity is designed to provide you with a hands-on experience as an Operations Manager. By

engaging with real-world examples, you'll gain insights into the complexities and challenges faced by

organizations in managing their operations effectively. Remember to submit your video and be prepared for a

lively discussion during the review session.

Enjoy the simulation, and let's delve into the fascinating world of operations management!

Post your video/podcast on our Teams group chat.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

#### Introduction

Capacity is a critical factor in operations, which is why it is given priority as the first decision area in operations strategy. The primary objective of operations strategy is to establish and manage the ability to meet demand, and capacity plays a pivotal role in achieving this objective. Capacity strategy decisions have a profound impact on a significant portion of the business, and making incorrect decisions in this area can have severe consequences, even jeopardising a firm's competitive position.

Excessive capacity leads to the underutilisation of resources and increased costs, while inadequate capacity hampers the operation's ability to serve customers and generate revenue. The risks associated with mismanaging capacity are twofold: Firstly, having an improperly configured set of resources, and secondly, mishandling the process of adjusting capacity over time.

This lecture delves into the underlying principles of how operations configure and adapt their capacity, exploring the strategies and considerations involved in effectively managing this crucial aspect of operations.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Define capacity strategy;
- Apply key concepts and techniques to determine optimal capacity;
- Identify and evaluate the location site configuration;
- Manage capacity changes.

#### **Keywords**

Capacity strategy levels	Economies of scale	Location of capacity
Capacity change	Capacity strategies	Process capacity

#### **Bibliography**

#### **Primary material**

Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Chapter 4.

#### **Complementary material**

- Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for Strategic Impact, Fifth Edition, Pearson. Chapter 8.
- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed.
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- Porter, M. (2004) Competitive Advantage: Creating and Sustaining Superior Performance, First Free Press Export Edition, Free Press, New York. Chapter 2 entitled "The Value Chain and Competitive Advantage" that presents Value Chain diagrams and describes the primary and secondary activities as well as the horizontal and vertical linkages. Also of interest to the student is Chapter 1 entitled "Competitive Strategy: The Core Concepts" where Porter describes industry structure and generic competitive strategies.

#### **Self-assessment exercises**

#### 4.1 Exercise (Books - distributed capacity locations)\*

Read through the case/exercise "Books" posted on BB, and engage with the following activities:

- How does this case at all relate to your business?
- Answer the questions of the case study as posted in the discussion forum and review them in comparison with those posted by your peers
- Prepare a reflective report (500 words max) summarising the similarities and differences between your responses and those of your classmates to the above questions. What had you missed, what had you contributed compared to others and what have you learnt?

#### 4.2 Exercise (Rochem - capacity increase)\*

Read through the case/exercise "Rochem" posted on BB, and engage with the following activities:

How does this case at all relate to your business?

Answer the questions in the exercise of the case study as posted in the discussion forum and review them

in comparison with those posted by your peers.

Prepare a reflective report (500 words max) summarising the similarities and differences between your

responses and those of your classmates to the above questions. What had you missed, what had you

contributed compared to others and what have you learnt?

4.3 Interactive Activity (Supply chain for student's company)\*

For your company, or a company where you have been employed in the past, list tiers of suppliers, inventory, as

well as of customers and then prepare its supply chain. What parameters and interventions should you consider

pursuing to make the supply chain effective?

Post your answers and replies to other students to our dedicated space on Blackboard.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

#### L5 - Processes, Systems and Supply Networks

(WEEK 5)

#### Introduction

This week's lecture focuses on the significance of purchasing and supply strategy within the broader context of operations strategy. It emphasises that operations cannot function in isolation and that their role must be considered within the supply network as a whole. This lecture highlights the increasing importance of purchasing and supply decisions in today's globalised and technology-driven economy. Using examples, it demonstrates how the success of a product is heavily influenced by the effectiveness of its purchasing and supply strategy. The lecture further illustrates that a firm's performance is not solely determined by its internal operations but also by its ability to make strategic decisions regarding external connections, such as suppliers, purchasing locations, and supply chain management. The lecture underscores the critical role of purchasing and supply strategy in achieving operational excellence and gaining a competitive edge in the marketplace.

#### **Background content**

Lecture 2 aimed at developing a process and systems mind, that is to understand the nature and context of systems and process management (planning and control and managing resources).

This lecture turns that knowledge into a practical operations perspective explaining how processes and systems are turned into a supply network which provides a crucial framework for the conceptualisation of operations and businesses.

Three important network concepts are revisited and further discussed for the student to gain a deeper understanding:

- Process, i.e. a series of activities, resources, tasks grouped together to produce an outcome e.g. perform a
  design;
- System, i.e. an arrangement of processes and operations for a specific outcome bigger than that of an individual process or operation which is also characterised by dynamic interconnections among its parts;

 Supply network, i.e. a network of operations spanning from the suppliers to the customers' end of the continuum.

Furthermore, the so-called fractal quality of these three levels of networks will be revisited, and it will be explained that the process approach owes much of its usefulness to that fractal quality.

The systems-network discussion is advanced further by explaining how to turn a network into a system and apply the system findings in the supply network. In this context, the following are discussed:

- A system is an arrangement of entities not in a loose form but interconnected. As in a chemical bond
  whereby the bond has new properties that are unlike those of its constituent parts, so the system has its
  own properties;
- The system energy comprises the energies of its constituent parts including their interconnecting links but also of what it can gain and give in exchange with its environment;
- How the interconnectedness (interconnecting links) operates relate to the more abstract qualities of the
  organisation that enacts in them its dynamism and spirit;
- For the parts we perform training, education, skilling, and mind opening;
- For the spirit we develop cultures, rewards, recognition, autonomy, and self-development, bringing in the human factor;
- To push this spirit through all the organisational parts is the job of the leader who additionally must look at the external environment to bring in from it more energy;
- Recognise that like all networks, the supply network has resistance, and the flow in the network is aided
  with leadership direction and harmonisation of all processes and other organisational human issues;
- System attributes:
  - Emergence new things appear and;
  - Self-organisation things fall into pieces by their own without external intervention.
- Techniques:
  - Causal loop diagram;
  - Computer aided causal loop exploring possibilities and time.

#### The systems-network concept and the supply network

In operations, the above systems-network discussion finds application in the supply network. The supply networks or supply chains are analysed and discussed to exhibit their salient features that are responsible for their success or failure.

#### The supply network and/or supply chain

From the operations' side, the supply chain (or network) is examined as a system with two major parts (subsystems) that of the supply side and that of the demand side. Analysis of all elements of the chain will provide understanding of the role that each play in making the whole of the chain effective. More specifically, the following are examined:

Supply chain and system, i.e. how they are configured (from activities to processes, from processes to
operations and from operations to supply networks).

Operation decisions or choices can shape the operations' scope (range of activities) and structure (shape of the network). Examples of such decision areas are:

- Configuration of the network;
- Vertical integration;
- Outsourcing;
- Capacity and Demand increments and timing of capacity changes, economies of scale;
- Location of capacity.
- Supply chain objectives

These are twofold, namely business goals and network flow criteria.

- o The objectives should reflect the business objectives like the five generic business objectives and;
- They should also be augmented with flow criteria to ensure quick throughput times, smooth (even)
   flow and good utilisation of resources.
- Supply chain relationships and their management

The two major alternatives of sourcing are presented. The advantages or disadvantages of each are discussed and the circumstances that make one more favourable than the other are explained:

- Contract-based "transactional" relationships;
- o Long-term "partnership" relationships.
- Supply-side management

The great importance that it has on effective operations is explained and the major topics that bear influence on it are discussed:

- Selecting suppliers;
- o Relationships with suppliers and how to manage them (Service-Level Agreements SLA);
- The advantages and disadvantages of single-sourcing and multi-sourcing;
- Purchasing on the internet and e-commerce.
- Demand-side management

Of equally great importance to operations is the demand side management.

The following will be discussed:

- o Relationships with customers and;
- o How to manage demand when predictable (MRP) and when unpredictable (Inventory).
- Logistics services and management and the Internet of Things (IoT)

The internet and technology is transforming the field of operations. The operations manager should make themselves aware of the possibilities offered by:

- Technology, and;
- The several logistics approaches.
- Supply chain dynamics and their management

Managing network dynamics is discussed:

- The negative effects of distortion of information;
- o Communication from the source through all stages of the supply chain;
- Good network design and the effective flow of a supply chain;
- o Good coordination and management;
- Risk management

Managing risk is discussed:

Several techniques of enhancing network security.

Other Important areas of operations' decision-making that relate to the supply chain are briefly introduced and discussed:

- Capacity management;
- Inventory management;
- Synchronized flow;
- Resource planning and control.

#### **Learning outcomes**

After completing this week's study, the students are expected to be able to:

- Identify and analyse the dynamic characteristics incorporated in the interconnectedness of systems and the factors that influence them.
- Articulate the supply chain as a network and as a system and appreciate what makes it a network and what gives it a systems behaviour.
- Appreciate and critically evaluate the importance of relationships in both the supply-side and the demand-side of the supply chain.
- Identify the operations' scope and structure decisions and learn how to apply them to shape the supply chain.
- Evaluate and discuss what other operation areas of decision-making relate to the supply chain and learn how to apply them to influence its effectiveness.
- Critically evaluate supply dynamics and how to manage them to anticipate network risks.

#### **Keywords**

Process	Operations	Network
System	Supply chain	Supply chain dynamics
Supplier relationships	Customer relationships	Vertical integration
outsourcing	Capacity management	Break-even point
Risk management	Inventory management	Resource planning and control
Supply side management	Demand side management	Synchronized flow
Operations scope	Operations structure	

### **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

• Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Chapter 5.

#### **Complementary material**

- Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for Strategic Impact, Fifth Edition, Pearson. Chapter 4.
- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed. FT
   Prentice Hall. Chapter 9.

#### **Self-assessment exercises**

#### 5.1 Exercise (Cooper bikes - supply chain and outsourcing)\*

Case study Supply chain Cooper bikes – material posted on BB. You are required to:

- Draw the supply chain diagram.
- Discuss the implicit dynamics of the supply chain you have drawn and critically evaluate it in terms of
  its advantages and disadvantages. How could the supply chain linkages be improved?

#### 5.2 Exercise (Gambell - capacity and sourcing)\*

Case Study Gambell: Sourcing, contracting and partnering – material posted on BB. You are required to:

- Reflect through the issues raised.
- Answer the questions in the case study as posted in the discussion forum and review them in comparison with those posted by your peers.
- Prepare a reflective report (500 words max) summarising the similarities and differences between your responses and those of your classmates to the above questions. What had you missed, what had you contributed compared to others and what have you learnt?

#### 5.3 Exercise 3 (Veroxide - supplier development)\*

Case Study Supplier development (Veroxide) - material posted on BB. You are required to:

- Reflect through the issues raised.
- Answer the questions in the case study as posted in the discussion forum and review them in comparison with those posted by your peers.

Prepare a reflective report (500 words max) summarising the similarities and differences between your

responses and those of your classmates to the above questions. What had you missed, what had you

contributed compared to others and what have you learnt?

5.4 Interactive Activity, Video Watch and Online Certification by the National Association of State Boards of

**Accountancy (NASBA), Discussion Forum Questions** 

**Purchasing Foundations** 

https://www.linkedin.com/learning/purchasing-foundations/welcome-2?u=42775724

Duration: 1h 18m

Brief: Purchasing departments add value and maximise savings for their organisations. In this course, supply

chain expert and professor Steven Brown outlines the purchasing process and provides guidance for evaluating,

selecting, and managing suppliers. He also addresses the roles of cost management and strategic sourcing, and

the legal and ethical considerations involved. Plus, learn about special topics such as indirect spend on services

(including transportation and utilities), resourcing, and supply chain performance management.

Learning objectives: Explain the purchasing process; Define purchase order; Describe the intent of a purchasing

policy; Distinguish types of purchasing structures; List the steps of selecting a supplier; Identify enablers for

success in worldwide sourcing; Perform price and cost analysis; Measure supply management performance.

**Discussion Forum Questions:** 

1. Describe the intent of a purchasing policy;

2. Distinguish and discuss the main types of purchasing structures;

3. Briefly describe the steps of selecting a supplier;

4. Identify enablers for success in worldwide sourcing;

Post your answers and replies to other students to our dedicated space on Blackboard.

You are also expected to email your online certificate to your tutor upon completion.

\*The solution to this exercise can be found in Appendix.

**Recommended study time** 

Approx. 10-15 hours

L6 – The application of Lean, Agile and Quality Management Philosophies

(WEEK 6)

Introduction

Many chief operating officers (COOs) or individuals responsible for the operations function believe that they play a crucial role in their organisation's success, and that they have an operations strategy in place to ensure this. However, extant research reveals that there is a variation in the understanding and implementation of operations strategy among COOs. Some may not be familiar with the concept at all, while others have a well-developed strategy that effectively aligns market requirements with operations resources. At the same time, some COOs might mention adopting new approaches to operations, which they may have learnt from consultants, and which they deem suitable for improving operational performance. Examples of such approaches include lean operations or business process reengineering. This lecture explores whether these approaches can be considered true operations strategies or if they are merely substitutes for a comprehensive strategy. It also discusses their integration within the broader framework of operations strategy.

**Background content** 

Quality philosophies and operations systems improvement go hand-in-hand as the first are considered a major means to the achievement of the latter. One of the prime responsibilities of operations is to improve the performance of individual processes, operations, and of the whole supply network.

Quality management, nowadays, goes beyond avoiding errors. It has become an approach to managing and improving processes concerning everything and involving everybody in the business. It has as its focus the customer's short- and long-term needs and seeks to deliver the most appropriate response by producing and offering the right products or services.

**Quality Management** 

**Quality concepts** 

The students are introduced to the importance of Quality Management and to the need for its concepts and application to spread throughout the organisation. Quality concepts such as the ones below are explained and evaluated:

- How quality is defined;
- The internal customer (Service Level Agreement SLA);
- Specifications and surrogate measures by attributes and variables;
- The cost of quality.

#### **Quality philosophies**

They are articulated with emphasis on the salient elements of each: Lean, 6 sigma, Total Quality Management (TQM), Business Process Reengineering (BPR) and the combined Lean-Six Sigma.

#### Quality management as a systems approach

Quality Management is also explained in terms of the systems methodology that transforms inputs to outputs. What are the inputs to be transformed and what are the transforming inputs? What is the transforming mechanism and what control system can it be attached to the process? These are discussed and explained as below:

- Transforming mechanism
  - o The operations and the business as a whole;
- Inputs to be transformed
  - Measurements of Business objectives The Balanced Scorecard (BSC) is an acceptable and recommended way for defining objectives and measures;
- Inputs transforming
  - Quality philosophy selected for adoption;
  - Quality tools and techniques like SPC;
  - Establishing and meeting the pre-requirements like training, acceptance by staff, allowing for necessary times;
- Outputs
  - o Improved measurement of objectives;
  - Ultimately to meet business quality targets;
- Control system
  - Setting targets for objectives (specifications into variables and attributes);

- Gap analysis and feedback: Measure differences between targets and measured objectives to draw corrective actions to feedback into the process;
- Deciding the measurement system and its requirements;
- Tools like SPC charts for minimising defects and variability.

#### Quality application procedure

Starting with the individual process and moving on to the operations and supply networks

#### **Quality sustainability**

For Quality Management to have a real impact, it should not be a once-off application but it should be sustained long-term in a continuous improvement cycle. For this it is necessary to have:

- Top Management continuous and genuine support;
- Training and education of all staff on a continuous basis;
- Establishing systems and procedures that embed quality in the daily work of the organisation like ISO
   9000 and EFQM (the European Foundation for Quality Management);
- Make it user-friendly by avoiding bureaucracy of little value and documentation with too much detailed descriptions of the obvious.

#### The new perspective on quality

It argues that businesses nowadays do not see quality in the narrow sense only as a mechanism of getting rid of defects, but they see quality philosophies in the wider sense as a holistic management system that achieves low costs and increased sales that lead to establishing for them a competitive strategic advantage.

#### **Learning outcomes**

After completing this week's study, the students are expected to be able to:

- Gain an understanding of how lean operations align with operations strategy.
- Articulate and discuss how business process reengineering fits into operations strategy.
- Understand the role of Six Sigma and apply it in operations strategy.

#### **Keywords**

Lean	Just in Time (JIT)	Synchronized Lean
Agile	Total Quality Management (TQM)	Waste
Business process reengineering (BPR)	Six Sigma	EFQM

#### **Bibliography**

Reference the following bibliography to study this week's material:

#### **Primary material**

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#### **Complementary material**

- Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for Strategic Impact, Fifth Edition, Pearson. Chapters 11, 13.
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   https://hbr.org/2020/05/building-a-transparent-supply-chain

#### **Self-assessment exercises**

6.1 Exercise (Application of Lean - McDonald's case-study video)\*

Watch McDonald's video:

Made for you = Just In-Time (JIT) Kitchen System (7:32 min)

#### https://www.youtube.com/watch?v=cdj2URk7b4M

- Identify the elements of lean.
- Identify the types of waste they eliminated.
- Draw the supply chain.
- Discuss how McDonald's enhanced the flow in their operations.
- Discuss the relationship of Lean with Technology.

Prepare a reflective report (500 words max) summarising the similarities and differences between your responses and those of your classmates to the above questions. What had you missed, what had you contributed compared to others and what have you learnt?

# 6.2 Exercise on how to create a value stream map to diagnose problems and introduce improvements in a company familiar to students\*

For your company or a company you are familiar with, you are required to identify waste and then to proceed to create a value stream map following the steps below:

- Step 1: Identify the value elements of the stream (process, operations, or supply chain);
- Step 2: Map the flow pictorially;
- Step 3: Add above the map of step 2 the information flow that enables the process to occur;
- Step 4: Think how to
  - Cut throughput time and;
  - Optimise the efficiency of the chain that is calculated by Value-added time/Throughput time.

#### 6.3 Exercise on Quality and Waste management\*

Read through the Waste case study posted on BB. You are required to:

- Answer the questions
- Prepare a reflective report (500 words max) summarising the similarities and differences between your responses and those of your classmates to the above questions. What had you missed, what had you contributed compared to others and what have you learnt?

6.4 Exercise on Quality tools: GE Six Sigma\*

Read through the GE Six Sigma case study posted on BB. You are required to:

Answer the questions

Prepare a reflective report (500 words max) summarising the similarities and differences between your

responses and those of your classmates to the above questions. What had you missed, what had you

contributed compared to others and what have you learnt?

6.5 Exercise, Video Watch and Online Certification by the National Association of State Boards of Accountancy

(NASBA)

https://www.linkedin.com/learning/lean-six-sigma-foundations/the-continuous-improvement-

culture?u=42775724

Duration: 1h 10m

Brief:

Lean Six Sigma combines the principles of lean enterprise and lean manufacturing with Six Sigma to improve

performance and systematically remove waste. Supply chain expert and professor Steven Brown explains the

basics of using Lean Six Sigma as a structure for your improvement efforts.

Steven outlines the process stages in Six Sigma (define, measure, analyze, improve, and control), along with the

Lean toolkit: the 5s principles, kanban (scheduling), downtime, poka-yoke (error proofing), and kaizen

(continuous improvement). He also explains how leadership works within Lean Six Sigma, the principles of

project execution, and how Lean Six Sigma is applied to the service sector and supply chain management. Make

sure to watch the "Next steps" video at the end of the course for further resources.

Learning objectives:

List the three main focuses of Six Sigma;

Explain why lean is an important element of the Six Sigma approach;

Summarize why Control is the most important step in the Six Sigma process;

Analyze variables to determine if they are a good performance measurement;

Describe three typical methods of improving supply chain functions;

Identify three things you will need in order to lead a Lean Six Sigma project effectively.

You are expected to email your online certificate to your tutor upon completion.

6.6 Interactive Activity, Discussion Forum Question

Ryanair is the best-known budget airline in Europe, focusing on a popular routes and very low operating costs.

For years, the boss of the airline, Michael O'Leary's policy on customer service was clear. Our customer service,

he said, is about the most well defined in the world. We quarantee to give you the lowest air fare. You get a safe

flight. You get a normally on-time flight. That's the package. We don't, and won't, give you anything more. Are

we going to say sorry for our lack of customer service? Absolutely not. If a plane is cancelled, will we put you up

in a hotel overnight? Absolutely not. If a plane is delayed, will we give you a voucher for a restaurant? Absolutely

not.

However, the bad publicity eventually prompted a limited rethink by the company. After a drop in their hitherto

rapid profit growth, some shareholder concern and Ryanair being voted the worst of Britain's 100 biggest brands

by readers of the consumer magazine Which?, the company announced that it was to reform its abrupt culture,

and try to eliminate things that unnecessarily annoy customers. Included in these annoying practices were fines

for small luggage-size transgressions and an unpopular €70 fee for issuing boarding passes at the airport rather

than printing them out at home (it was lowered to €10). Yet Ryanair insisted that such charges were not money-

spinning schemes, but were designed to encourage operational efficiency that kept fairs low. In fact, fewer than

10 passengers a day had to pay for forgotten boarding passes.

What does this example tell us about the trade-off between service quality and cost?

Post your answers and replies to other students to our dedicated space on Blackboard.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

#### Introduction

In lecture 3, we discussed the four stages of operations strategy, i.e. formulation, implementation, monitoring, and control. While lecture 9 focuses on formulation and implementation, this lecture delves into the remaining stages of monitoring and control. It's important to note that these stages can be viewed as a continuous cycle. This cycle involves ongoing activities aimed at creating strategic intent, executing it, assessing progress towards objectives, and adjusting plans as needed.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Critically articulate the distinctions between operational and strategic monitoring and control.
- Apply tracking techniques towards assessing progress of strategic objectives.
- Examine and discuss how the monitoring and control process can identify and mitigate risks.
- Critically discuss how learning processes and feedback mechanisms contribute to strategic control.

#### **Keywords**

Strategic Monitoring	Strategic Control	Balanced Scorecard
		Approach
Operations risk	Risk assessment	Risk Mitigation

#### **Bibliography**

#### **Primary material**

• Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Chapter 10.

#### **Complementary material**

- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed. FT Prentice Hall. Chapter 10.
- Van Looy, B., Gemmel, P. and Van Dierdonck, R. (2013) Service Management: An Integrated Approach, Third Edition, Pearson. Chapter 13.

#### **Self-assessment exercises**

#### 7.1 Exercise (Task / Reflection)

Think about moving home. You are required to answer the following questions as posted in the discussion forum:

- What are the main objectives and outcomes of this decision?
- What are the main risk events?
- What are the potential repercussions and materialization probabilities of them?
   What might be the planned responses?
- Prepare a reflective report (500 words max) summarising the similarities and differences between your responses and those of your classmates to the above questions. What had you missed, what had you contributed compared to others and what have you learnt?

#### 7.2 Exercise (Task / Reflection)

- How does the above relate to your workplace or business?
- What measures do you record and use to anticipate and manage risk?
- What is the organisation's culture around accountability concerning the responses offered?

### 7.3 Interactive Activity, Video Watch and Online Certification by the Project Management Institute (PMI)®, Discussion Forum Questions

Measuring Business Performance (2016)

https://www.linkedin.com/learning/measuring-business-performance/welcome?u=42775724

Duration: 1h 37m

Brief: All organizations are looking for that perfect metric—the one data point that will tell them everything they

need to be successful. Companies can make a ton of errors in measuring themselves, but developing better

metrics can be challenging. In this course, instructor Eddie Davila explains why it's important to measure

performance and highlights some of the most common errors in measuring your own company's performance.

He explains what makes a good metric, how to evaluate your current measurement system to see if it aligns

with your organization's goals, and how you can develop and test a system of measurement from scratch. Along

the way, he also covers the importance of data visualization tools such as dashboards and infographics.

Learning objectives: Explain why metrics are necessary in business settings; Define KPIs; Identify the issue of

attempting to reach 100% in a given metric; Summarize the limitations of metrics; Recall the three steps for

making a metric understandable for employees; Describe the characteristics of an effective metric; Compare

and contrast the costs and benefits of measuring too many versus too few metrics.

**Discussion Forum Questions:** 

1. Discuss the importance of metrics in business settings; Provide examples of metrics established in

your company.

2. Briefly describe the qualities of an effective metric;

Post your answers and replies to other students to our dedicated space on Blackboard.

You are also expected to email your online certificate to your tutor upon completion.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

#### Introduction

The essence of operations strategy is centered around enhancing operations. By adopting a strategic perspective on operations resources and processes, the aim is to augment their contribution towards attaining long-term advantages. While the broader focus of operations strategy encompasses various decision areas like capacity, supply networks, and technology, the study of improvement as a distinct activity has garnered significant attention from scholars and practitioners. This attention encompasses specific techniques, recommendations, and the underlying philosophy of improvement.

Although organisations tend to review their overall operations strategy infrequently, the subsequent material will delve into the process of operations strategy formulation, which is intended to enhance overall performance. In the interim, organisations do not expect operations to remain static between major strategic reviews. Instead, they aspire to continuously develop and refine their operations on an ongoing basis. This lecture addresses the ongoing improvement endeavours, focusing not only on grand-scale strategy formulation but also on the broader considerations that shape routines fostering the continual development of operations.

#### **Background content**

#### Systems and Improvement techniques

Improvements may be distinguished into two major types: Continuous improvement and Breakthroughs. The features that set them apart are graphically demonstrated, and what each type requires is explained.

To start the improvement process, it is needed to have measurements and a measurement system that prescribes what to measure. The Balanced Scorecard (BSC) is the tool that is systematically articulated in this lecture.

The BSC is a strategic tool that uses strategy and strategy themes to derive the strategic objectives and their key measures on which performance is judged.

Some typical performance measures are applicable to several business operations and for this reason they are called generic. They are measures of Quality, Speed, Dependability, Flexibility, Cost. These generic measures,

however, are composite measures that do not lend themselves straight to measurement. To measure them they must be disaggregated, broken up into each one's simpler component measures.

Gap analysis in conjunction with the Balanced Scorecard (BSC) form some of the foundational concepts in the improvement process.

The power of the feedback loop for learning and improvement is explained and discussed, and reference is made to the improvement cycle models like PDCA, DMAIC.

People's primary role in the successful application of improvement schemes, like in the synchronised lean, is explained, and discussed to show its criticality. The importance of developing people through training, like six sigma black belts, is discussed with illustrating examples that show that people's development is a prerequisite for developing new strategic capabilities and for the operations to assume wider business responsibilities.

Actions resulting from the gap analysis are prioritised in terms of quality frameworks like the importanceperformance matrix and the quality and cone model, and actions of the higher tier are grouped to form the themes and actions of the action plan.

#### Frameworks and Techniques:

**Frameworks presented**: BSC, ISO 9000 and EFQM, the operations improvement framework, the importance-performance matrix, quality sand cone model, Causal loop diagram.

**Techniques used for improvement**: The cause-effect diagram, Scatter diagrams, SPC charts, Pareto analysis, why-why analysis (Fishbone diagram), Benchmarking.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Differentiate between managing large 'breakthrough' improvements and managing continuous improvement.
- Articulate and discuss the influence of market needs on the ongoing development of operations processes.
- Apply ongoing management and control of operation techniques to enhance their qualities/capabilities and performance.

 Critically evaluate strategies employed by operations to deploy their capabilities effectively in the marketplace.

#### **Keywords**

Continuous improvement	Breakthrough improvement	Performance measurement
Benchmarking	Importance–performance matrix	Sandcone theory
Learning/experience curve	Bohn's Process knowledge stages	The four-stage model of operations contribution

#### **Bibliography**

#### **Primary material**

Slack, N. and Lewis, M. (2017) Operations Strategy, Fifth Edition, Pearson. Chapter 7.

#### **Complementary material**

- Johnson, R and Clark, G (2005) Service Operations Management (Improving Service Delivery) 2nd ed. FT Prentice Hall. Chapter 12.
- Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for Strategic Impact, Fifth Edition, Pearson. Chapter 12.

#### **Self-assessment exercises**

#### 8.1 Exercise (Managing improvements in student's own business or business they are familiar with)\*

For your company or a company that you are familiar with, prepare an improvement plan that will be summarised in an action plan – start with objectives, include measures and targets, measurements, gap analysis, assessment of the current state, use gap analysis to draw actions required, prioritise them and put them in an action plan format. Prepare a reflective report (500 words max) summarising the strengths and weaknesses of your improvement plan and the potential risks that may be impinging towards its implementation.

8.2 Interactive Activity, Video Watch and Online Certification by the Project Management Institute (PMI)®, Discussion Forum Questions \*\*\* This is an activity critical to the coursework assessment component 2 \*\*\*

Video Watch and Online Certification by the Project Management Institute (PMI)<sup>®</sup>

Change Management Foundations (2016)

https://www.linkedin.com/learning/change-management-foundations/welcome?u=42775724

Duration: 1h 40m

Brief: Change is hard, but necessary for businesses to thrive and survive. You—as leader or manager—can help implement new business processes and initiatives using organizational change management (OCM). In this course, consultant and change management expert Bob McGannon discusses the principles and techniques necessary to drive change at the project level, in a certain business area, or throughout an entire organization. He helps you prepare, manage, and support the change process, outlining the five phases involved and the eight competencies required for success. Bob also helps you understand the stages of change on an individual level,

so you can help team members and stakeholders adapt.

Learning objectives:

Determine the approach to motivate others through a change;

Distinguish the steps and benefits of change management phases;

Explain how training is addressed as part of the change implementation and support phase;

Interpret the components for communicating a change initiative;

Recognize the skill set needed for a change champion;

Identify the type of results that can be revealed when evaluating a change.

**Discussion Forum Questions:** 

1. Briefly explain how training is addressed as part of the change implementation and support phase.

2. Outline the specific skills and attributes that make an individual an effective change champion, highlighting the capabilities crucial for driving and facilitating successful organizational change.

Post your answers and replies to other students to our dedicated space on Blackboard.

You are also expected to email your online certificate to your tutor upon completion.

8.3 Exercise

Video Watch and Online Certification by the Project Management Institute (PMI)®

Project Management Foundations (2019)

https://www.linkedin.com/learning/projects-management-foundations-4/deliver-successful-projects-

3?u=42775724

Duration: 3h 20m

Brief: Project management is a set of techniques that anyone can apply to achieve goals and make projects more

successful. Project management can be used to guide small, simple projects as well as complex enterprise-wide

initiatives. Bonnie Biafore has always been fascinated by how things work and how to make things work better.

In this course, she explains the fundamentals of project management, from establishing project goals and

objectives and building a project plan to managing resources and work, meeting deadlines, and closing the

project. Along the way, she provides tips for communicating, holding meetings, keeping a project on track, and

gaining customer acceptance. This course provides exercises for most videos based on a healthcare/IT case study

project.

Learning objectives:

Identify the definition of project management;

Explore the similarities and differences between traditional and agile project management;

Determine how organizational structure affects projects;

Explore the fundamentals of analyzing project stakeholders;

Examine the best ways to identify a project goal;

Determine the best ways to choose a strategy;

Examine strategies to gather requirements;

Identify the fundamentals of developing a project budget;

Distinguish the best ways to craft a quality plan;

Conclude the best steps to take when determining the processes for procuring resources.

You are expected to email your online certificate to your tutor upon completion.

\*The solution to this exercise can be found in Appendix.

Recommended study time

Approx. 10-15 hours

#### Introduction

Since 1980, the global economy has experienced consistent growth, with an average annual increase in world GDP of just under 3.5%. Concurrently, global trade has expanded at a higher rate, growing at an annual rate of 5.5%, representing a remarkable surge of nearly 600% over the same period. This remarkable growth in international trade can be attributed to the proliferation of global supply chains and the widespread extension of consumption and production into new geographical locations.

To support this expansive trade network, logistics hubs have emerged in almost every country worldwide. These hubs play a vital role in facilitating the manufacturing and distribution of goods. Among them, the strategically positioned global logistics hubs hold significant importance. These hubs serve as key junctions that enable the seamless exchange of goods between various modes of transportation, such as sea, air, rail, road, and inland waterways. By optimising the distribution process and reducing trade costs between suppliers and end-users, these global nodes have contributed to the exponential growth of cross-border trade.

Global logistics hubs act as the primary catalysts driving the industrial real estate markets and form the core of extensive clusters of distribution facilities. Within these hubs, they offer a wide range of value-added services, including storage, customs clearance, packaging, and processing, to accommodate the immense volume of cargo traversing the global supply chain.

In this lecture, we delve into the essential elements that contribute to the establishment of global hubs. We examine the current leaders in the global supply chain among these hubs and explore which ones are suited to become the dominant centers of international trade in the future—and the underlying reasons behind their potential rise.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Understand and apply the hub-and-spoke model.
- Appreciate and discuss the attributes of a global hub.

- Track and evaluate the most recent trends in globally established and emerging logistics hubs.
- Examine and discuss how the monitoring and control process can identify and mitigate risks.
- Appreciate and discuss how learning processes and feedback mechanisms contribute to strategic control.

## **Keywords**

Hub-and-Spoke distribution	Global logistics centres	Port-infrastructure
		development
Transshipment hub ports	Shanghai	Hong Kong
Singapore	Dubai	Rotterdam
Hamburg	Tokyo	Los Angeles

## **Bibliography**

### **Primary material**

CBRE (2015). Global and Emerging Logistics Hubs. URL: <a href="http://s354933259.onlinehome.us/mhi-blog/global-and-emerging-logistics-hubs/">http://s354933259.onlinehome.us/mhi-blog/global-and-emerging-logistics-hubs/</a>

CBRE report, "Global and Emerging Logistics Hubs," identifies 30 logistics hubs that play a key role regional and global supply chains. The report also points to 20 emerging hubs that may become global hubs over the next decade.

• Akhavan, M. (2017) Evolution of Hub port-cities into Global Logistics Centres, *International Journal of Transport Economics*, Vol. XLIV, No. 1.

This paper makes an attempt to explore the evolutionary process of major port cities in the Eastern World, while transforming from freight transport hubs into global logistics centres. The discourse is developed through studying the two significant cases in Pacific Asia and Middle East, where development is occurring on a spectacular scale, namely Singapore and Dubai.

• European Commission (2015). Analysis of the EU logistics sector.

In this report support is provided for the development of an EU strategy for freight transport logistics. The report provides information on logistics trends and developments, and includes reviews of existing policies, supported by inputs from relevant key stakeholders.

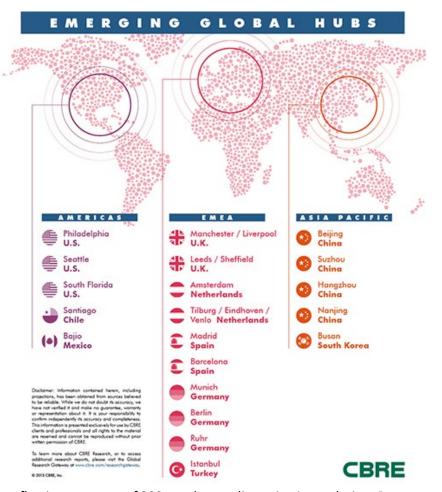
- URL 1: https://transport.ec.europa.eu/system/files/2016-09/2015-01-freight-logistics-lot1-logistics-sector.pdf
- URL 2: https://transport.ec.europa.eu/transport-themes/logistics-and-multimodal-transport/logistics en

## **Self-assessment exercises**

9.1 Interactive Activity, Simulation: Real-life Applications \*\*\* This is an activity critical to the coursework assessment component 2 \*\*\*

How are emerging global logistics hubs shaping the future of international trade and supply chains?

Select an established or emerging global logistics hub from the map below.



Provide a short reflective summary of 300 words max discussing its evolution. Post your answer to

Blackboard.

9.2 Exercise (Task / Reflection)

Logistics is a fundamental part of supply chain management. It consists of the organisation and management of

flows of goods related to purchasing, production, warehousing, distribution and the disposal, reuse and

exchange of products, as well as the provision of added-value services. These days, enterprises often outsource

their logistics activities to third party logistics providers and it is estimated that long-term contractual

relationships, contract logistics, constitute 16% of total global logistics, while express/courier/parcel service are

key to the e-commerce delivery business.

Explore the site of the European Commission for European logistics, identify and reflect on some facts of your

interest.

https://transport.ec.europa.eu/transport-themes/logistics-and-multimodal-transport/logistics\_en

9.2 Exercise

Video Watch

**International Logistics** 

https://www.linkedin.com/learning/international-logistics/introduction-to-international-logistics?u=42775724

Duration: 1h 1m

Brief: As more and more businesses today go global and more and more materials and merchandise are

transferred from one country to another, it's more important than ever to understand the requirements of

conducting logistics activities internationally. In this course, Steven Brown covers the information that anyone

who ships materials internationally needs to know. Steven covers topics like how logistics evolved globally, the

special considerations unique to international logistics (including security and managing cultural differences),

the different transportation modes available, and effective methods for controlling inventory. He also looks at

the 11 international commercial terms, or "Incoterms," that define the responsibilities of sellers and buyers in

global trade.

Recommended study time

Approx. 10-15 hours

52/92

## L10 - Supply Chain Sustainability and Innovation

(WEEK 10)

### Introduction

Supply chain companies are facing mounting pressure to embrace environmental responsibility and sustainability practices. This pressure stems from various sources, including consumers, regulators, industry groups, traditional and social media, and other stakeholders who increasingly demand that brands and their supply chains uphold high sustainability standards. In today's business landscape, a company's stance on sustainability carries significant implications, influencing consumer preferences, attracting talent, attracting investments, and fostering collaborations.

One of the key challenges related to sustainability in supply chains is the establishment of targets to reduce greenhouse gas (GHG) emissions. Regulators, particularly in the United States and the European Union, are taking a more proactive approach in defining climate risk standards that companies must adhere to. Supply chains are responsible for a substantial portion, sometimes over 90%, of a firm's GHG emissions. The International Energy Agency highlights that the transportation sector alone accounts for 23% of global CO2 emissions. Furthermore, the International Transport Forum estimates that freight contributes to over 40% of all transportation-related CO2 emissions, with this percentage continuing to rise. Consequently, environmental sustainability and responsibility have become imperative considerations for supply chains. Companies are now expected to leverage all available means to chart a path towards achieving net-zero emissions.

In light of these challenges, this lecture explores the ways in which supply chain companies can effectively respond to the increasing demands for environmental sustainability, responsibility and digitisation.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Identify and critically evaluate the meaning and importance of supply chain sustainability.
- Articulate the benefits and challenges of supply chain sustainability.
- Identify the major technology innovations that are reshaping the global supply chain industry.

- Identify and discuss the major supply chain sustainability trends, such as the circular economy and data-driven supply chains.
- Understand the application of sustainable practices throughout the supply chain.

## **Keywords**

Supply chain sustainability	Circular economy	Data-driven supply chains
Responsible supply chains	ESG	UN Global Compact
Sustainable Procurement	Supply chain technology and innovation	Supply chain Al

## **Bibliography**

#### **Primary material**

MHI (2023). The Responsible supply Chain. Transparency, Sustainability and the Case for Business. MHI
 Annual Industry Report.

URL: <a href="https://www.mhi.org/publications/report">https://www.mhi.org/publications/report</a>

The 2023 MHI Annual Industry Report, "The Responsible Supply Chain: Transparency, Sustainability, and the Case for Business.", the tenth in a series of annual industry reports published by MHI and Deloitte, provides updates on the innovative technologies that have the most potential to transform supply chains into more transparent, sustainable, and responsible operations.

• UN (2023) Supply Chain Sustainability.

URL: https://unglobalcompact.org/what-is-gc/our-work/supply-chain

A company's entire supply chain can make a significant impact in promoting human rights, fair labour practices, environmental progress and anti-corruption policies. However, UN Global Compact participants rank supply chain practices as the biggest challenge to improving their sustainability performance. Extending the UN Global Compact's Ten Principles into the supply chain can be difficult because of the scale and complexity of many supply chains. The UN Global Compact encourages companies to make sustainability a priority from the top of the organization. If the chief executive sees the supply chain as an extension of their workforce and community, the company can set expectations for best practices across its supply chain. These can include key areas such as selection, training, auditing and remediation.

**Complementary material** 

Sustainable Logistics and Supply Chain Management: Principles and Practices for Sustainable

Operations and Management. 2nd Edition, by David B. Grant, Chee Yew Wong, Alexander Trautrims.

Preface, Chapter 1.

Slack, N. and Brandon-Jones, A. (2018) Operations and Process Management: Principles and Practice for

Strategic Impact, Fifth Edition, Pearson. Chapter 3.

Van Looy, B., Gemmel, P. and Van Dierdonck, R. (2013) Service Management: An Integrated Approach,

Third Edition, Pearson. Chapter 15.

**Self-assessment exercises** 

10.1 Exercise

Video Watch and Online Certification by the Project Management Institute (PMI)®

Fundamentals of Sustainable Supply Chains

https://www.linkedin.com/learning/fundamentals-of-sustainable-supply-chains/the-impact-of-supply-chain-

on-the-environment?u=42775724

Duration: 58m

Brief: Sustainability is a major concern across all realms of commerce these days. And as it turns out, the majority

of greenhouse gas emissions are found in the supply chain: Product sourcing, manufacturing, distribution, and

delivery have a huge impact on air, soil, and water. So, when it comes to sustainability, it's largely the

responsibility of supply chain professionals to identify areas of impact where small changes can make a big

difference. In this course, Sarah Barnes-Humphrey shares case studies, real world examples, and lessons from

her 20 years of experience to give you practical advice on what you need to do to start building an effective and

measurable sustainability plan that your whole business buys into. As Sarah shows, a thorough sustainability

program won't only have a positive environmental impact, it also touches on areas like human rights, ethical

labor practices, and anti-corruption. Plus, it can reduce costs, create efficiency, mitigate risk, and increase brand

value.

55 / 92

10.2 Interactive Activity, Video Watch and Discussion Forum Questions \*\*\* This is an activity critical to the

coursework assessment component 2 \*\*\*

Sustainable and ESG Supply Chains

https://www.linkedin.com/learning/sustainable-and-esg-supply-chains/you-re-being-watched?u=42775724

Duration: 58m

Brief: We've all experienced how supply chains can break down, but what can you do to keep your organization's

supply chains ethical, sustainable, and competitive? In this practical course, instructor Eddie Davila guides you

through the process of building supply chains that are great for the planet and your business! Eddie begins with

some definitions to help you understand how ESG (environmental, societal, and governance) concerns relate to

your supply chain. He explains several ESG opportunities and challenges, then goes over organizational roles and

the competitive advantage of green supplier networks. Eddie presents a road to sustainable supply chains, then

shows how you can put ESG into practice.

**Discussion Forum Question** 

How would you summarize the various ESG opportunities and challenges discussed by the speaker? Additionally,

could you provide insights into the organizational roles highlighted and elaborate on the competitive advantage

associated with green supplier networks?" Post your answers to Blackboard.

**Recommended study time** 

Approx. 10-15 hours

56 / 92

## Introduction

Risk management is a complex but essential aspect for every organisation. It is crucial to accurately identify, assess, and effectively handle risks. Risk is an inherent part of any operation and cannot be completely eliminated. However, organisations can strive to maximise potential gains while minimising the impact and occurrence of potential losses. By proactively managing risks in a systematic manner, organisations can mitigate operational drawbacks and increase the likelihood of achieving their objectives.

The last two weekly lectures of this module comprehensively focus on the concept of risk and explore the mechanisms employed to manage operational risks (OR), which are referred to as the organisational control system. Operational risks encompass various forces and events that have the potential to disrupt or hinder the day-to-day activities of a firm. These risks can arise from external sources such as weather conditions or regulatory changes, as well as internal sources such as inefficiencies or failures in people, property, processes, or systems that are critical to the functioning and viability of an organisation.

The organisational control system comprises the elements that collectively support individuals in accomplishing the organisational objectives. These elements, known as control mechanisms or controls, include resources, techniques, processes, subsystems, culture, structure, and tasks. The scope and magnitude of operational risks are unique to each organisation and depend on factors such as its products, strategy, competition, location, and size. Consequently, the control system that effectively mitigates an organisation's risks is also unique and tailored to address the specific threats that hinder the achievement of its objectives.

OR is perhaps the most significant type of risk organisations face. Virtually every major loss that has taken place during the past 20 years, from Enron, Worldcom and Baring's Bank to the unauthorised trading incident at Société Générale and the subprime credit crisis, has been driven by operational failure.

These lectures focus, through a practical approach, on the effective management and measurement of OR in financial institutions and manufacturing corporations. They evaluate the various elements of an operational risk framework, with a particular emphasis on the practical steps to ensure their successful adoption. In addition, the lectures discuss a blend of qualitative and quantitative skills and tools to measure OR exposure in banks and energy corporations and the key role of the development of integrated risk management programmes.

The overarching aim of these two lectures is to assist students in comprehending why and how managers should ideally react to and handle the distinctive combination of threats that their organisation faces.

## **Workshop content**

The last two lectures are delivered in the form of a practitioner's workshop, the aim of which is exactly to promote and emphasise the role, criticality and significance of establishing a solid OR management function within an organisation.

#### L11 - Week 11

Session 1: Introduction to Enterprise Risk Management (ERM)

- Financial Risk Management;
- Manufacturing Risk Management, with focus on the Energy sector.

Session 2: Operational Risk Management (ORM)

- The Definition of Operational Risk (OR);
- Drivers of Operational Risk Management;
- Operational Risk Framework Overview;
- Governance;
- Culture and Awareness;
- Policies and Procedures.

Session 3: OR Taxonomy in Financial and Manufacturing Sectors

- Classifying and aggregating operational risks;
- Developing and Using an OR Taxonomy.

Identifying Operational Risks;
• Risk Registers;
Operational Risk Assessments;
Risk and Control Self-Assessments.
L12 - Week 12
Session 5: OR Measurement
Measuring Operational Risk;
Operational Risk Loss Data;
• External Loss Data;
• Scenario Analysis;
Operational Risk Capital Modeling.
Session 6: OR Mitigation and Control
Mitigating Operational Risk;
• Risk Appetite;
Other Operational Risk Best Practices and Management;
• Governance, Risk, and Compliance (GRC).
Session 7: OR Monitoring and Reporting
• Key Risk Indicators;

Sessions 8-9: ORM Case Studies & Applications

Session 8: Financial Sector

• Reporting.

- Case studies: Barings Banks, Societe Generale;
- Application: Managing OR in Citibank.

#### Session 9: Energy Sector

- Case studies: BP, Cybersecurity in energy infrastructure;
- Application: Managing OR in Gazprom and ENI.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate the concept of operational risk.
- Identify and evaluate the relative impact of different operational risks.
- Implement risk management strategies.
- Establish risk monitoring and reporting mechanisms.
- Integrate dynamically risk management into organisational processes.
- Promote a risk-aware culture.

This extensive but very practical and comprehensive training workshop is designed to provide students with:

- An appreciation of the role of risk corporate governance in an organisation.
- A systematic approach to the control of all OR within an ERM culture.
- A proactive control strategy providing the ability to identify, monitor and control those key areas of OR
  exposure.
- The skills to analyse, measure and manage OR using best practice techniques, aligned with regulatory requirements.
- The knowledge to apply and manage an operational risk and control assessment (RCSA) program in the workplace.
- An understanding of how to capture, report and investigate operational risk events, how to produce meaningful Key Risk Indicator (KRI) data and trend analysis, and how to implement operational risk appetite.
- The ability to detect and control the potential for fraud and manipulation, including risk aspects of Cybersecurity.

- The experience to develop a properly focused management information structure to promote risk awareness and facilitate control.
- An understanding of specific risks in financial institutions and energy corporations and their impact on operational efficiency.
- Acquaintance through case studies of current best international standards and practices
- Consultation on how to promote the role OR within broader ERM and corporate governance structures.

## **Keywords**

Enterprise Risk	Operational risk management	Risk Mitigation
Management (ERM)	(ORM)	
Risk mapping	Risk events	Risk Taxonomy
Scenario analysis	RCSA	KRIs

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 Kontakos, P (2017). Enterprise Risk Management for Oil & Gas corporates, May 2016, 7th International Conference on International Business, Thessaloniki.

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- Bol, Jasmijn, and Jenna M. Blanche (2021). Operational Risk Management: Organizational Controls and Incentive System Design, New York: Business Expert Press, pages 1-39.
   http://ebookcentral.proguest.com/lib/uclan-ebooks/detail.action?docID=6579944.
- FMA (2006). Operational Risk Management Manual, pages 1-97.
   URL:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwimlqef3ur\_AhX <u>E0AIHHQUMBmoQFnoECCEQAQ&url=https%3A%2F%2Fwww.oenb.at%2Fdam%2Fjcr%3A04766cfa-aed3-4461-b393-da903359f08a%2Foperational\_risk\_screen\_tcm16-49652.pdf&usg=AOvVaw0b\_hS3MV0cKT9tVCpifbi1&opi=89978449</u>

#### **Complementary material**

- Hong Kong Institute of Bankers (2013). Operational risk management, Singapore: Wiley. Pages 1-170.
   URL: <a href="https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=693357">https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=693357</a>
- Chapelle, A. (2019). Operational Risk Management, *Journal of risk management in financial institutions*, 2019, Vol.12 (3), p.287-289

### **Self-assessment exercises**

## 11.1 Simulation: Become an Operational Risk Manager for a day!

Exercise: Identify and Mitigate Operational Risks in a Manufacturing Company, or a Financial Services firm, or a company you have been employed and are familiar with its operations.

Scenario: You are a risk management consultant hired by a manufacturing company or financial services company, or you undertake the role of OR Manager in the company you are employed. Your task is to identify potential operational risks in the company's production process and propose effective risk mitigation strategies. Critically assess the differentiating impact of these risks towards your company's processes.

### Suggested Steps:

- 1. Familiarise yourself with the company's operations, processes, and objectives. Understand the key stages involved in the production or servicing process.
- Identify potential operational risks at each stage of the production process with the use of the RCSA
  approach. Consider both internal and external risks. Examples of operational risks in manufacturing
  may include supply chain disruptions, equipment failures, quality control issues, regulatory
  compliance, and human error.
- 3. Assess the potential impact and likelihood of each identified risk, by creating a Risk Map. Evaluate the consequences of these risks on the company's operations, financials, reputation, and customer satisfaction. Prioritise the risks based on their severity.
- 4. Develop risk mitigation strategies for each identified risk, and associate them with proposed KRIs. Brainstorm and propose specific actions to reduce the likelihood of occurrence or minimise the impact of risks. Consider preventive measures, contingency plans, and recovery strategies. For instance, you might suggest implementing backup suppliers, conducting regular equipment maintenance, enhancing quality control protocols, and providing employee training programs.

5. Develop a risk management plan that outlines the identified risks, corresponding mitigation strategies,

responsible parties, timelines, and monitoring mechanisms. Ensure that the plan is well-documented

and easily accessible to relevant stakeholders.

6. Present your findings and recommendations to the company's management. Clearly communicate the

identified risks, their potential impact, and the proposed mitigation strategies. Seek their input and

approval for the risk management plan.

Your feedback in the aforementioned activities should be provided in the form of an operational risk assessment

presentation, based on the guidelines you will receive in the online module forum and during the pre-recorded

lectures.

Task: Create a short video presentation (10 min) where you act as the Operational Risk Manager of the selected

company. Briefly discuss the identified operations issues. Use visuals, graphics, or relevant charts to support your

analysis.

By completing this exercise, you will gain practical experience in identifying operational risks, proposing

mitigation strategies, and developing a risk management plan tailored to a specific industry and organisation.

12.1 Exercise

Video Watch and Online Certification by the National Association of State Boards of Accountancy (NASBA)

The New Age of Risk Management Strategy for Business

https://www.linkedin.com/learning/the-new-age-of-risk-management-strategy-for-business/risk-strategy-

increases-opportunity-21879576?u=42775724

Duration: 1h 28m

Brief: A slew of factors are set to change the business landscape over the next few decades. Al, social media,

globalization, and other developments have introduced risks that CEOs, business owners, or anyone responsible

for business continuity must grapple with. In this course, Dan Weedin shares a practical approach to risk

management, helping you think strategically about some of the most pressing risks of the 21st century. Learn

how to protect your assets, people, and valuation from risks introduced by globalization and emerging

technologies such as autonomous vehicles. Learn how climate change and extreme weather can hurt businesses,

explore the issues introduced by cryptocurrency, learn how insurance may change in the future and why it's

important to business leaders, and more.

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## Learning objectives:

- Recall the detrimental effects a BOT attack can have on a company's customer database;
- Recognize which individuals companies frequently fail to include in mid-crisis actions;
- Determine how Google Alerts can help a company protect itself against threats;
- Identify a threat that is least likely to cause a company financial harm;
- Define "culture shock" in the context of business operations;
- Name a type of leader that often uses their position for personal prestige rather than performing their roles;
- Predict what will happen with business insurance as technology evolves.

You are expected to email your online certificate to your tutor upon completion.

## **Recommended study time**

Approx. 10-15 hours per week.

## Introduction

The purpose of this week's session is to offer the students the opportunity to refresh their memories and strengthen their understanding of the material covered as part of the module BM4XXX 'Operations Management, Supply Chains and Digitalisation'. Week 13 is also a study week so students can prepare for their forthcoming assessment. In this last session, we will review what we covered so far and see how organisational members lead and develop people, systems and processes.

This revision lecture will touch base on the material covered over the module by way of highlighting the pivotal concepts and issues underpinning each topic.

#### Revise the salient material of the module

The following are examined and discussed:

- Developing a systems and process mind understanding the nature and context of systems and process management.
- The design of operational strategies: managing processes and performance to deliver business goals and meet customer expectations.
- Processes, systems and supply networks.
- The application of Lean, Agile and Value Chain Philosophies.
- Quality Management, Systems and Improvement Techniques.
- Supply Chain Sustainability and Innovation.
- Managing Operational Risk (ORM).

Operations management is about systems, people and processes, and how to align all of them effectively with the aim to create value within an organization. The following are considered to stimulate thought and discussion on the need for effective organisations to integrate people, systems and processes:

The process concept is very effective, but by representing the organisation as a set of boxes and lines does it promote a mechanistic approach belittling the role of the human factor? Another group, the proponents of the division of work into smaller jobs, do hold the view that the design of work matters more than the people and

even think that the people contribution with the advancement of technology could ultimately be replaced by machines.

Contrary to those views, we see the human factor emphatically involved in the learning from processes, in all quality philosophies, in Lean and Agile and in all the improvement techniques and even in the measures and measurement systems like the Balanced Scorecard (BSC) and most importantly at the top of the company in activities like leadership and strategy.

Processes are designed by people, strategy is crafted and applied by people, policies and procedures are made by people, ESG and culture are people's issues, and the performance of people is primary to how well the process and the systems, including their interconnections, perform. The issues that relate to performance like motivation, rewards, hiring, leadership are therefore of paramount concern, and any systems design and implementation is largely influenced by the degree of capabilities of the people in the company.

Since the skills and capabilities of people and the people systems of culture or leadership have a critical bearing on how we design processes and the overall system, it follows that we must not think of them in isolation from the core processes but rather in tandem with them and must seek to find a way to incorporate them in the system.

This requirement is critical and the question that arises is how do we represent them in the systems of processes for them to convey their significant potential and for us to produce a system that will more completely represent all the critical workings in the organization?

In trying to answer that, we must realise that process interconnections, the arrow-headed links between processes, are more than lines for showing flow from one box to another. They contain in them the people element that is responsible for the strength of flow in the system and for governing the transfer of power and the dynamics in the system. So, the system interconnections, which are usually underrepresented in description and explanation, owe the degree of their strength and efficacy to the non-core, non-physical organisational elements that are contributed by people like leadership, culture, strategy, and human resources in general.

These interconnections provide critical interdependencies, although they bear no names, and can result to a valuable differentiation that is not readily seen or understood by competitors. The way we choose to interconnect activities is critical and the strength and character of these interconnections are determined by the human resources and capabilities of the company. The organisational systems like the supply chain should be analysed and evaluated not only in terms of separate processes and process strengths but also in terms of their interconnecting links and the link strengths which should be made to reflect the people factor in activities such as people's care, leadership, culture, and strategic thought.

Finally, managing risks is particularly crucial in today's complicated world characterized by globalised supply chains. Effective operational risk management is crucial for organizations to safeguard their financial well-being, ensure business continuity, maintain a strong reputation, comply with regulations, optimize resource allocation, and support informed decision-making. By proactively managing operational risks, organizations can mitigate potential threats, seize opportunities, and enhance their long-term success.

## **Learning outcomes**

After completing this week's study, you will be able to:

- Summarise the module's content.
- Exhibit a reinforced understanding and critical appraisal of the material covered in this module with emphasis on the pivotal issues underpinning each topic of the syllabus as outlined above.
- Develop a good understanding of how to represent and think of an organization in terms of both processes, people and systems for effective analysis and decision making.
- Identify and critically evaluate the meaning and importance of supply chain sustainability.
- Articulate the benefits and challenges of supply chain sustainability.
- Identify the major technology innovations that are reshaping the global supply chain industry.
- Identify and discuss the major supply chain sustainability trends, such as the circular economy and datadriven supply chains.
- Understand the application of sustainable practices throughout the supply chain.

## **Keywords**

People	Processes	Systems
Responsible supply chains	Digitisation	Leadership
ESG	Supply chain technology	Operational Risk
	and innovation	Management

## **Bibliography**

Students to refer to the bibliography indicated per study week to improve their understanding of each week's

lecture.

Self-assessment exercise

13.1 Exercise

Write a short, one-page, essay on how to achieve a successful integration of what you learned in the module in

the following context:

Organisations are viewed as being a set of interacting sub-systems - they employ people with capabilities,

working towards goals, processes are designed and followed using technology and operating within a physical

infrastructure, all encased by a shared set of cultural assumptions and norms.

Socio-technical theory espouses that the design and performance of any organisational system can only be

understood and improved if both 'social' and 'technical' aspects are brought together and treated as

interdependent parts of a complex system. When management focused on one aspect of the system over others

ignoring or not understanding the complex interdependencies that existed, the observed result was a failure.

13.2 Interactive Activity, Video Watch and Discussion Forum Questions

Operations Strategy for Business (2023)

https://www.linkedin.com/learning/operations-strategy-for-business/course-overview?u=42775724

Duration: 1h 14m

Brief: As you conclude this module, do you possess the qualities necessary to excel as an operations manager?

In this online certification course, join instructor and operations management coach Laurence Gartside to

explore the ins and outs of developing and implementing an effective operations strategy for your business.

Discover the basics of business operations, operations management, and how to promote operations excellence,

crafting a strategy that works perfectly for you and meets the unique needs of your business. Along the way,

Laurence offers critical insights on business context, perspective, and alignment, as you learn how to prioritize

your objectives, make essential strategic decisions, position your business, analyze performance outcomes, and

start making improvements, where necessary. By the end of this course, you'll be prepared to follow your

mission and achieve your new business vision.

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Learning objective: To concisely outline and comprehensively review the multitude of crucial topics covered throughout the entirety of this module.

#### **Discussion Forum Questions:**

- 1. Explore the four essential perspectives to be taken into account when crafting an operations strategy.
- 2. While some companies achieve success through exceptional marketing, others rely on unique patented technology or excellent customer service. Exceptional operations serve as an alternative avenue. Yet, within the operations function, numerous strategies can set a company apart from the competition. How can a competitive advantage be achieved through operational strategies?
- 3. Define the 4Vs in operations management and elucidate their significance.
- 4. Distinguish between the routine nature of everyday operations management and the occasional, yet pivotal, nature of strategy development. Outline a typical framework for deploying operations strategy beyond the initial formulation.

Post your answers and replies to other students to our dedicated space on Blackboard. You are also expected to email your online certificate to your tutor upon completion.

Well, here we are. Congratulations on successfully completing this online certification and module! We delved into various essential aspects, exploring operations and operations strategy, their significance in the organizational context, and the four perspectives for their development: top-down, bottom-up, market, and competitor perspectives. Strategy, we learned, is intricately tied to objectives, which can originate internally from owners, externally from customers, or from other stakeholders. Crafting an operations strategy requires aligning priorities with these objectives.

We extensively covered the four V's of operations—volume, variety, variation, and visibility. Structural and infrastructural decisions were discussed, emphasizing the challenging task of making trade-offs. We concluded by examining decisions on how to compete and evaluate opportunities, with a focus on achieving maximum customer satisfaction, potentially utilizing the Kano model. The course also explored how crafting an operations strategy fits into a broader deployment framework.

I'd love to hear your thoughts on this module. Connect with me on <u>LinkedIn</u> and consider sharing your experience with your team to ensure everyone is on the same page and working toward shared goals. Once again, congratulations on completing this module! I trust it has inspired you with impactful and actionable ideas to implement in your business operations.

## **Recommended study time**

Approx. 10-15 hours

## **Appendix:**

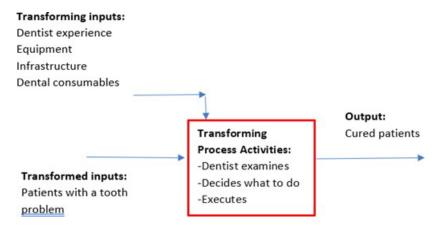
## Indicative Answers to selected Self-assessment exercises & Case studies

(WEEKS 1-12)

## Week 1

## 1.2 Exercise (Dentist)

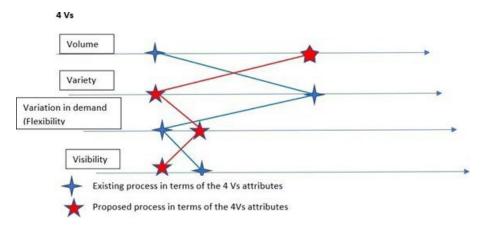
Dentist practice as a process and an operation



## Dentist supply network



#### 1.3 Exercise (Ashburton Operations Management)



Indicate the main constraints on current operations

It looks as if space is a major constraint of current operations but also of transforming to what is needed to meet increasing demand – relevant mentions in the case study:

- cannot store cut timber and planks are in the way of operations.
- moving things assembly is taken into the adjoining 'finishing area'.
- storage area small resulting to keeping only small stock of finished mantels impacting flexibility.

it seems that there is not enough space to reorganize the process from a job to a batch type or adopting a cell layout that may be needed to cope with increasing demand.

Indicate the problems with the current production process

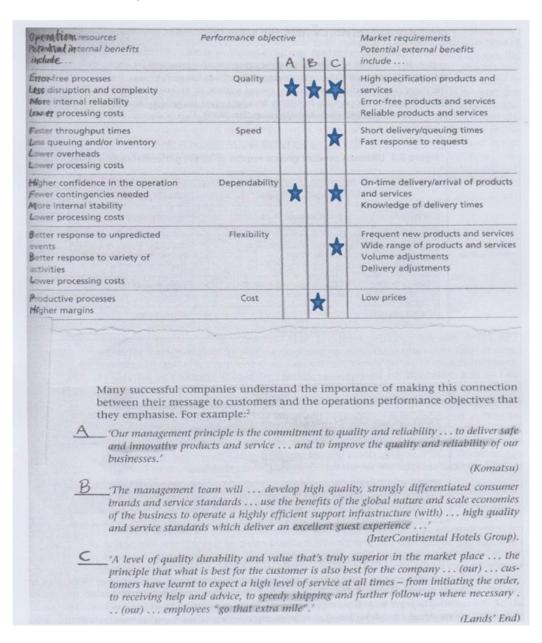
- Current process is of the job type inappropriate when demand is increasing.
- Variety is a big problem acting in opposition to the need for bigger volumes.
- Moving things around and storage affects operations.

Suggestions to improve operations in terms of process type, process layout, process technology and job and work design

- 1. Process type Move from a job type to a batch type process. Decrease variety to correspond to the need for higher volume by adopting:
  - one decorative motif
  - one type of wood and hardwood seems a faster workable material.
- 2. Process layout will better control unnecessary movements and storage, but it would need more machinery and technology.

- 3. Job design now is a problem as a skilled artisan must do everything. The suggestion is to proceed with the division of work for the batch type and employ people with lower skills for the simpler jobs thus increasing the efficiency of the skilled artisans.
- 4. Technology Moving from to the batch type process, will make the application of specialized machinery more possible automating some processes. Also, other IT type of technology can aid management functions like control and coordination.

### 1.4 Exercise (Classification of objectives)



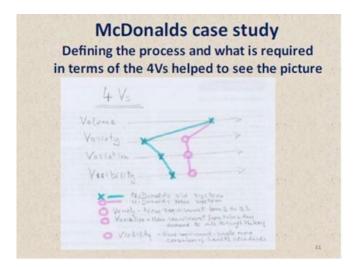
## Week 2

## Exercise 2.1 (4Vs and product-process matrix)

#### Hints:

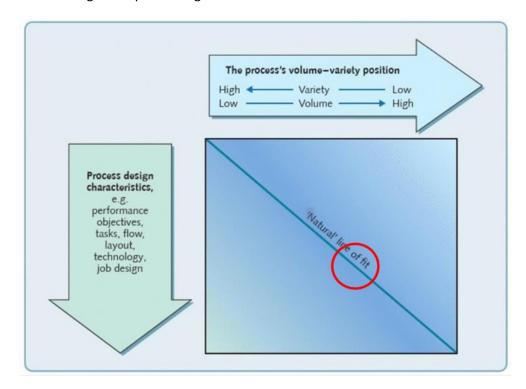
- Draw the four horizontal parallel lines one for each V.
- Determine and mark the degree of each V characteristic for the company examined.
- Draw a line to connect the points for each company using a different colour.
- Use the product-process matrix and position their existing process issue of process layout, process technology, and job design using a separate product-process matrix for each of the three.

Example: McDonalds' old and new system comparison

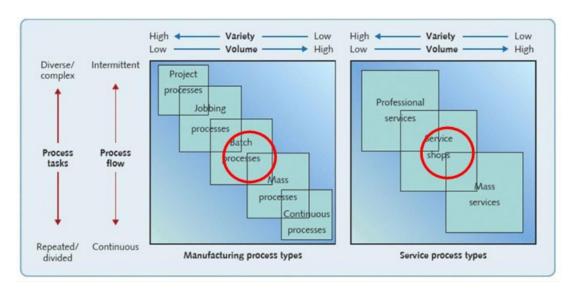


Use the product-process matrix and position design issues like process type, layout, technology, job design.

Product-process matrix – general positioning - red circle.



Example for positioning the process type – red circle.

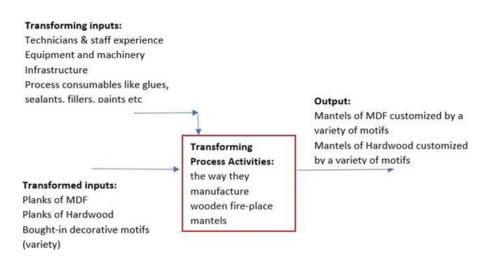


## 3.1 Exercise (Ashburton Operations Management)

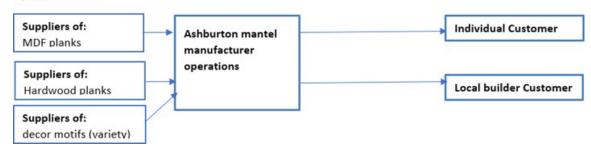
- 1. List the inputs and outputs in the transformation process.
- 2. Draw a flow diagram to show the current production stages.
- 3. Identify the current process type employed.

The inputs and outputs in the transformation process (item 1)

#### Ashburton products operations



## Operations chain



The current production stages for Ashburton operations (item 2)

- 1. Cutting sheets of MDF and Hardwood
- 2. Cut timber randomly placed in the workshop.

- 3. Cut timber put onto the routing machine.
- 4. Sub-assemble the legs are brought together, glued, and clamped.
- 5. Sub-assemblies are left to dry overnight.
- 6. The shelf is also glued and clamped.
- 7. Complete mantel by assembling legs and shelf together.
- 8. Assembly left to dry.
- 9. When dried it is taken into an adjoining finishing area for work using glues, sealants, fillers, rubbing.
- 10. The final assembly is taken to the spraying area for painting.
- 11. MDF mantels need 5 coats of spraying with filling and rubbing down between coats.
- 12. Hardwood mantels require only 2 coats of varnish.
- 13. Finished mantels are taken downstairs for packing.

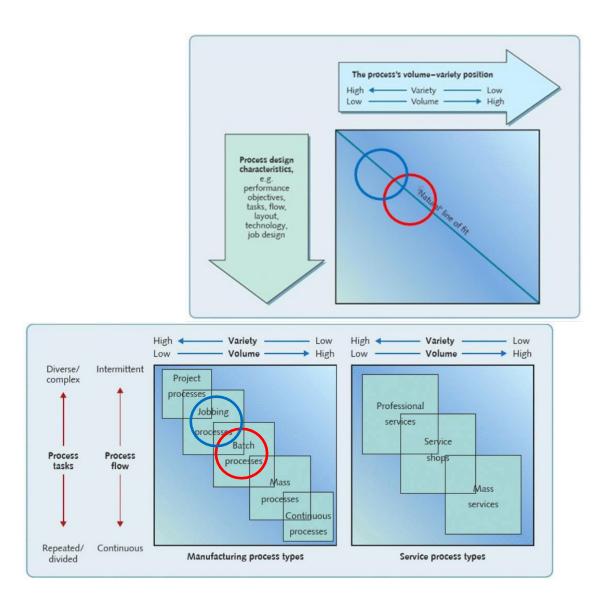
Process type employed (item 3)



Current state

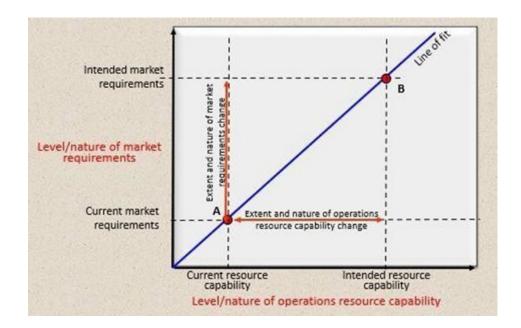


Required to-be state



## 3.3 Exercise (Schefenacker Operations Management)

The line of fit tool to assess and show the reconciliation level between company resources and market.



Before the downturn – point A, after the downturn – point B

## Defined by:

- (a) Change in market requirements = low prices and therefore low cost critically important.
- (b) Change in operations resource capability = lean, doing more with less, operational excellence (in addition to virtuosity.

The strategy matrix tool

PERFORM OBJECTIVES	The Company's Operations Strategy is defined by the Activities in the intersection cells of the matrix						
Quality					Make better parts	Make better quality	Make things you did not have before
Speed						Slice a day off delivery lead time	
Dependabili ty					Meet customers demand		
Flexibility – variety			Make 420 permutatio ns mirrors	Enter intern. markets	Make more sophisticat ed parts		Make things you didn't have before
Cost	Free up Productio n space 5 new productio n cells	-Raise profit margin -Reduce overheads - profit from a larger section of the supply chain					Suck waste out of the supply chain
Decisions- Choices Strategic Themes	Doing more with less	-Moving up and down the chain -Reduce outsourci ng	Match each car	Operate cost effectivel y	Virtuosity in building products - Satisfy most demandin g customers	People's morale engageme nt	Quality processes – Lean – Improveme nt is part of everybody's job
Resources areas	Capacity	Supply chain	Process Technology	Development and Organization including tangible and intangible capabilities			
Resources: 4 Ds areas	Deliver		Deve	elop (with s	ome minor l	Design)	

Note 1: To complete the formulation, we pass the matrix contents through the 4 criteria of

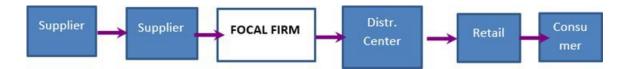
(a) Comprehensiveness, (b) Coherence, (c) Corresponding-ness, (d) Criticality

Note 2: The Operations Strategy is formed by the actions appearing in the cross cells of the matrix. Therefore, listing those actions, you will have the Operations Strategy of the company.

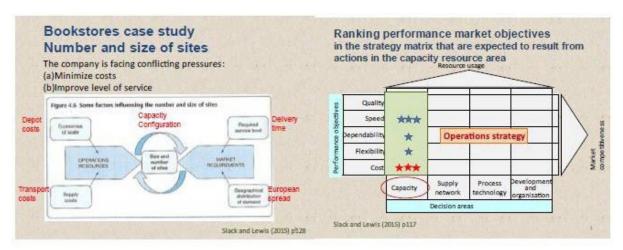
## Other points:

 Operational Excellence – making and selling things better and more cheaply than the competition is the simplest and best strategy in tough times (downturn). The role of operations: From mere function (no mistakes) to strategic influence (basics and excellence).

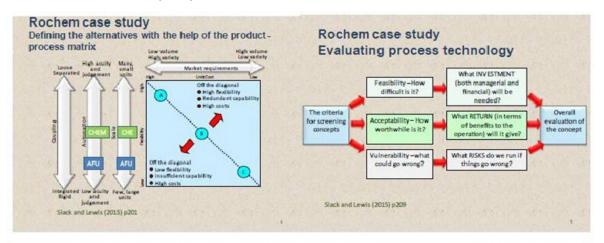
## Supply chain



#### 4.1 Exercise (Books - distributed capacity locations)



#### 4.2 Exercise (Rochem - capacity increase)

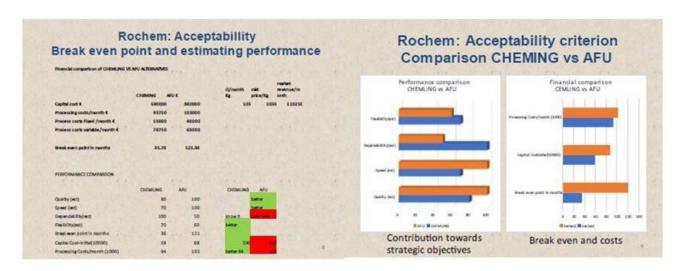


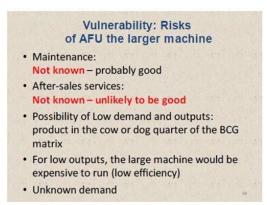
# Feasibility Can it be done? What investments would be needed

- The company doesn't have the money; It would require excessive funding from outside the firm
- Maintenance cannot be done inhouse and must be relied upon outside the firm

## Acceptability What it will give us in benefits

- Break even point of AFU (121 months) much worse than that of Chemling (36 months)
- Does it contribute to strategic objectives, does it lead to better market response over the long term?
   Mixed yes and no
- Staff's relocation of duties would lead to staff reaction and lower morale and unutilized qualifications





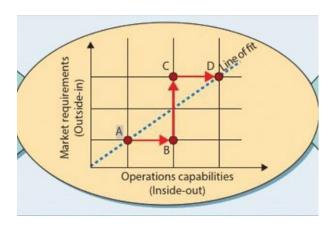
## 4.3 Exercise (Supply chain for student's company)

#### Hints:

- Follow the earlier Schefenacker's strategy making example.
- Classify the resources of your company in terms of the 4 Ds (for some it will be relevant to a previous exercise of session 2)
- List the strategic objectives of your company in terms of the generic categories of Quality, Speed, Dependability, Flexibility, and Cost
- Examine the resources and decide which ones and in what way to use to effectively address the strategic objectives of the vertical axis of the matrix.
- Record these decisions or actions in the cross cells of the strategy matrix and then check them whether they are coherent, corresponding to the priorities of objectives and for comprehensiveness and criticality.
  - List the decisions and actions that result from the strategy matrix; this action list properly done forms

the operations strategy of the company.

Use the line of fit to position your company and those of its two main competitors and explain the reasons of the difference in position in terms of superior or inferior operations capabilities or new market needs that necessitate a change in strategic position or even both:



## Figure 5.11 Cooper Bikes supply chain Taiwan Frame Cooper Bikes 4PL agent builder Initial Distribution Retailer assembly ATI centre Maxway Design Tubing Other Brooks (some from suppliers saddles the UK)

## 5.1 Exercise (Cooper bikes - supply chain and outsourcing)

#### 5.2 Exercise (Gambell - capacity and sourcing)

## Exercise on sourcing – Gambell Financial Services Group (GFSG)

#### Supply (sourcing) arrangement - Consider:

- a) When to outsource by transactional (markebased) supply arrangement and
- When to go for Partnership Supply arrangements (long term partnering strategy)
- Note: see also next slide

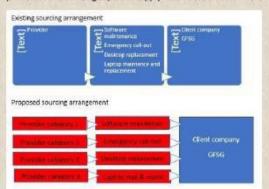
## Finance Director's objective:

(a) cut costs by 10% and

(b) stop up-front payments of 18 million pounds per annum (60% of total cost)

- a) What they have now for their supply (sourcing) arrangement: contracts made with selected providers with short-term (on an annual basis) duration
- To achieve the director's objective must change to inviting tenders in an open manner for qualified providers to bisto as to use the market forces to bring prices down
- c) If a long-term partnership supply agreement is adopted, that will have the following advantages:
  - Contract associated costs will be largely eliminated
  - The supplier will be incentivized to cut costs for a common long term result
  - Emphasis will be placed on the longterm improvements

Even without changing to a partnership arrangement, the prices may be brought down by employing a strategy of differentiation in their supply network by separating the totality of the process into sub processes and forming separate supply links as follows:



#### Intellectual property considerations

- If the software has been designed specifically for the firsts
  requirements and is in fact a differentiator in its provision of
  services, outsourcing by bidding will raise intellectual
  property issues as outsourcing implies losing control over the
  outsourced item.
- If the supply (sourcing) arrangement is done through long term partnership, the firm will have to deal with only few and well-chosen suppliers with trust and relationships as a prerequisite. Furthermore, it will be expected that both supplier and the client firm will work together in good faith to produce and improve their products

#### 5.3 Exercise 3 (Veroxide - supplier development)



#### **Onolum characteristics**

- a) Two tones of Onolum every three months
- b) Requires 3 key suppliers
- Storage, shelf-life restricted to 7 weeks making critical its supply chain and inventory management

## Supply chain from Gardners' Onolum prduction to VG's factory and to customers



#### Why partnership with Gardners?

- a) Major new investment by Gardner (500K pounds)
- b) Innovative new product making critical the trust between involved parties
- Existing good and tested (?) relationships, but note hitherto experience
  - i. Small quantities for only the Research Department
  - ii. Logistics from Birmingham UK to Stockholm Sweden

### What were Gardner's shortcomings as revealed from the VG's audit?

- a) Chief engineer would be accountable for the project as well as procurement
- Previous working "buying was done by an untrained buyer taking instructions from the plant director treating buying as an unsophisticated operation"
- Because of the limited 7 -week storage-shelf life of Onolum, supply chain and inventory management will be critical

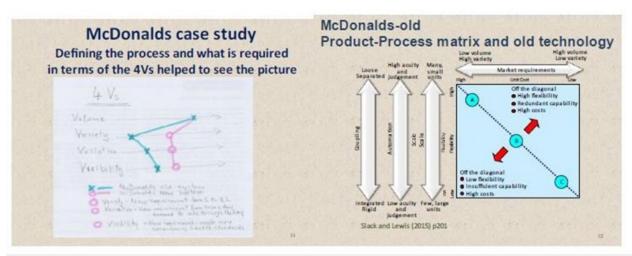
#### Key features of a possible supplier development program forGardners

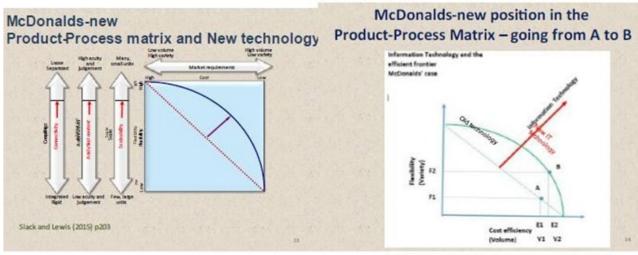
- If Gardners will be the long-term Partner-supplier for VG, measures must be taken to address such shortcomings and develop Gardners into a valueadding partner supplier.
- On this, here below are some key recommendations:
   Select from relevant lecture slides 50 -55 and the handout wk3 Supplier relationship management

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#### Week 6

#### 6.1 Exercise (Application of Lean – McDonald's case-study video)





Market-Customer needs	Decisions in the resource areas of the company	McDonalds' ops strategy
Quality	Food right at all times, conform to recipe, 'made for you' burgers, freshness, friendly service	implementation
Speed	TECHNOLOGY  Rapid speed toaster from 24s to 11 s Universal holding cabinet for meat IT ordering and transfer order to kitchen for execution IT estimating the flow of the business IT routes work among employees to increase output performance Delivery: 90s from order to delivery	<ul> <li>Reorganization—more responsibilities to the regions</li> <li>Monitoring—identifying RISKS         Seeing that that had problems         Learning from implementation in stages     </li> <li>Central Boards with participations of all functions and regions</li> </ul>
Dependability	Compliance to standards, recipes and safety and health standards, automated processes (food rightat all times)	to act as coordinator and track progress  • Draft a central implementation program with time targets
Flexibility	TECHNOLOGY From 2 products to 21 product range made possible by a new kitchen system 'made for you' Faster response via fast processing Ordering via IT—easy changes	Using IT database to store and widely distribute implementation info     Control and Improve
Cost	Lean and pull system Batch partly where possible Intelligent Technology (system IT) creating work efficiencies	VERY MUCH LIKE THE ISSUES OF ALL PROJECT MANAGEMENT JOBS

#### Examining McDonald's from the aspect of Lean

Operations Strategy – McDonalds LEAN	
Aspect of Lean	How is it met and satisfied
Demand – how is it controlled and made more predictable	Computer monitors customer traffic at key times  Based on typical orders, it generates beforehand orders and creates a buffer of products for peak times
5 Rs	All five are met
Throughput efficiency	Work content divided by Throughput time = 80% 100% ? Front desk staff facing customers and kitchen staff
Leaning Process elements	Customer central, Identify value, Map value stream, Create flow, Establish pull, Seek perfection
Steps of lean	Customer, 2. staff involved, 3. supplier (bun formulation), 4. operations analysed into processes, 5. Value mapping and Streamlining, 6. from operations to value chain, 7. Pull system, 8. minimize inventory, 9. Quality in built at all processes, 10. eliminate waste
How do they achieve synchronization and eliminate waste	Technologically advanced cooking equipment (Universal holding cabinet for meat, Rapid speed toaster for buns from 24 secs to 11 secs), IT communications, IT routing orders
Waste	Got rid of the metal warming bin used to keep warm pre-prepared burgers that could end up as waste IT communication to help match supply with demand

## 6.2 Exercise on how to create a value stream map to diagnose problems and introduce improvements in a company familiar to students

Steps

Step 1: Identify the value elements of the stream (process, operations, or supply chain)

- Step 2: Map the flow pictorially.
- Step 3: Add above the map of step 2 the information flow that enables the process to occur.

#### Step 4: Think how to

- Cut throughput time and
- Optimise the efficiency of the chain that is calculated by Value-added time/Throughput time.

#### Hints

- Hint 1: Quantify the process by the use of the flow parameters like Cycle time, Throughput time, Value- added time.
- Hint 2: In this step problems are diagnosed, and changes suggested leading to a new improved map of the process, or the operations or the supply chain.
- Hint 3: A guiding example is given in the diagram below:

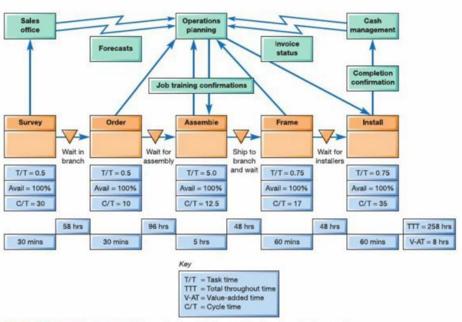


Figure 11.7 Value stream map for an industrial air conditioning installation service

6.3 Exercise on Quality and Waste management

Q1: Identify sources of waste that occur from the point of when a call centre agent picks up the phone to serve

a customer.

Technology isn't up to speed because it might be old or overloaded.

The several IT applications programs are not integrated, not communicating with one another with the result

ofthe agent jumping from one to another, cutting and pasting information and making repetitive work.

Q2: Discuss why waste in the service industry is apparently so high.

Value adding activities add up to a value-added process time (V-AT). But one should consider that between the

value adding activities there are waits which the article describes as hand-offs and delays that make the whole

time taken known as total throughput time (TTT) much higher. Even in the quoted example of Aviva the ratio of

V-AT to TTT is 5/39 which results to 12,8% process efficiency.

Relevant concepts:

The more stages the more waits. Stages are produced by the functional divisions of the firm and the length of

waits by the silos of the functional departments.

The Value stream chain and flow criteria and terminology are pertinent.

6.4 Exercise on Quality tools: GE Six Sigma

Q1: What were the tasks for GE to reach its goal?

GE's 3 sigma meant 10-15% waste on its sales of 80 billion dollars that meant losing 8 to 12 billion dollars a year

because of poor quality. Adopting the 6-sigma quality tool aiming at less than 4 defects per million required

practically the elimination of waste. That was an arduous journey done over many years but with consistent

practice GE was successful in the application of the 6-sigma managing to reduce waste and to make enormous

savings.

Q2: How did this change the competitive factors in GE's markets, and what strategic advantages resulted?

The excellent quality of its products and services attracted customers and increased sales and revenues.

Profits soared to over 11 billion dollars as a result of the success in applying "profit = revenue - costs".

Most importantly, quality proved a game changer in maintaining existing customers and attracting new ones

resulting to a strategic competitive advantage.

#### Week 8

#### 8.1 Exercise (Managing improvements in student's own business or business they are familiar with)

#### Hints:

- List the strategic (main) Objectives in terms of the Balanced Scorecard (BSC) quadrants
- For the objectives previously listed
  - Select measures.
  - Then set desirable targets for the measures.
  - Use measurements for the measures to describe the current state in the business.
  - o Assess the gap between the current and the desired target measures.
  - Assess the degree that objectives are met (objectives may contain several measures).
- Use gap-forcefield analysis to draw improvement actions.
- Then prioritize them using the importance matrix.
- Finally present the top priority ones in an action plan.

#### BM4028 - Operations Management, Supply Chains and Digitalisation

#### Interactive Activities per session

# 1. Discussion Forum Question based on a real study (Study Guide, Activity 1.5). \*\*\* This is an activity critical to the coursework assessment component 1 \*\*\*

Choose an organization with which you are familiar and analyze it in three dimensions: people, systems, and processes.

- **1. People:** Briefly describe the organizational structure, roles, and responsibilities of key individuals.
- **2. Systems:** Examine the technology and information systems employed by the organization. Briefly discuss how these systems support or hinder the overall operational efficiency.
- **3. Processes:** Outline the main operational processes within the organization. Briefly comment on the effectiveness and efficiency of these processes.

In your analysis, try to highlight the interconnections between people, systems, and processes, and discuss how improvements in one dimension might positively impact the others. Be sure to provide specific examples to illustrate your points. This exercise will not only deepen your understanding of the organization but also allow you to apply key concepts in operations management to real-world scenarios.

Post your answers and replies to other students to our dedicated space on Blackboard.

# L2 – Operations Strategy: Developing Resources and Processes for Strategic Impact

(WEEK 2)

#### 1. Discussion Forum Question based on a real study (Study Guide, Activity 2.2)

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Described as having revolutionised the concept of sandwich making and eating, Prêt A Manger opened their first shop in the mid-1980s, in London. Now they have over 130 shops in UK, New York, Hong Kong and Tokyo. They say that their secret is to focus continually on quality, in all its activities. 'Many food retailers focus on extending the shelf life of their food, but that's of no interest to us. We maintain our edge by selling food that simply can't be beaten for freshness. At the end of the day, we give whatever we haven't sold to charity to help feed those who would otherwise go hungry.' The first Prêt A Manger shop had its own kitchen where fresh ingredients were delivered first thing every morning, and food was prepared throughout the day. Every Prêt shop since has followed this model. The team members serving on the tills at lunchtime will have been making sandwiches in the kitchen that morning. They rejected the idea of a huge centralised sandwich factory even though it could significantly reduce costs. Prêt also own and manage all their shops directly so that they can ensure consistently high standards. 'We are determined never to forget that our hardworking people make all the difference. They are our heart and soul. When they care, our business is sound. If they cease to care, our business goes down the drain. We work hard at building great teams. We take our reward schemes and career opportunities very seriously. We don't work nights (generally), we wear jeans, we party!'

- (a) Do you think Prêt A Manger fully understand the importance of their operations management?
- (b) What evidence is there for this?
- (c) What kind of operations management activities at Prêt A Manger might come under the four headings of direct, design, deliver and develop?

Post your answers and replies to other students to our dedicated space on Blackboard.

#### L3 – Formulating and Implementing the Operations Strategy

(WEEK 3)

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1. Simulation: Become an Operations Manager for a day! (Study Guide, Activity 3.4) \*\*\*

This is an activity critical to the coursework assessment component 1 \*\*\*

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Welcome to this exciting simulation activity where you'll step into the shoes of an Operations Manager for a day. This immersive exercise will enhance your understanding of real-world operations issues by analyzing a company featured in a financial newspaper. Let's dive into the details of this activity:

#### **Activity Instructions:**

#### 1. Select a Financial Newspaper:

- Choose a reputable financial newspaper such as Financial Times, Wall Street Journal, or Economist.
- You may explore for relevant articles regarding the previous step in our library specific-subject databases
   here: Business & Management (sharepoint.com)

#### 2. Identify a Company:

Browse through the newspaper and select one company that is prominently featured or discussed. Ensure that the information is current and relevant to the day you conduct the simulation.

#### 3. Analyze Operations Issues:

 Investigate and identify the main operations issues faced by the chosen company. Look for information related to supply chain management, production processes, logistics, or any operational challenges the company might be dealing with.

#### 4. Prepare a Short Video (5-10 minutes):

- Create a short video presentation where you act as the Operations Manager of the selected company.
- Briefly discuss the identified operations issues. Use visuals, graphics, or relevant charts to support your analysis.

#### 5. Key Points to Cover:

- Provide an overview of the company's operations and industry.
- Highlight any recent events or developments affecting operations.

• Discuss key challenges and opportunities in the company's operations.

#### Tips for the Video Presentation:

- Be concise and focused on the key operations issues.
- Use visual aids to enhance the clarity of your presentation.
- Support your analysis with relevant data or examples from the newspaper article.
- Encourage discussion among your peers by posing thought-provoking questions.

This simulation activity is designed to provide you with a hands-on experience as an Operations Manager. By engaging with real-world examples, you'll gain insights into the complexities and challenges faced by organizations in managing their operations effectively. Remember to submit your video and be prepared for a lively discussion during the review session.

Enjoy the simulation, and let's delve into the fascinating world of operations management!

Post your video/podcast on our Teams group chat.

#### **L4 – Operations Capacity Strategy**

(WEEK 4)

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1. Discussion Forum Question based on a supply chain for student's company (Study Guide,

Activity 4.3)

For your company, or a company where you have been employed in the past, list tiers of suppliers, inventory, as well as of customers and then prepare its supply chain. What parameters and interventions should you consider pursuing to make the supply chain effective?

Post your answers and replies to other students to our dedicated space on Blackboard.

#### L5 - Processes, Systems and Supply Networks

(WEEK 5)

1. Video Watch and Online Certification by the National Association of State Boards of Accountancy (NASBA), Discussion Forum Questions (Study Guide, Activity 5.4)

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Video Watch and Online Certification by the National Association of State Boards of Accountancy (NASBA)

Purchasing Foundations

https://www.linkedin.com/learning/purchasing-foundations/welcome-2?u=42775724

Duration: 1h 18m

Brief: Purchasing departments add value and maximise savings for their organisations. In this course, supply chain expert and professor Steven Brown outlines the purchasing process and provides guidance for evaluating, selecting, and managing suppliers. He also addresses the roles of cost management and strategic sourcing, and the legal and ethical considerations involved. Plus, learn about special topics such as indirect spend on services (including transportation and utilities), resourcing, and supply chain performance management.

**Discussion Forum Questions:** 

- 1. Describe the intent of a purchasing policy;
- 2. Distinguish and discuss the main types of purchasing structures;
- 3. Briefly describe the steps of selecting a supplier;
- 4. Identify enablers for success in worldwide sourcing;

Post your answers and replies to other students to our dedicated space on Blackboard.

You are also expected to email your online certificate to your tutor upon completion.

#### L6 - The application of Lean, Agile and Quality Management Philosophies

(WEEK 6)

#### 1. Discussion Forum Question based on a real study (Study Guide, Activity 6.6)

Ryanair is the best-known budget airline in Europe, focusing on a popular routes and very low operating costs. For years, the boss of the airline, Michael O'Leary's policy on customer service was clear. *Our customer service, he said, is about the most well defined in the world.* We guarantee to give you the lowest air fare. You get a safe flight. You get a normally on-time flight. That's the package. We don't, and won't, give you anything more. Are we going to say sorry for our lack of customer service? Absolutely not. If a plane is cancelled, will we put you up in a hotel overnight? Absolutely not. If a plane is delayed, will we give you a voucher for a restaurant? Absolutely not.

However, the bad publicity eventually prompted a limited rethink by the company. After a drop in their hitherto rapid profit growth, some shareholder concern and Ryanair being voted the worst of Britain's 100 biggest brands by readers of the consumer magazine *Which?*, the company announced that it was to reform its *abrupt culture*, and try to eliminate things that unnecessarily annoy customers. Included in these annoying practices were fines for small luggage-size transgressions and an unpopular €70 fee for issuing boarding passes at the airport rather than printing them out at home (it was lowered to €10). Yet Ryanair insisted that such charges were not moneyspinning schemes, but were designed to encourage operational efficiency that kept fairs low. In fact, fewer than 10 passengers a day had to pay for forgotten boarding passes.

What does this example tell us about the trade-off between service quality and cost?

Post your answers and replies to other students to our dedicated space on Blackboard.

#### L7 - Measuring and Managing Performance

(WEEK 7)

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1. Video Watch and Online Certification by the Project Management Institute (PMI)®,

Discussion Forum Questions (Study Guide, Activity 7.3)

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Video Watch and Online Certification by the Project Management Institute (PMI)®

Measuring Business Performance (2016)

https://www.linkedin.com/learning/measuring-business-performance/welcome?u=42775724

Duration: 1h 37m

Brief: All organizations are looking for that perfect metric—the one data point that will tell them everything they need to be successful. Companies can make a ton of errors in measuring themselves, but developing better metrics can be challenging. In this course, instructor Eddie Davila explains why it's important to measure performance and highlights some of the most common errors in measuring your own company's performance. He explains what makes a good metric, how to evaluate your current measurement system to see if it aligns with your organization's goals, and how you can develop and test a system of measurement from scratch. Along the way, he also covers the importance of data visualization tools such as dashboards and infographics.

**Discussion Forum Questions:** 

- 1. Briefly discuss the importance of metrics in business settings; Provide examples from your company.
- 2. Describe the qualities of an effective metric;

Post your answers and replies to other students to our dedicated space on Blackboard.

You are also expected to email your online certificate to your tutor upon completion.

#### L8 – Continuous Improvement and Change Management

(WEEK 8)

1. Video Watch and Online Certification by the Project Management Institute (PMI)®,

Discussion Forum Questions (Study Guide, Activity 8.2) \*\*\* This is an activity critical to

the coursework assessment component 2 \*\*\*

Change Management Foundations (2016)

https://www.linkedin.com/learning/change-management-foundations/welcome?u=42775724

Duration: 1h 40m

Brief: Change is hard, but necessary for businesses to thrive and survive. You—as leader or manager—can help implement new business processes and initiatives using organizational change management (OCM). In this course, consultant and change management expert Bob McGannon discusses the principles and techniques necessary to drive change at the project level, in a certain business area, or throughout an entire organization. He helps you prepare, manage, and support the change process, outlining the five phases involved and the eight competencies required for success. Bob also helps you understand the stages of change on an individual level, so you can help team members and stakeholders adapt.

Learning objectives: Determine the approach to motivate others through a change; Distinguish the steps and benefits of change management phases; Explain how training is addressed as part of the change implementation and support phase; Interpret the components for communicating a change initiative; Recognize the skill set needed for a change champion; Identify the type of results that can be revealed when evaluating a change.

**Discussion Forum Questions:** 

- 1. Briefly explain how training is addressed as part of the change implementation and support phase.
- 2. Outline the specific skills and attributes that make an individual an effective change champion, highlighting the capabilities crucial for driving and facilitating successful organizational change.

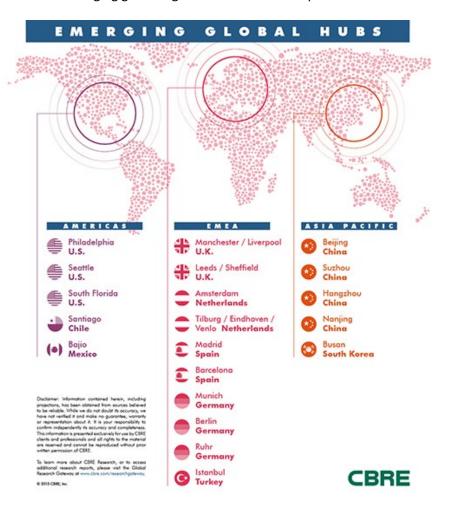
Post your answers and replies to other students to our dedicated space on Blackboard. You are also expected to email your online certificate to your tutor upon completion. .....

1. Simulation: Real-life Applications (Study Guide, Activity 9.1) \*\*\* This is an activity critical to the coursework assessment component 2 \*\*\*

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How are emerging global logistics hubs shaping the future of international trade and supply chains?

• Select an established or emerging global logistics hub from the map below.



 Provide a short reflective summary of 300 words max discussing its evolution. Post your answer to Blackboard.

#### L10 - Supply Chain Sustainability and Innovation

(WEEK 10)

\_\_\_\_\_

1. Video Watch and Discussion Forum Questions (Study Guide, Activity 10.2) \*\*\* This is an activity critical to the coursework assessment component 2 \*\*\*

Sustainable and ESG Supply Chains

https://www.linkedin.com/learning/sustainable-and-esg-supply-chains/you-re-being-watched?u=42775724

Duration: 58m

Brief: We've all experienced how supply chains can break down, but what can you do to keep your organization's supply chains ethical, sustainable, and competitive? In this practical course, instructor Eddie Davila guides you through the process of building supply chains that are great for the planet and your business! Eddie begins with some definitions to help you understand how ESG (environmental, societal, and governance) concerns relate to your supply chain. He explains several ESG opportunities and challenges, then goes over organizational roles and the competitive advantage of green supplier networks. Eddie presents a road to sustainable supply chains, then shows how you can put ESG into practice.

**Discussion Forum Question** 

How would you summarize the various ESG opportunities and challenges discussed by the speaker? Additionally, could you provide insights into the organizational roles highlighted and elaborate on the competitive advantage associated with green supplier networks?" *Post your answers to Blackboard*.

#### L11 and L12 - Operational Risk Management

(WEEKS 11-12)

#### 1. Simulation: Become an Operational Risk Manager for a day! (Study Guide, Activity 11.1)

Exercise: Identify and Mitigate Operational Risks in a Manufacturing Company, or a Financial Services firm, or a company you have been employed and are familiar with its operations.

Scenario: You are a risk management consultant hired by a manufacturing company or financial services company, or you undertake the role of OR Manager in the company you are employed. Your task is to identify potential operational risks in the company's production process and propose effective risk mitigation strategies. Critically assess the differentiating impact of these risks towards your company's processes.

#### Suggested Steps:

- 1. Familiarise yourself with the company's operations, processes, and objectives. Understand the key stages involved in the production or servicing process.
- Identify potential operational risks at each stage of the production process with the use of the RCSA
  approach. Consider both internal and external risks. Examples of operational risks in manufacturing
  may include supply chain disruptions, equipment failures, quality control issues, regulatory
  compliance, and human error.
- 3. Assess the potential impact and likelihood of each identified risk, by creating a Risk Map. Evaluate the consequences of these risks on the company's operations, financials, reputation, and customer satisfaction. Prioritise the risks based on their severity.
- 4. Develop risk mitigation strategies for each identified risk, and associate them with proposed KRIs. Brainstorm and propose specific actions to reduce the likelihood of occurrence or minimise the impact of risks. Consider preventive measures, contingency plans, and recovery strategies. For instance, you might suggest implementing backup suppliers, conducting regular equipment maintenance, enhancing quality control protocols, and providing employee training programs.

- 5. Develop a risk management plan that outlines the identified risks, corresponding mitigation strategies, responsible parties, timelines, and monitoring mechanisms. Ensure that the plan is well-documented and easily accessible to relevant stakeholders.
- 6. Present your findings and recommendations to the company's management. Clearly communicate the identified risks, their potential impact, and the proposed mitigation strategies. Seek their input and approval for the risk management plan.

Your feedback in the aforementioned activities should be provided in the form of an operational risk assessment presentation, based on the guidelines you will receive in the online module forum and during the pre-recorded lectures.

Task: Create a short video presentation (10 min) where you act as the Operational Risk Manager of the selected company. Briefly discuss the identified operations issues. Use visuals, graphics, or relevant charts to support your analysis.

By completing this exercise, you will gain practical experience in identifying operational risks, proposing mitigation strategies, and developing a risk management plan tailored to a specific industry and organisation.

## 1. Video Watch and Online Certification by the Project Management Institute (PMI)®, Discussion Forum Questions (Study Guide, Activity 13.2)

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Operations Strategy for Business (2023)

https://www.linkedin.com/learning/operations-strategy-for-business/course-overview?u=42775724

Duration: 1h 14m

Brief: As you conclude this module, do you possess the qualities necessary to excel as an operations manager?

In this online certification course, join instructor and operations management coach Laurence Gartside to explore the ins and outs of developing and implementing an effective operations strategy for your business. Discover the basics of business operations, operations management, and how to promote operations excellence, crafting a strategy that works perfectly for you and meets the unique needs of your business. Along the way, Laurence offers critical insights on business context, perspective, and alignment, as you learn how to prioritize your objectives, make essential strategic decisions, position your business, analyze performance outcomes, and start making improvements, where necessary. By the end of this course, you'll be prepared to follow your mission and achieve your new business vision.

Learning objective: To concisely outline and comprehensively review the multitude of crucial topics covered throughout the entirety of this module.

#### **Discussion Forum Questions:**

- 1. Explore the four essential perspectives to be taken into account when crafting an operations strategy.
- 2. While some companies achieve success through exceptional marketing, others rely on unique patented technology or excellent customer service. Exceptional operations serve as an alternative

avenue. Yet, within the operations function, numerous strategies can set a company apart from the competition. How can a competitive advantage be achieved through operational strategies?

- 3. Define the 4Vs in operations management and elucidate their significance.
- 4. Distinguish between the routine nature of everyday operations management and the occasional, yet pivotal, nature of strategy development. Outline a typical framework for deploying operations strategy beyond the initial formulation.

Post your answers and replies to other students to our dedicated space on Blackboard.
You are also expected to email your online certificate to your tutor upon completion.
Well, here we are. Congratulations on successfully completing this online certification and the module! We
delved into various essential aspects, exploring operations and operations strategy, their significance in the
organizational context, and the four perspectives for their development: top-down, bottom-up, market, and
competitor perspectives. Strategy, we learned, is intricately tied to objectives, which can originate internally
from owners, externally from customers, or from other stakeholders. Crafting an operations strategy requires
aligning priorities with these objectives.
We extensively covered the four V's of operations—volume, variety, variation, and visibility. Structural and
infrastructural decisions were discussed, emphasizing the challenging task of making trade-offs. We concluded
by examining decisions on how to compete and evaluate opportunities, with a focus on achieving maximum
customer satisfaction, potentially utilizing the Kano model. The course also explored how crafting an operation
strategy fits into a broader deployment framework.
I'd love to hear your thoughts on this module. Connect with me on $\underline{\sf LinkedIn}$ and consider sharing your experience
with your team to ensure everyone is on the same page and working toward shared goals. Once again
congratulations on completing this module! I trust it has inspired you with impactful and actionable ideas to
implement in your business operations.

ENTYΠΟ: 200.1.3

#### Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτηςο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

Academic Institution	UCLan Cyprus	
Programme of Studies	MBA DL	
Module	Contemporary marketing in organisations	
Level	BSc	MSc
		$\boxtimes$
Teaching Language	English	
Delivery Method	Distance Learning	Conventional
	$\boxtimes$	
Τύπος Μαθήματος	Compulsory	Optional
Number of study weeks	Total: 13	
Number of assignments	ONE ASSIGNMENT (REPORT) AND ONE FINAL	
	EXAM	
Final Mark	• Report (50%)	
FOTO	• Exam (50%)	
ECTS		10

Author:	Olga Kvasova
Editing:	
Final approval:	

#### **STUDY GUIDE**

#### Introduction

MK4030 is a mandatory module and delivered through distance learning. This module covers all the main marketing concepts and practices that contemporary marketers/managers should be aware of. Specifically, its content includes the following topics:

- Marketing concept
- Segmentation, targeting, differentiation, positioning,
- Understanding customer behaviour
- Marketing Environment
- Product decisions
- Pricing decisions
- Distribution
- Promotion
- Marketing planning
- Sustainable marketing

#### Aim

The aim of this module is to enable postgraduate students to critically evaluate developments in contemporary marketing in relation to principles underpinning the marketing discipline, whilst relating these to the wider commercial context.

#### **Learning outcomes**

With the completion of this module, the students are expected to be able to:

1.	Identify and critically review key marketing concepts and terminology
2.	Recognise and critically evaluate the application of marketing practices from the point
	of view of the consumer
3.	Assess the role of current trends in marketing, as components in the contemporary
	commercial environment

#### **Learning & Teaching strategy**

The lecture sessions will be recorded and made available to the students through Blackboard. Students will also be provided with relevant further reading, weblinks, exercises, and case studies for independent study. If students have difficulties with a particular exercise, they are expected to contact the module tutor or post a question on the discussion forum, where the module tutor can provide feedback. Different means of communication will be utilized by the tutor to offer support to the students based on the reported issue, i.e. email, Skype, MTs, etc. Feedback to the students will be provided asynchronously through Blackboard or MTs. If the need arises, the module tutor will schedule live sessions to provide further feedback to the students.

#### Assessment strategy

The module will be assessed using 2 components of assessed work as outlined below:

- Assessed work 1: Report, 50%

- Assessed work 2: Examination

A 2-hour examination will be held during the examination period at the end of the semester.

This assessed work is worth **50%** of the final grade.

#### Module pass requirements

The final grade for the module is the average of report (50%) and examination mark (50%). To pass, a student must achieve an overall weighted average of 50%, aggregated across all assessments.

#### **Tutor contact details**

	Module leader/tutor
Name	Dr. Olga Kvasova
Tel.	24694089

Email	okvasova@uclan.ac.uk	
Office hours:	Office hours vary per semester. Consult the	
	module's Blackboard space for the tutor's office	
	hours. You can also email the tutor to arrange an	
	online/in-class meeting at another convenient	
	time.	

#### Purpose of this study guide

The purpose of this study guide is to provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying, point to study material and provide self-assessment exercises to enhance students' knowledge and skills. The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes. It also lists keywords, specifies recommended study material, and recommends the time of study that students should devote to investigate the recommended study material. Moreover, there are self-assessment exercises per week that students should consider, so that they can make sure that they have understood the material. With regards to the recommended study time, this includes the material study, searching for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It should also be noted that this study guide is to provide guidance to the students while they study and should be used in conjunction with the module's material that is uploaded on Blackboard. Students are expected to study the module's material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

#### INTRODUCTION TO MARKETING. MARKETING CONCEPT

(WEEK 1)

#### Introduction

In the first session, we begin thinking about marketing within contemporary society. Marketing is of interest to everyone, whether they are marketing goods, services, properties, persons, places, events, information, ideas, or organisations. Formally or informally, people and organisations engage in a vast number of activities we could call "marketing". What philosophy should guide a company's marketing and selling efforts? What relative weights should be given to the interests of the organisation, the customers, and society. This session introduces the basic concepts of marketing. It starts with the question, "What is marketing?" Simply put, marketing is managing profitable customer relationships. The aim of marketing is to create value *for* customers and to capture value *from* customers in return. Next, the five steps in the marketing process are discussed—from understanding customer needs, to designing customer-driven marketing strategies and integrated marketing programs, to building customer relationships and capturing value for the firm.

#### **Aims and Learning outcomes**

#### After completing this week's study, you will be able to:

- 1. Define marketing and outline the steps in the marketing process.
- 2. Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
- 3. Identify the key elements of a customer value—driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
- 4. Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

#### **Keywords**

Needs, wants, and	Marketing concept	Marketing mix
demands		
Value and Satisfaction	Market-driven businesses	Customer lifetime value

Customer relationship	Customer relationship groups	Customer equity
management		

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Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 1.

#### Additional reading:

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

#### 1.Questions

- 1.1. What are the paths to profits under the marketing concept?
- 1.2. What is a market offering? Give a recent example of a market offering that has satisfied your need or want.
- 1.3. Identify the two important questions a marketing manager must answer to design a winning marketing strategy. Briefly describe why the answer to each question is important.
- 1.4. What are the outcomes of creating superior customer value? Why should companies pay attention to these outcomes?
- 1.5. Explain the growing importance of digital and social media marketing.

#### 2. Critical Thinking Exercises

- 2.1. Describe how a firm that follows the pure marketing concept might transform its marketing strategy if it shifted to the societal marketing concept.
- 2.2. Visit the Pafos Zoo website at https://www.pafoszoo.com/. Explore how Pafos Zoo is currently connecting with customers on social media platforms including Facebook, YouTube, and Instagram. Evaluate the organization's effectiveness in creating customer engagement through its web and social media sites.

#### 3. Marketing Ethics: extreme baby monitoring

Every parent's fear when they put an infant to sleep is Sudden Infant Death Syndrome (SIDS) – the sudden unexplainable death of an otherwise healthy baby. In Europe thousands of infants die each

year of SIDS; a leading cause of infant death. For around €199, parents can buy monitors that track babies' vital signs, such as respiration, heart rate, skin temperature, sleeping position and quality of sleep. The Mimo Smart Baby Monitor is a cute clip-on turtle that attaches to a special organic cotton onesie, and the Owlet Baby Monitor is a smart sock that looks like a little toeless boot. If parents don't want to attach these devices on their little ones, they can opt for the SafeToSleep Breathing Monitor sheet with a built in monitor. All of these devices stream data to parents' smartphones. Manufacturers of these devices promote them to parents for 'your baby's health' or 'gives you that extra assurance' to protect against SIDS. However, several government agencies agree that these devices cannot protect a baby from SIDS. But fear sells, and most of these manufacturers cannot keep up with the demand for their products. 1-10

3.1 Is it right for marketers to play on parents' fear to sell products that experts conclude are not necessary or effective?

#### 4.Company Case: Buffalo Wild Wings: Fueling the Sports Fan Experience

Buffalo Wild Wings has emerged as the largest pourer of draft beer, the largest server of chicken wings, and one of the fastest growing restaurant chains in the U.S. The reason for its success goes far beyond its menu offerings. Rather, BWW is in the business of fueling the sports fan experience. Every aspect of the chain's design supports that focus, from restaurants' interior (made to look like a stadium with 60 flat screens showing any game customers want to see) to employees (Guest Experience Captains ensure each table has a personalized, engaging experience) to its use of innovative technology (table-top tablets provide entertainment, ordering, and payment) to its menu offerings (over 20 varieties of wings and as many as 30 different quality beers on tap). With a mission to "WOW people every day", BWW has created the perfect place for sports fans to hand out with friends and experience their passion.

#### **Discussion Questions**

- 1.Describe the Buffalo Wild Wings market offering based on the concepts of needs, wants, and demands, differentiating the three.
- 2.Discuss Buffalo Wild Wings' success and stagnation in terms of customer perceived value.

Value = benefits - costs.

- 3. Which of the five marketing management orientations best applies to Buffalo Wild Wings?
- 4.Do you think Buffalo Wild Wings' turnaround plan will turn things around? Why or why not?

#### **Recommended study time**

Approx. 10 hours

#### SEGMENTATION, TARGETING, DIFFERENTIATION, POSITIONING

(WEEK 2)

#### Introduction

Companies cannot connect with all customers in large, broad and diverse markets. Not everyone likes the same product or service. Therefore, marketers divide the market into segments with distinct needs and want. This chapter looks further into key customer-driven marketing strategy decisions—how to divide markets into meaningful customer groups (*segmentation*), choose which customer groups to serve (*targeting*), create market offerings that best serve targeted customers (*differentiation*), and position the offerings in the minds of consumers (*positioning*).

#### **Aims and Learning outcomes**

#### After completing this week's study, you will be able to:

- 1. Define the major steps in designing a customer value-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.
- 2. List and discuss the major bases for segmenting consumer and business markets.
- 3. Explain how companies identify attractive market segments and choose a market-targeting strategy.
- 4. Discuss how companies differentiate and position their products for maximum competitive advantage.

#### **Keywords**

Segmentation	Targeting	Positioning
Differentiation	Market attractiveness	Undifferentiated marketing
Niche marketing	Customized marketing	Value proposition

#### **Bibliography**

#### **Core texts:**

Kotler, P., Armstrong, G., Harris, L.C., and Piercy, N. (2017), Principles of marketing, 7<sup>th</sup> European Edition, Pearson, **Chapter 7.** 

Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 7.

#### Additional reading:

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### Self-assessment exercises

#### 1.Questions

- 1.1. How is demographic segmentation used in consumer markets? Provide an example where marketers have used demographic segmentation.
- 1.2. What major structural factors affect long-run segment attractiveness?
- 1.3. Discuss the challenges marketers face with international market segmentation.
- 1.4. How can a company gain competitive advantage through differentiation? Describe an example of a company that illustrates each type of differentiation.
- 1.5. What is a value proposition? Discuss the five winning value propositions on which a company might position its products and give an example of each.

#### **2.Critical Thinking Exercises**

- 2.1. Identify a product you use every day. Assume you are the marketer of the product and want to convey the ways your product differs from competing products in the marketplace. Create a differentiation strategy to promote your product and create a competitive advantage.
- 2.2. The breakfast cereal market is highly competitive and marketers for the many varieties of cereal attempt to differentiate their brands to appeal to specific segments. Choose three different breakfast cereal brands and match them with the segmentation variables that marketers might be using to target a specific market.

#### 3. Marketing ethics: unrealistic bodies

With a global population of overweight children and adolescents, you would think that Mattel's slender Barbie doll would be a good role model for little girls. Not so, according to some critics. If Barbie were a real woman, she would have less than 17 per cent body fat, a neck too thin to hold her head up, a waist too small to house a full liver and intestines, and ankles and feet too tiny to walk. One group of researchers estimated the likelihood of a woman having Barbie's body at one in

100,000. Yet some women strive for impossible bodies, with many suffering from eating disorders such as anorexia and bulimia. Other research has shown that 40 to 60 per cent of pre-adolescent girls are concerned about their weight, and almost 70 per cent of middle school-aged girls who read magazines say the pictures of thin models influence their perceptions of an ideal weight. Statistics like these cause consumer advocacy groups to call for action, especially when marketers target young girls.

3.1 Do you think it is wrong for Mattel and other doll manufacturers to market dolls with unrealistic body proportions to young girls? Explain why you think that way.

#### 4. Company Case: Asos-fast fashion for fast consumers

Founded in 2001, Asos (As Seen on Screen) has become the UK's dominant online-only fashion player by homing in on its target market and constantly adapting its business model. Its core customer base is net-savvy 16-34 year olds; most of Asos's staff fit the demographic of the company's customer base: young, trendy and predominantly female. Understanding exactly who its customers are, combined with fashion and IT expertise, and a global expansion programme has enabled Asos to grow to a business with revenues of £340 million by 2010. Much of Asos's success has been built on a low-tech guarantee to customers: free returns (and in some markets, free shipping). Since its launch, everything Asos does have been aimed at 'the imagined 22-yearold', the median age of its shoppers. This is divided into three target groups: Fashion Forward, Fashion Passengers and Functional Fashion. Asos have developed a stealth marketing strategy built on social networking sites; staff and shoppers blog, chat and post on fashion forums. Developments include the launch of an online Asos Marketplace, the Asos Facebook store and Fashion Finder to turn Asos into a fashion destination rather than just a store. The ambition is to achieve £1 billion in sales, spread across five markets in five years. Four of the five target countries are the United States, France, the UK and Germany – the fifth is hotly tipped to be China; the United States and China are cited by Asos to account for 50 per cent of global Internet traffic. If Asos can crack Asia, the growth story will enter a new dimension.

#### **Discussion Questions**

1. Using the full spectrum of segmentation variables, describe how Asos initially segmented and targeted the fashion market.

- 2. What changed first the Asos customer or the Asos Experience? Explain your response by discussing the principles of market targeting.
- 3. On the basis of the segmentation variables, how is Asos now segmenting and targeting the fashion market? Should they consider repositioning?
- 4. Will Asos ever return to the revenue and profit growth that it once enjoyed? Why or why not?

#### Recommended study time

Approx. 10 hours

#### UNDERSTANDING CONSUMER BEHAVIOUR

(WEEK 3)

#### Introduction

We continue our marketing journey with a closer look at the most important element of the marketplace—customers. The goal of marketing is to affect how customers think about and behave toward the organization and its market offerings. But to affect the *whats*, *whens*, and *hows* of buying behavior, marketers must first understand the *whys*.

#### **Aims and Learning outcomes**

#### After completing this week's study, you will be able to:

- 1. Define the consumer market and construct a simple model of consumer buyer behavior.
- 2. Name the main roles in the buyer decision-making unit.
- 3. List and define the stages in the buyer decision process.
- 4. Name the major factors that influence consumer buyer behavior.

#### **Keywords**

Buyer decision-making	Need recognition	High involvement
unit		purchases vs. low-
		involvement purchases
Post-purchase evaluation	Cognitive dissonance	Selective attention,
		selective distortion,
		selective retention
Brand personality	Information search	Reference groups

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#### **Core texts:**

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Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 3.

## **Additional reading:**

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### Self-assessment exercises

#### 1.Questions

- 1.1. What characteristics affect consumers' purchase decisions?
- 1.2. Name and briefly describe the factors that impact consumer behavior.
- 1.3. What are the main stages in the buyer decision process?
- 1.4. What are the main roles in the buyer decision-making unit?

# **2.Critical Thinking Exercises**

- 2.1. Your manager suggests you do everything in your power to limit customer complaining. Make an argument about why your firm should encourage consumers to complain.
- 2.2. The grocery store shopping experience often falls short of customer expectations or desires, due in part to limited assortments in trending product categories and the absence of pleasant interactions with other people. How should the in-store grocery shopping experience affect the customer journey for a brand?

#### 3. Marketing Ethics: Cashless Pizza Restaurant

A recent retailing movement is cashless stores, which align with the consumer trend away from cash purchases in favor of purchases with debit cards, credit cards, or electronic payments like Apple Pay. Stores and restaurants feel going cashless makes transactions faster, reduces their risk of theft, and cuts costs associated with money management. However, critics of cashless retailers say they discriminate against consumers who avoid bank accounts and credit cards, which often includes consumers with poor credit or undocumented immigrants. Consider whether a specific pizza restaurant near your university should go cashless.

3.1. What factors are likely to influence whether consumers in your market choose to do business with the pizza restaurant that does not accept cash? Discuss the ethical challenges surrounding the pizza restaurant's decision to go cashless.

# 4.Company Case: Porsche - guarding the old while bringing in the new

This case presents a very interesting story about a luxury carmaker, Porsche. Like many marketers of luxury goods, Porsche has had to wrestle with the challenge of serving its core of loyal customers while also making products that appeal to a less traditional, but growing, segment of customers. The case describes the Porsche faithful who like their Porsches only one way: two doors, six cylinders in the rear and lots of pure sports car performance. The problem that Porsche has faced at various times throughout its existence is that being confined to one kind of customer with one kind of car inevitably results in maturation and stagnation. Sales flatten out, then decline and so do profits. This case describes recent efforts by Porsche to broaden its product line and appeal to multiple segments of customers. Most notably, Porsche now makes an SUV (the Cayenne) and a fourdoor sedan (the Panamera). Both of these efforts are designed to appeal to a different kind of customer than the ones who typically buy 911s. But these vehicles are not soft around the edges. They perform like, well, the Porsche of SUVs (and sedans). Porsche has identified two types of customers that are sustaining these vehicles and keeping the company on a growth trend. These are Porsche customers who grew up and have practical needs of hauling people and stuff, and the emergence of wealthy people in China, India and other parts of the world who have more interest in a daily driver. As the economy recovers, Porsche is poised to serve various customer types with a portfolio of outstanding vehicles.

#### **Discussion Questions**

- 1. Analyse the buyer decision process of a traditional Porsche customer.
- 2. Which concepts from the chapter explain why Porsche sold so many lower-priced models in the 1970s and 1980s?
- 3. Explain how both positive and negative attitudes towards a brand like Porsche develop. How might Porsche change consumer attitudes toward the brand?
- 4. What role does the Porsche brand play in the self-concept of its buyers?

# Recommended study time

Approx. 10 hours

#### Introduction

Marketing does not operate in a vacuum but rather in a complex and changing environment. Other *actors* in this environment—suppliers, intermediaries, customers, competitors, publics, and others—may work with or against the company. Major environmental *forces*—demographic, economic, natural, technological, political, and cultural—shape marketing opportunities, pose threats, and affect the company's ability to build customer relationships. To develop effective marketing strategies, you must first understand the environment in which marketing operates. The **marketing environment** represents a mix between the internal and external forces which surround an organisation and have an impact upon it, especially their ability to build and maintain successful relationships with target customers. The marketing environment consists of the **micro and macro environment**.

# **Aims and Learning outcomes**

## After completing this week's study, you will be able to:

- 1.Describe the environmental forces that affect the company's ability to serve its customers.
- 2.Explain how changes in the economic, political-legal, technological, socio-cultural, and physical environments affect marketing decisions.
- 3.Discuss how companies can react to the marketing environment.

# **Keywords**

Economic environment	Political environment	Legal environment
Socio-cultural environment	Technological environment	Physical environment
Macroenvironment	Microenvironment	Strategic marketing for

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Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 3.

#### **Additional reading:**

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

#### 1. Questions

- 1.1. What are marketing intermediaries and are they important for marketers?
- 1.2. Identify the five major generational groups and briefly describe their impact on today's marketing strategies.
- 1.3. Why should marketers pay attention to geographic shifts in the EU population?
- 1.4 Discuss the natural environment and the trends that will impact future marketing plans (e. g., shortages of raw materials, increased pollution, increased government intervention)
- 1.5. Why should marketers pay close attention to the socio-cultural environment?

#### **2.Critical Thinking Exercises**

- 2.1. Research a current or emerging change in the legal or regulatory environment in a specific country (e. g., Cyprus) affecting marketing. Explain its impact on marketing and how companies are reacting to the law or regulation.
- 2.2. Identify a recent change in the technological environment that impacts marketing. How has it affected buyer behaviour and how has it changed marketing?

#### 3.Marketing Ethics: Echo Dot Kids Edition

Amazon recently introduced its Echo Dot Kids Edition, which the company markets as a sturdy, safe, kid-friendly, transaction-free smart speaker with voice-activated virtual assistant Alexa. Designed for kids, the device has parental controls that can limit activities and content that parents do not want children to access. However, the Boston-based Campaign for Commercial-Free Childhood (CCFC),

which advocates against child-targeted marketing, is concerned that parents may rely on the Echo Dot Kids Edition for convenience or assistance and not realize that it is a marketing device. For example, if a child tells Alexa s/he is bored, the Echo Dot will offer a game or activity, which could be from one of Amazon's brand partners. This raises concerns to the extent that children cannot differentiate advertising messages from non-advertising messages. The Echo Dot Kids also gathers information from children that it uses to make personalized recommendations, which could influence purchase behavior. The CCFC likened the data collection process to surveillance. Further, a recent study from MIT's Media Lab reported that 74 percent of children studied thought of Alexa as a person who always tells the truth. Although parents might benefit from this effect when they use the Echo to tell children to sleep or to do a chore, the CCFC suggests there is reason for parental concern.

## 3.1 Discuss the pros and cons of purchasing the Echo Dot Kids Edition for a child.

## 4. Company case: the era of cheap chic for Primark

Primark has transformed the landscape of women's wear retailing in Britain, providing 'fast fashion' at unprecedented low prices. Fluctuating cotton and commodity prices, combined with declining consumer spending have challenged like-for-like sales growth and margins. Expansion into Europe, particularly Spain, offers further potential sustainable sales growth; stores outside the UK now contribute one-third of Primark's turnover.

#### **Discussion Questions**

- 1. What microenvironmental factors have influenced Primark's performance over the past few years?
- 2. What macroenvironmental factors have influenced Primark's performance during that period?
- 3. By focusing on low prices, has Primark pursued the best strategy? Why or why not?
- 4. Given Primark's current position, what recommendations would you make to the chief executive for the company's future?
- 5. Does Primark have a robust marketing strategy or was it just lucky enough to be in the right place at the right time? List the arguments both ways and decide which are the most convincing.

# Recommended study time

# PRODUCTS, SERVICES, AND BRANDS: CREATING CUSTOMER VALUE

(WEEK 5)

#### Introduction

There is an important interplay between product, price, place, and promotion. These are called **the 4 P's of marketing** or **the Marketing Mix**. You've likely heard of them before. These principles are the same in every country around the world. The focus of this session is products and brands. The product is usually the first and most basic marketing consideration. This chapter begins with a deceptively simple question: *What is a product?* After addressing this question, we look at ways to classify products in consumer markets. Then we discuss the important decisions that marketers make regarding individual products, product lines, and product mixes. Next, we look into the critically important issue of how marketers build and manage brands.

# **Aims and Learning outcomes**

#### After completing this week's study, you will be able to:

- 1. Define *product* and describe the major classifications of products and services.
- 2. Describe the decisions companies make regarding their individual products and services, product lines, and product mixes.
- 3. Identify the four characteristics that affect the marketing of a service and the additional marketing considerations that services require.
- 4. Discuss branding strategy—the decisions companies make in building and managing their brands.

# **Keywords**

Products	Brands	Services	

Product levels	Product life cycle	Boston Consulting Group
		Matrix
Ansoff matrix	Brand equity	Co-branding

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#### **Core texts:**

Kotler, P., Armstrong, G., Harris, L.C., and Piercy, N. (2017), Principles of marketing, 7<sup>th</sup> European Edition, Pearson, **Chapters 8 and 9.** 

Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 8, 9, 20.

#### Additional reading:

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

## 1. Questions

- 1.1. Explain the difference between a brand and a product.
- 1.2. Examine 'bottled water' and 'Toyota' through the lens of core, actual and augmented product.
- 1.3. Give examples of products at different stages of PLC. To what extent can PLC inform marketing management decision-making?
- 1.4. Evaluate the usefulness of the BCG matrix. Do you believe that it has a role to play in portfolio planning?
- 1.5. What is the difference between product and market development in the Ansoff matrix?
- 1.6. Suppose you were the marketing director of a medium-sized bank. How would you build the company brand?
- 1.7. What are the two main forms of co-branding?

#### 2. Critical Thinking Exercises

2.1. Coca-Cola recently introduced Coca-Cola Orange No Sugar as a limited edition flavor. Why would Coca-Cola market this product using the Coca-Cola brand name instead of creating a new brand? What are the trade-offs associated with adding the line extension?

2.2. Musical performer Rhianna recently launched her own make-up line called Fenty. If Fenty make-up does not succeed, how could it impact Rhianna as a person brand?

#### 3. Marketing Ethics: Permission to Unlock? Amazon In-Home/In-Car Delivery Service

With online shopping growing rapidly, delivering packages securely to their final destinations and reducing parcel theft are growing concerns. Amazon has recognized this need and is bridging the gap for its 85 million Prime members. Rather than delivering a parcel to your front doorstep, the online retail giant now offers secure in-home and in-car delivery services. It recently launched Amazon Key, which uses a smart lock and cloud-based security cameras to allow Amazon delivery staff to drop off packages inside customers' homes when they aren't there. The set-up kit for Amazon Key costs \$250. Amazon is also testing a free in-car package delivery service that works with cars equipped with GM's On-Star or Volvo's On-Call technology. To make in-car deliveries, Amazon employees must have access to a car's GPS location and license plate number. Such Amazon services seem to offer many benefits. However, some consumers will decline this service. They will worry that Amazon's cloud-based camera for in-home deliveries might be hacked and that no such video monitoring is available for in-car deliveries. Amazon insists that customers remain in control at all times, with multiple notifications and the option to block access at any time.

3.1. Would you use the Amazon Key services? Why or why not? When would you be most likely to use this service? What ethical issues must Amazon address before consumers will consider adopting this service?

# 4.Company case - John Lewis: Middle England's retailer of choice

This case focuses on a department store and food retailing business that was founded in 1864, the John Lewis Partnership, described as the 'moral face of retailing'. John Lewis's winning formula is partly attributed to its ownership structure – namely staff. The company believes this structure fosters better customer services, lower staff turnover and higher trust among customers – particularly through the recession. The company has continued its investment plan to improve stores, product mix (including value ranges) and the website operation. The company is poised for expansion through the Internet and overseas.

# **Discussion Questions**

- 1. What do you think that the John Lewis brand means to consumers? Is this brand a strength or a weakness as the company moves forward?
- 2. What is John Lewis actually selling? What are loyal John Lewis customers buying? Discuss these questions in terms of the core benefit, actual product and augmented product levels.
- 3. What recommendations would you make to the managing director for the future of the John Lewis Partnership?
- 4. Can the elements of a successful service model like John Lewis really be transferred to public services? Can a hospital be like a John Lewis shop? What are the barriers likely to be?

# Recommended study time

Approx. 10 hours

# Introduction

Price is the odd-one-out of the marketing mix, because it is the revenue earner. Therefore, managers need to understand how to set prices, because both undercharging (lost margin) and overcharging (lost sales) can have dramatic effects on profitability. This session addresses the importance of pricing, explores three major pricing strategies, and looks at internal and external considerations that affect pricing decisions. Companies today face a fierce and fast-changing pricing environment. Value-seeking customers have put increased pricing pressure on many companies. Yet, cutting prices is often not the best answer. No matter what the state of the economy, companies should sell value, not price. A company does not set a single price, but rather a pricing structure that covers different items in its line. This pricing structure changes over time as products move through their life cycles. The company adjusts its prices to reflect changes in costs and demand and to account for variations in buyers and situations. As the competitive environment changes, the company considers when to initiate price changes and when to respond to them. This session examines additional pricing approaches used in special pricing situations and price adjustments implemented to meet changing conditions. It covers new product pricing for products in the introductory stage of the PLC, priceadjustment tactics that account for customer differences and changing situations, and strategies for initiating and responding to price changes.

# Aims and Learning outcomes

#### After completing this week's study, you will be able to:

- 1. Answer the question "What is a price?" and discuss the importance of pricing in today's fast-changing environment.
- 2. Define price, identify the three major pricing strategies, and discuss the importance of understanding customer-value perceptions, company costs, and competitor strategies when setting prices.
- 3. Identify and define the other important external and internal factors affecting a firm's pricing

decisions.

- 4. Describe the major strategies for pricing new products.
- 5. Explain how companies find a set of prices that maximizes the profits from the total product mix.
- 6. Discuss how companies adjust their prices to take into account different types of customers and situations.
- 7. Discuss the key issues related to initiating and responding to price changes.

# **Keywords**

Full-cost pricing	Direct-cost pricing	Competition-based pricing
Customer value-based	Trade-off analysis	Experimental pricing
pricing		
Market-skimming pricing	Market-penetration pricing	Price elasticity of demand

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## **Additional reading:**

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

# 1. Questions

- 1.1 How does value-based pricing differ from cost-based pricing?
- 1.2. What other issues beyond the market and the economy must marketers consider when setting prices?

- 1.3. Compare and contrast market-skimming and market penetration pricing strategies and discuss the conditions under which each is appropriate. For each strategy, give an example of a recently introduced product that used that pricing strategy.
- 1.4. Should a company always respond to a competitor's price cut, and what options are available if it does decide to respond?
- 1.5. How would you justify the price difference between a cup of coffee in a local coffee shop versus a top-class hotel?
- 1.6. It is frequently argued that a lot of promotional expenditure is wasteful. What do you think?
- 1.7. You are the marketing manager of a company that is about to launch an electric car. What factors should you take into consideration when pricing this product?
- 1.8. Why is value to the customer a more logical approach to setting prices than cost of production?
- 1.9. Under intense cost-inflationary pressure you are considering a price increase. What other considerations would you take into account before initiating the price rise?

## 2. Critical Thinking Exercises

- 2.1.You are an owner of a small independent chain of coffee houses competing head-to-head with Costa Coffee. The retail price your customers pay for coffee is exactly the same as at Costa Coffee. The wholesale price you pay for roasted coffee beans has increased by 25 per cent. You know that you cannot absorb this increase and that you must pass it on to your customers. However, you are concerned about the consequences of an open price increase. Discuss alternative price-increase strategies that address these concerns.
- 2.2. Identify three price-comparison shopping sites or apps and shop for a product you are interested in purchasing. Compare the price ranges given at the three sites. Based on your search, determine a 'fair' price for the product.

# 3. Marketing ethics: airfare pricing

You'd think that the farther you fly, the more expensive your airfare would be. According to easily accessible data, however, that's not the case. For example, one study compared five US and EU citypairs (Los Angeles–San Francisco, New York–Boston, Chicago–Detroit, Denver–Las Vegas, Miami–Orlando versus London–Edinburgh, Paris–Nice, Milan–Rome, Dusseldorf–Berlin, Barcelona–Madrid). The total distance of all five US-based flights is a total (return) distance of 3,172 miles while

for the five European flights the total distance travelled would be slightly more at 3,338 miles. Yet the European flights are about half of the cost of those in the US at around €276 versus €527! That's the average cost; fliers sitting next to each other most likely paid different prices. Many factors influence the pricing of airfares; distance has minor impact, even though two major expenses—fuel and labour—increase the longer the flight. Airlines claim they are just charging what the market will bear.

3.1. Should airlines be required to charge standard prices based on distance and equal airfares for passengers seated in the same class (such as coach or business class) on the same flight? What will be likely to happen to prices if the government requires airlines to base fares only on distance and passenger class?

## 4. Company case – Cath Kidston: nostalgic fantasy that creates value for consumers

Cath Kidston Ltd is one UK-based company that understands that sometimes it pays to charge more. The cheery colours and fun patterns Cath Kidston created allows it not to focus on price-sensitive market segments but instead lure customers with a value-added pricing strategy. It is important for a brand to create something that people respond to with their hearts, which is a sure-fire way to breed success for a brand. Cath Kidston is one of the brands that is confident in its design style and fun in its character. The brand carries a wide product range, everything from furnishings, crockery, cutlery, cloths, toys, china, bed linen and bags, to women's and children's wear and accessories, charging price premiums that fans are gladly paying. In certain respects, cross-comparing personal products such as key rings can be problematic, because there is so much variation in both features and price. But consider some popular Cath Kidston products. Its scarfs sell for roughly €58, whereas comparable products from apparel retailers such as Marks & Spencer or Monsoon range from roughly  $\in 20$  to  $\in 30$ . Cath Kidston's plastic-coated fabric bags sell from roughly €35 to €150, whereas other apparel retailers only charge similar prices for their leather bags. The fantasy of the English country childhood that Cath Kidston creates for customers enables the brand to charge price premiums as compared to competitors, such as John Lewis, Marks & Spencer and Monsoon. The biggest challenge of Cath Kidston brand is to continue its success with the traditional English country style and fun brand character, while satisfying its loyal customers with innovative product design and product line extension. The brand is pressing on with its nostalgic designs that create value for its customers, justifying the premium price of its products.

# **Discussion Questions**

- 1. Does Cath Kidston's pricing strategy truly differentiate it from the competition?
- 2. Has Cath Kidston executed value-based pricing, cost-based pricing or competition-based pricing? Explain.
- 3. Could Cath Kidston have been successful as a design-focused product marketer had it employed a low-price strategy? Explain.
- 4. Is Cath Kidston's pricing strategy sustainable? Explain.

# Recommended study time

Approx. 10 hours

(WEEK 7)

# Introduction

Important decisions need to be made regarding how products and services are made available to customers. In general, products need to be available in adequate quantities, in convenient locations and at times when customers want to buy them. This session deals with distribution. An individual firm's success depends not only on how well it performs but also on how well its entire marketing channel competes with competitors' channels. To be good at customer relationship management, a company must also be good at partner relationship management. The first part of this session explores the nature of marketing channels and the marketer's channel design and management decisions. We then examine physical distribution – or logistics – an area that is growing dramatically in importance and sophistication.

# **Aims and Learning outcomes**

## After completing this week's study, you will be able to:

- 1. Explain why companies use marketing channels and discuss the functions these channels perform.
- 2. Discuss how channel members interact and how they organise to perform the work of the channel.
- 3. Identify the major channel alternatives open to a company.
- 4. Explain how companies select, motivate and evaluate channel members.
- 5. Discuss the nature and importance of marketing logistics and integrated supply chain management.

# **Keywords**

Marketing channels	Value delivery network	Supply change
Vertical marketing system	Horizontal marketing system	Disintermediation
Multi-modal	Logistics	3PL
transportation		

# **Bibliography**

#### **Core texts:**

Kotler, P., Armstrong, G., Harris, L.C., and Piercy, N. (2017), Principles of marketing, 7<sup>th</sup> European Edition, Pearson, **Chapters 12.** 

Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 17.

#### **Additional reading:**

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

#### 1. Questions

- 1.1. Describe a value delivery network. How does it differ from a supply chain? Explain.
- 1.2. Discuss direct marketing channels and indirect marketing channels. Provide examples of each type of marketing channel.
- 1.3. Explain the differences among a conventional distribution channel, a vertical marketing system, and a horizontal marketing system.
- 1.4. Define *disintermediation* and describe how it affects the nature and design of marketing channels.
- 1.5. Describe multi-modal transportation and list the different combinations used to distribute products and the benefits of using this mode of transportation.
- 1.6. Identify three reasons why companies use third-party logistics (3PL) providers.

# **2.Critical Thinking Exercises**

- 2.1. Robots have long been a key part of automation in manufacturing, but they are now increasingly used in distribution centers. Robots can do everything from moving merchandise to sweeping floors and counting pallets. For example, autonomous fork lifts now efficiently and reliably perform a variety of repetitive pallet and product transportation needs in automated distribution centers. How will future automation impact the value that distribution centers provide in the retail supply chain? Is replacing humans with automated equipment a good thing?
- 2.2. Explain how channel members help candy maker "Mars, Inc." deliver value to consumers. Could Mars take on any of these distribution functions itself?

## 3. Marketing Ethics: Single Pilot Cargo Planes?

A possible shift is in the works in the aviation industry. The Federal Aviation Administration and members of the U.S. Congress are investigating legislation to allow cargo pilots to operate single-pilot flights. Research is being conducted into what technologies would be necessary to enable single pilot planes. Airline pilots are pushing back. The International Brotherhood of Teamsters Airline Division says that single-pilot flights would be unsafe and would put valuable freight assets and the public at risk. Also, they would affect staffing levels at major logistics carriers, such as UPS and FedEx. If this idea takes off and is embraced by lawmakers and the public, the practice could make its way to passenger airlines as well. Even autonomous planes could be a possibility. However, industry safety groups say that members of the public are watching what happens with autonomous vehicles to determine whether such technology practicable.

# 3.1. Discuss the pros and cons of single-pilot cargo planes. What ethical conflicts could airline pilots face if the industry moves to single-pilot flights?

# 4.Company case - Amazon and P&G: taking channel partnering to a new level

Amazon and P&G are quietly blazing a new, simpler, lower-cost distribution trail for such goods. Now, for example, at the P&G warehouse, rather than reloading lorry-loads of P&G products and shipping them to Amazon fulfilment centres, P&G employees simply cart the goods to a fenced-off area inside their own warehouse. The fenced-in area is run by Amazon. From there, Amazon employees pack, label and ship items directly to customers who have ordered them online. Amazon calls this venture Vendor Flex – and it's revolutionising how people buy low-priced, low-margin everyday household products. Amazon's Vendor Flex programme offers big potential for both Amazon and supplier– partners like P&G. In the US, consumers currently buy only about 2 per cent of their non-food consumer packaged goods online. Boosting online sales of these staples to 6 per cent – the percentage that the Internet now captures of overall retail sales – would give Amazon an additional \$10 billion a year in revenues, up from the current \$2 billion in the US alone. Vendor Flex takes channel partnering to an entirely new level. Co-locating 'in the same tent' creates advantages for both partners. For Amazon, Vendor Flex reduces the costs of storing bulky items, such as nappies and toilet paper, in its own distribution centres, and it frees up space in Amazon's centres for more higher-margin goods. P&G also benefits from the Vendor Flex partnership. It saves money by cutting

out the costs of transporting goods to Amazon's fulfilment centres, which in turn lets it charge more competitive prices to the e-commerce giant. Vendor Flex looks like a win-win for everyone involved – Amazon, P&G, and final consumers.

## **Discussion Questions**

- 1. What are the advantages of a channel partnership like that between P&G and Amazon from the points of view of the partners and the consumer?
- 2. What potentials are there for disagreements between the partners which could undermine the partnership system? For example, as P&G expands its own online operation, are there potential conflicts with Amazon on the way?
- 3. Are there any potential risks and disadvantages to a close cooperative partnership of this kind from the points of view of the partners and the consumer?
- 4. How can competitors respond effectively to the P&G/Amazon partnership with new channels of their own?
- 5. Consider what other types of channel partnering may revolutionise conventional channels in other markets.

# Recommended study time

Approx. 10 hours

#### INTEGRATED MARKETING COMMUNICATIONS

(WEEKS 8,9,10)

# Introduction

You drive sales by promoting the benefits of your company's goods or services to pools of potential buyers. The ways you promote your organization will largely determine whether you successfully plant the right messages in the minds of your target audience. This session explains how you can establish a promotional mix best suited to your company's needs and resources. clearly and persuasively communicate that value. Promotion is not a single tool but, rather, a mix of several tools. Under the concept of *integrated marketing communications* (IMC), the company must carefully coordinate these promotion elements to deliver a clear, consistent, and compelling message about the organization and its brands. We begin with an introduction to the various promotion mix tools. Next, we examine the rapidly changing communications environment and the need for IMC. This is followed by the discussion on advertising and public relations. Advertising involves communicating the company's or brand's value proposition by using paid media to inform, persuade, and remind consumers. Public relations involves building good relations with various company publics—from consumers and the general public to the media, investor, donor, and government publics. Next, we examine personal selling and sales promotion. Personal selling is the interpersonal arm of marketing communications, in which the sales force interacts with customers and prospects to build relationships and make sales. Sales promotion consists of short-term incentives to encourage the purchase or sale of a product or service. Finally, we will look at the final IMC element, direct marketing, and at its fastest-growing form, online marketing. In many ways, direct marketing constitutes an overall marketing approach—a blend of communication and distribution channels all rolled into one.

# **Aims and Learning outcomes**

After completing this 3-week's study, you will be able to:

- 1. Define the five promotion mix tools for communicating customer value.
- 2. Discuss the changing communications landscape and the need for integrated marketing communications.
- 3. Explain the factors that affect the design of the promotion mix.
- 4. Define the role of advertising in the promotion mix and describe the major decisions involved in developing an advertising program.
- 5. Define the role of public relations in the promotion mix and explain how companies use PR to communicate with their publics.
- 6. Discuss the role of a company's salespeople in engaging customers, creating customer value, and building customer relationships.
- 7. Explain how sales promotion campaigns are developed and implemented.
- 8. Identify and discuss the major forms of direct and digital marketing.
- 9. Explain how companies have responded to the digital age with various online marketing strategies.

# Keywords

IMC	Advertising	PRs
Personal selling	Sales promotion	Direct marketing

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#### **Core texts:**

Kotler, P., Armstrong, G., Harris, L.C., and Piercy, N. (2017), Principles of marketing, 7<sup>th</sup> European Edition, Pearson, **Chapters 14-17.** 

Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapters 13-16.

## Additional reading:

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### Self-assessment exercises

#### 1. Questions

1.1. Why is there a need for integrated marketing communications and how do marketers go about implementing it?

- 1.2. The two basic promotion mix strategies are pull promotion and push promotion. In which strategy is advertising more important?
- 1.3. What major decisions should a marketing manager consider when developing an advertising program?
- 1.4. Define public relations and explain the many public relations functions.
- 1.5. Discuss the major tools used by the public relations team to communicate relevant marketing content.
- 1.6. Define personal selling and discuss its role in a company's promotion mix.
- 1.7. What is sales promotion? Discuss the differences among consumer promotions, trade promotions, and business promotions. Provide examples of the different sales promotion tools that could be used in each promotion campaign.
- 1.8. Compare and contrast the new direct marketing model with the traditional direct marketing model. List the major forms of direct and digital marketing.
- 1.9. What is mobile marketing and why is it important to marketers?

# **2.Critical Thinking Exercises**

- 2.1. Compare and contrast personal and nonpersonal communication channels. How would you use each channel type to promote a political candidate? Why?
- 2.2. Search YouTube for three of your favorite television commercials, each using a different execution style. For each ad, identify the execution style used and the audience targeted. Is it a good ad?

# Different examples of styles could be:

- •Slice of life: This style shows one or more 'typical' people using a particular product in a normal setting.
- Lifestyle: This style shows how a product fits in with a particular lifestyle.
- Fantasy: This style creates a fantasy around the product or its use.
- Mood or image: This style builds a mood or image around the product or service, such as beauty, love, intrigue or serenity. Few claims are made about the product or service except through suggestion.
- Musical: This style shows people or cartoon characters singing about the product.

- Personality symbol: This style creates a character that represents the product. The character might be animated.
- Technical expertise: This style shows the company's expertise in making the product.
- Scientific evidence: This style presents survey or scientific evidence that the brand is better or better liked than one or more other brands.
- Testimonial evidence or endorsement: This style features a highly believable or likable source endorsing the product. It could be ordinary people saying how much they like a given product.
- 2.3. According to a recently released study, mascots create more social media buzz than do celebrity endorsers. Find an example of a company using a mascot to create social media buzz and suggest ways the company can create even more buzz. How is social media buzz measured?
- 2.4. Thanks to the Internet of Things, marketers can now add value to the shopping experience by using digital displays. They can use the displays to gather data about consumers, send advertising messages to their mobile phones as they pass, and use their mobile phones or facial recognition to personalize the marketing messages that appear on the displays. However, in response to technology advancements and heighted sensitivity to privacy, several policies have been introduced to limit the collection and resharing of data. Is it a wise strategy for retailers to use digital displays to market directly to consumers? Why or why not?

## 3a. Marketing Ethics: Communicating Brand Purpose without Boasting

A recent study by social-impact consultancy DoSomething Strategic showed that 58% of young consumers were more likely to buy from brands that back a good cause. However, it can be tricky for marketers to tell consumers what things a brand is doing to make a social impact in a way that breaks through the noise but does not come off sounding like a gimmick. Part of the challenge is that some brands advertise the brand's social purpose but do not follow up with actions that actually make an impact. By contrast, brands that successfully communicate a brand's purpose—such as Lush, The Body Shop, Patagonia, United by Blue, and Toms—are perceived as authentically committed to a social purpose. They follow up with good deeds and activate consumers and employees to make a social impact, which generates a positive response.

3a.1. How can a brand like Honda communicate that it backs good causes such as HOLA (see www.honda.com/community/philanthropy-giving-back)? What communication channels should it use? What risks does it face as it attempts to let people know about its commitments?

## 3b. Marketing Ethics: racist promotion?

A Unilever brand in Thailand ran into some problems with one of its promotion campaigns, the 'Citra 3D Brightening Girls Search'. Citra Pearly White UV Body Lotion is marketed as a skin-whitening product. Skin whitening is popular in many Asian countries because lighter skin colour is associated with higher economic status. However, this belief is not created by marketers. Anthropologists point out that Asian cultures, and Thailand in particular, have long histories of associating darker skin tones with outdoor peasants and field workers and lighter skin tones with higher socio-economic status. Citra's advertising was criticised because it showed two female students − one lighter-skinned than the other − and asked them what would make them 'outstanding in uniform'. The darker girl seemed confused and didn't answer, while the lighter girl answered with Citra's product slogan. After considerable social media outcry, Citra pulled the ad, but it did not stop a related scholarship competition. The competition offered a 100,000 baht (€3,750) prize for the college student best demonstrating 'product efficacy' − that is, the whitest skin. The company claims its products help people feel good about themselves and enhances their self-esteem.

3b.1. Since lighter skin and skin whitening are popular in Thailand, is it wrong for marketers to offer and promote products that encourage this belief and behaviour? Explain why or why not.

# 4.Company case - Public relations and customer engagement at Coca-Cola: from impressions to expressions to transactions.

Coca-Cola aims to do much more with public relations than just create passive 'impressions'. It's looking to create customer engagement and inspire customer 'expressions'. According to Coca-Cola's chief marketing officer, Joe Tripodi, the PR goal is to develop 'strongly sharable pieces of communication information that generate huge numbers of impressions online – and then, crucially, lead to expressions from consumers, who join the story and extend it, and then finally to transactions'. That is, Coca-Cola uses PR to engage consumers and start customer conversations that will inspire

consumers themselves to extend the brand's theme of open happiness and optimism. One Valentine's Day, the company placed a modified vending machine in the middle of a busy shopping centre that dispensed free Cokes to people who confirmed their 'couple' status with a hug or a kiss. A few years ago, another Coca-Cola Happiness machine placed at a university dispensed everything from free Cokes to popcorn, pizza, flowers, handshakes and Polaroid photos. Making periodic 'jackpot' sounds, the machine dispensed dozens of Cokes and a long plank layered with colourful cupcakes. These unexpected actions not only prompted smiles and cheers, but also recipients could hardly wait to share their bounty and the story with anyone and everyone, extending Coke's happiness positioning. Coca-Cola's 'BHAG', or 'big hairy audacious goal', is not just to hold its market share in the soft drink category, where sales have been flat for years, but to double its business by the end of the decade. Public relations and the social media will play a central role in achieving this goal by making customers a part of the brand story and turning them into an army of brand advocates who will carry the Coca-Cola Open Happiness message forward. 'It's not just about pushing stuff out as we've historically done', says CMO Tripodi. 'We have to create experiences that perhaps are had only by a few but are compelling enough to fuel conversations with many'.

#### **Discussion Questions**

- 1. How would you summarise Coca-Cola's PR strategy in this case and how does it relate to an integrated marketing communications approach?
- 2. What measures would you take to evaluate the short-term and longer-term effectiveness of the Coca-Cola strategy?
- 3. What do you see as the disadvantages of a PR-based communications strategy as opposed to a conventional media advertising approach?
- 4. Has the Coca-Cola communications strategy been effective?
- 5. To what extent can an engaged brand community protect Coca-Cola from changes in market tastes that favour other kinds of soft drinks and refreshments?

# Recommended study time

Approx. 10-15 hours

#### MARKETING PLANNING AND STRATEGY

(WEEK 11)

# Introduction

Given the challenging competitive environment in which the company operates, it is important that decisions are not taken in an ad hoc way but rather in a systematic and rational manner. Marketing planning forms part of the broader concept known as 'strategic planning', this involves not only marketing but also the fit between production, finance, personnel strategies and the environment. This session explores the marketing process by which companies create value for the consumer in order to capture value in return. First, we look at the organization's overall strategic planning, which guides marketing strategy and planning. Next, we discuss how marketing partners work closely with others inside and outside the firm to create value for customers. We then examine marketing strategy and planning—how marketers choose target markets, position their market offerings, develop a marketing mix, and manage their marketing programs. Lastly, we will look at the step of measuring and managing return on marketing investment.

# **Aims and Learning outcomes**

#### After completing this week's study, you will be able to:

- 1. Explain company-wide strategic planning and its steps.
- 2. Discuss how to design business portfolios and develop growth strategies.
- 3. Explain marketing's role under strategic planning and how marketing works with its partners to create and deliver customer value.
- 4. Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
- 5. List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.

# **Keywords**

Strategic planning	Marketing planning	Portfolio analysis
Marketing audit	Control mechanisms	ROI

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Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapters 18, 22.

## Additional reading:

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

# 1. Questions

- 1.1. Discuss the role marketing plays in the company-wide strategic planning process.
- 1.2. How does a firm evaluate and analyze its business portfolio?
- 1.3. Explain the roles of market segmentation, market targeting, differentiation, and positioning in implementing an effective marketing strategy.
- 1.4. What is an integrated marketing mix, and why is it important for a firm's marketing strategy?
- 1.5. Why do marketers need to practice constant marketing control?

#### 2. Critical Thinking Exercises

2.1. Create a mission statement for a nonprofit organization you would be interested in starting.

#### Tips:

Some organizations define their missions myopically in product or technology terms, but mission statements should be market oriented and defined in terms of satisfying basic customer needs—even for non-profit organizations. For example, a nonprofit organization might be a house that offers emergency shelter for people in need, but defining its mission as a house could be too narrow. Perhaps the organization can also provide funds to pay for a hotel room for someone in need, thus defining its mission as providing shelter is broader than providing a house for people to stay in during

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emergencies. Mission statements should be meaningful and specific yet motivating. Too often, mission statements are written for public relations purposes and lack specific, workable guidelines. Instead, they should emphasize the company's strengths and tell forcefully how it intends to succeed. Finally, an organization's mission should focus on customers and the customer experience the organization seeks to create.

2.2. Conduct a SWOT analysis for any organisation that you are a member of. Based on your analysis, suggest a strategy from the product/market expansion grid and an appropriate marketing mix to implement that strategy.

# 3. Marketing Ethics: Creating Value or Distracting Consumers?

In early 2014, Chipotle Mexican Grill announced that it would stop using genetically modified ingredients (GMOs) in its restaurants. Many observers applauded this move. However, critics of the fast-food chain cited a lack of evidence to support its anti-GMO stance. They suspected that Chipotle's anti-GMO claim was simply a ploy to distract consumers from a larger issue: the company's risky sanitation practices. Chipotle's anti-GMO policies may have won the burrito chain some health-conscious customers, but at the same time customers were becoming sick after eating at some Chipotle locations, calling into question the firm's food handling and safety practices. Steve Ells, founder and co-CEO of Chipotle, said the GMO decision was "another step toward the visions we have of changing the way people think about and eat fast food. Just because food is served fast doesn't mean it has to be made with cheap raw ingredients, highly processed with preservatives and fillers and stabilizers and artificial colors and flavors." However, ridding Chipotle's supply chain of genetically altered components proved difficult. The chain discovered GMOs in basic ingredients such as baking powder, cornstarch, canola and soy oils, cornmeal, and sugar. And many non-GMO ingredients were in short supply. For example, at one point, Chipotle found that it could not supply all its locations with enough non-GMO pork to make carnitas. Given the supply chain challenges, Chipotle decided to use non-GMO products in its food preparation but to continue to serve some soft drinks with sweeteners derived from genetically engineered corn.

3.1. Has Chipotle's focus on eliminating GMOs created value for its customers? From an ethics standpoint, discuss Chipotle's focus on sourcing non-GMO food products rather than attention to food safety. In recent years, the company's oversights in food safety have resulted in numerous customers becoming ill (E. coli, norovirus, and salmonella). Discuss the challenges Chipotle still faces in overcoming the negative image.

# 4.Company case – LEGO: one more brick in the wall?

The name 'LEGO' is an abbreviation of the two Danish words 'leg' and 'godt', meaning 'play' and 'well'. Since its formation to the late 1990s, Lego experienced steady (if not necessarily spectacular growth) growth. However, in 1998 the company started losing money – fast. In 2004, Kjeld Kirk Kristiansen the grandson of the founder of the Lego toy empire, took a brave decision and stepped down as chief executive after forecasting the largest annual loss in the history of the firm. Kjeld relinquished control of the firm to Jorgen Vig Knudstorp. Jochen recognised that the firm needed rapid restructuring, cultural change and refocused effort if it were to be saved from financial collapse. The company's internal focus on creativity, innovation and superior quality had created high complexity that was far from market or customer oriented. The process of planned change lead to a five-year plan called 'Shared Vision'. This plan pivoted on developing and maintaining effective partnerships (both internally and externally) and was supported with a truly market-oriented mission. As part of the wider strategy the portfolio was slimmed as the company's flagship Legoland theme parks were sold (although a minority share was retained) and non-core products scrapped as part of a back-to-basics strategy focused on its classic bricks and mini-figures. Possibly, most crucially Jochen and his team focused on their partnerships of its suppliers, distributors and customers. As with all plans, implementation was not always easy but problems were overcome. When Jochen took charge in the gloomy days of 2004, Lego was so deeply in the red that it faced genuine questions over its short-term survival in an era of online computer games and ever-increasing digital gadgets. Eight years later, those doubts have been emphatically answered and the future seems bright (and slightly brick shaped).

#### **Discussion Questions**

1. Prior to 2004, was Lego focused on its products or its marketplace? Why?

- 2. Using the product/market expansion grid, which approach has Lego adopted under the leadership of Jochen? Is this different to past approaches?
- 3. On which internal and external partners did Jochen's approach concentrate? Why?
- 4. Implementing change is never easy. In implementing their plans, what did Lego do right and what did they do wrong? How would you have done things differently?

# **Recommended study time**

Approx. 10 hours

## Introduction

Sustainable marketing is socially and environmentally responsible marketing that meets the present needs of consumers and business while also preserving or enhancing the ability of future generations to meet their needs. Only satisfying consumers' immediate needs does not always serve the future best interest of either customers or the business. This session begins with a definition of sustainable marketing and then looks at some common criticisms of marketing as it impacts individual consumers and other businesses. Next, it covers consumerism, environmentalism, and other citizen and public actions that promote sustainable marketing. Finally, we examine how companies themselves benefit from proactively pursuing sustainable marketing practices that bring value not just to individual customers but also to society as a whole. Sustainable marketing actions are more than just doing the right thing; they are also good for business.

# **Aims and Learning outcomes**

## After completing this week's study, you will be able to:

- 1. Define *sustainable marketing* and discuss its importance.
- 2. Identify the major social criticisms of marketing.
- 3. Define *consumerism* and *environmentalism* and explain how they affect marketing strategies.
- 4. Describe the principles of sustainable marketing.
- 5. Explain the role of ethics in marketing.

# **Keywords**

Sustainable marketing	Responsible marketing	Ethics
Consumerism	Environmentalism	Planned obsolescence

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Jobber, D., and Ellis-Chadwick, F. (2019), Principles and Practice of Marketing, 9th Edition, McGraw-Hill, Chapter 5.

#### **Additional reading:**

https://rl.talis.com/3/cyprus\_uclan/lists/1AC50D1C-2DA2-FB5D-AA11-6745C0E6549C.html

#### **Self-assessment exercises**

#### 1. Questions

- 1.1. What is sustainable marketing, and why is it important?
- 1.2. What are the major social criticisms of marketing? How do marketers respond to these criticisms? *Tips: negative effect on individual consumers (e. g., deceptive practices, high-pressure selling, harmful products, planned obsolescence), society (e. g., false wants and too much materialism), and other businesses (e. g., creation of barriers to entry).*
- 1.3. How do marketing efforts impact society? Discuss both sides of this issue.
- 1.4. Identify the challenges associated with managing a double bottom line of values and profits.

#### **2.Critical Thinking Exercises**

- 2.1. Products can be classified according to their degree of immediate consumer satisfaction and long-run consumer benefit as deficient, pleasing, salutary, or desirable products. Identify two products for each of the four categories and explain why they belong in that category.
- 2.2. Suppose that you are leading PepsiCo's environmental sustainability efforts. How would you gauge the effectiveness of these programs? How would you communicate your efforts to loyal consumers of your brand?
- 2.3. "Greenwashing" is the practice of promoting a product by misleading consumers about its environmentally beneficial aspects. Products might be labeled as "natural," "green," "environmentally friendly," or biodegradable" but have little or no environmental benefits. Go to www.truthinadvertising.org/six-companies-accused-greenwashing/ and choose one of the 10 examples of companies that are not as environmentally friendly as they would like to appear. In your

opinion, is the company's product or business practice sustainable or is the company engaging in greenwashing?

## 3. Marketing Ethics: Pricey deal?

Rent-to-own retailing originated in the UK and Europe in the 1930s and developed in the US in the 1950s and 1960s. However, Kmart recently introduced a new Lease-to-Own programme targeted to low-income consumers and is taking some heat over it. Rent-to-own is not new - chains such as Aaron's and Rent-A-Center have been around for years in the US – but it is new that a mainstream retailer is moving into this market. Kmart's parent corporation, Sears Holdings Corporation, launched a similar programme, and according to a company executive, it is satisfying the unmet needs of new customers. Some critics say that it is just encouraging instant gratification and exploiting disadvantaged consumers. These types of customers don't qualify for credit and don't have enough cash to purchase desired products outright, such as televisions and other big ticket items. However, a \$300 TV purchased through Kmart's programme ends up costing consumers \$415 if purchased at the end of the lease. If customers just make minimum payments over the course of the lease, one expert calculated, it is equivalent to charging a 117 per cent annual interest rate. Sears' spokespeople defend their service as being better for consumers compared to other rent-to-own options because the retailer does not mark up the price of the product beyond the normal retail mark-up and limits the lease period to 18 months, whereas other national rental chains' prices are much higher and leases can run two to four years.

#### 3.1. Are rent-to-own retailers, like Sears and Kmart, exploiting disadvantaged consumers?

#### 4. Company case – Unilever: a prototype for tomorrow's company?

Unilever, the Anglo-Dutch consumer goods company, is a leading player in putting sustainability at the top of the corporate agenda. Paul Polman, chief executive of Unilever, outlined his company's 'sustainable living plan'. His opening phrases were about customers demanding that their goods be ethically sourced and that companies help preserve the environment. Sustainability requires that companies reduce their use of water, energy and packaging. This cuts costs and boosts profitability, so shareholders win too. Consumers were increasingly turning to socially responsible brands, such as the company's Small & Mighty concentrated laundry detergent, which washes at lower temperatures. But Unilever's tough stance on ethical behaviour and sustainability as a core social responsibility is

more than promises, it turns into practical actions throughout its operations. In the US and Western Europe, the priorities are reducing the amount of packaging, cutting fuel consumption and providing for consumers who want to be sure that their purchases have been produced in an ethical or environmentally friendly fashion. And companies like Unilever say that focusing on sustainability also helps them develop new markets. But even for Unilever, it is not always easy maintaining the high moral ground; Unilever had to reverse its purchasing policy to buy palm oil only from suppliers who can demonstrate they do not cut down forests. Unilever's smart response to this pressure was important to protect its credibility on wider environmental issues.

# **Discussion Questions**

- 1. Give as many examples as you can of how Unilever is defying common social criticisms of marketing.
- 2. Is Unilever successfully applying concepts of sustainability? What are the best examples of this?
- 3. Are Unilever's sustainability initiatives truly practicing enlightened marketing, or are these 'green' policies no more than vested self-interest and a marketing ploy? Give as many examples as you can to justify your answer.
- 4. Are sustainable strategies likely to provide greater profitability for Unilever compared to conventional approaches? Explain your answer.

# Recommended study time

Approx. 10 hours

# **Instructions**

Week 13 is a study week so you can prepare for your forthcoming exam. This week you are expected to do a revision of the following topics:

- Marketing concept
- Segmentation, targeting, differentiation, positioning,
- Understanding customer behaviour
- Marketing Environment
- Product decisions
- Pricing decisions
- Distribution
- Promotion
- Marketing planning
- Sustainable marketing

Once you have completed the revision of the topics above, you should be able to:

- Define marketing and outline the steps in the marketing process.
- Define the major steps in designing a customer value-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.
- List and discuss the major bases for segmenting consumer and business markets.
- Define the consumer market and construct a simple model of consumer buyer behavior.
- Describe the environmental forces that affect the company's ability to serve its customers.
- Describe the decisions companies make regarding their individual products and services,
   product lines, and product mixes.
- Discuss branding strategy—the decisions companies make in building and managing their brands.

- Define price, identify the three major pricing strategies, and discuss the importance of understanding customer-value perceptions, company costs, and competitor strategies when setting prices.
- Describe the major strategies for pricing new products.
- Identify the major channel alternatives open to a company.
- Define the five promotion mix tools for communicating customer value.
- Discuss the changing communications landscape and the need for integrated marketing communications.
- Explain the factors that affect the design of the promotion mix.
- Discuss the role marketing plays in the company-wide strategic planning process.
- Define sustainable marketing and discuss its importance.

# **Self-assessment exercises**

Imagine you are a marketing manager. Define the major steps in designing a solid marketing plan for a new product of the company.

Post your answers on Blackboard under 'Discussions'.

# Recommended study time

Approx. 10-15 hours

# MK4030\_Contemporary marketing in organisations Interactive activities

#### INTRODUCTION TO MARKETING. MARKETING CONCEPT

	(WEEK 1)
1.Discussion forum	

What is a market offering? Give a recent example of a market offering that has satisfied your need or want.

2. Real-life Reflection: Marketing Ethics: extreme baby monitoring

Every parent's fear when they put an infant to sleep is Sudden Infant Death Syndrome (SIDS) – the sudden unexplainable death of an otherwise healthy baby. In Europe thousands of infants die each year of SIDS; a leading cause of infant death. For around €199, parents can buy monitors that track babies' vital signs, such as respiration, heart rate, skin temperature, sleeping position and quality of sleep. The Mimo Smart Baby Monitor is a cute clip-on turtle that attaches to a special organic cotton onesie, and the Owlet Baby Monitor is a smart sock that looks like a little toeless boot. If parents don't want to attach these devices on their little ones, they can opt for the SafeToSleep Breathing Monitor sheet with a built in monitor. All of these devices stream data to parents' smartphones. Manufacturers of these devices promote them to parents for 'your baby's health' or 'gives you that extra assurance' to protect against SIDS. However, several government agencies agree that these devices cannot protect a baby from SIDS. But fear sells, and most of these manufacturers cannot keep up with the demand for their products.

#### **Discussion question**

Is it right for marketers to play on parents' fear to sell products that experts conclude are not necessary or effective?

Post your answers on Blackboard under 'Discussions'.

#### SEGMENTATION, TARGETING, DIFFERENTIATION, POSITIONING

	WEEK 2)
1.Discussion forum	

- a) How is demographic segmentation used in consumer markets? Provide an example where marketers have used demographic segmentation.
- b) Identify a product you use every day. Assume you are the marketer of the product and want to convey the ways your product differs from competing products in the marketplace. Create a differentiation strategy to promote your product and create a competitive advantage.

Post your answers on Blackboard under 'Discussions'.

#### **UNDERSTANDING CONSUMER BEHAVIOUR**

(WEEK 3)

Company Case Study: Porsche - guarding the old while bringing in the new

This case presents a very interesting story about a luxury carmaker, Porsche. Like many marketers of luxury goods, Porsche has had to wrestle with the challenge of serving its core of loyal customers while also making products that appeal to a less traditional, but growing, segment of customers. The case describes the Porsche faithful who like their Porsches only one

way: two doors, six cylinders in the rear and lots of pure sports car performance. The problem that Porsche has faced at various times throughout its existence is that being confined to one kind of customer with one kind of car inevitably results in maturation and stagnation. Sales flatten out, then decline and so do profits. This case describes recent efforts by Porsche to broaden its product line and appeal to multiple segments of customers. Most notably, Porsche now makes an SUV (the Cayenne) and a four-door sedan (the Panamera). Both of these efforts are designed to appeal to a different kind of customer than the ones who typically buy 911s. But these vehicles are not soft around the edges. They perform like, well, the Porsche of SUVs (and sedans). Porsche has identified two types of customers that are sustaining these vehicles and keeping the company on a growth trend. These are Porsche customers who grew up and have practical needs of hauling people and stuff, and the emergence of wealthy people in China, India and other parts of the world who have more interest in a daily driver. As the economy recovers, Porsche is poised to serve various customer types with a portfolio of outstanding vehicles.

#### **Discussion Question**

What role does the Porsche brand play in the self-concept of its buyers?

Post your answers on Blackboard under 'Discussions'.

# (WEEK 4) 1. Discussion forum

- a) Research a current or emerging change in the legal or regulatory environment in a specific country (e. g., Cyprus) affecting marketing. Explain its impact on marketing and how companies are reacting to the law or regulation.
- b) Identify a recent change in the technological environment that impacts marketing. How has it affected buyer behaviour and how has it changed marketing?

#### PRODUCTS, SERVICES, AND BRANDS: CREATING CUSTOMER VALUE

(WEEK S
1. Discussion forum
a) Examine 'bottled water' and 'Toyota' through the lens of core, actual and augmented product
b) Give examples of products at different stages of PLC. To what extent can PLC information of the products at different stages of PLC.
marketing management decision-making?
Post your answers on Blackboard under 'Discussions'.
PRICING STRATEGIES
(WEEK 6
1. Discussion forum

You are an owner of a small independent chain of coffee houses competing head-to-head with Costa Coffee. The retail price your customers pay for coffee is exactly the same as at Costa Coffee. The wholesale price you pay for roasted coffee beans has increased by 25 per cent. You know that you cannot absorb this increase and that you must pass it on to your customers. However, you are concerned about the consequences of an open price increase. Discuss alternative price-increase strategies that address these concerns.

2. Real life reflection: Marketing ethics - airfare pricing

You'd think that the further you fly, the more expensive your airfare would be. According to easily accessible data, however, that's not the case. For example, one study compared five US and EU city-pairs (Los Angeles—San Francisco, New York—Boston, Chicago—Detroit, Denver—Las Vegas, Miami—Orlando versus London—Edinburgh, Paris—Nice, Milan—Rome, Dusseldorf—Berlin, Barcelona—Madrid). The total distance of all five US-based flights is a total (return) distance of 3,172 miles while for the five European flights the total distance travelled would be slightly more at 3,338 miles. Yet the European flights are about half of the cost of those in the US at around €276 versus €527! That's the average cost; fliers sitting next to each other most likely paid different prices. Many factors influence the pricing of airfares; distance has minor impact, even though two major expenses—fuel and labour—increase the longer the flight. Airlines claim they are just charging what the market will bear.

#### **Discussion question**

Should airlines be required to charge standard prices based on distance and equal airfares for passengers seated in the same class (such as coach or business class) on the same flight?

Post your answers on Blackboard under 'Discussions'.

#### **MARKETING CHANNELS: CREATING CUSTOMER VALUE**

(WEEK 7)

Company case - Amazon and P&G: taking channel partnering to a new level

Amazon and P&G are quietly blazing a new, simpler, lower-cost distribution trail for such goods. Now, for example, at the P&G warehouse, rather than reloading lorry-loads of P&G products and shipping them to Amazon fulfilment centres, P&G employees simply cart the goods to a fenced-off area inside their own warehouse. The fenced-in area is run by Amazon. From there, Amazon employees pack, label and ship items directly to customers who have ordered them online. Amazon calls this venture Vendor Flex – and it's revolutionising how people buy low-priced, low-margin everyday household products. Amazon's Vendor Flex

programme offers big potential for both Amazon and supplier—partners like P&G. In the US, consumers currently buy only about 2 per cent of their non-food consumer packaged goods online. Boosting online sales of these staples to 6 per cent — the percentage that the Internet now captures of overall retail sales — would give Amazon an additional \$10 billion a year in revenues, up from the current \$2 billion in the US alone. Vendor Flex takes channel partnering to an entirely new level. Co-locating 'in the same tent' creates advantages for both partners. For Amazon, Vendor Flex reduces the costs of storing bulky items, such as nappies and toilet paper, in its own distribution centres, and it frees up space in Amazon's centres for more higher-margin goods. P&G also benefits from the Vendor Flex partnership. It saves money by cutting out the costs of transporting goods to Amazon's fulfilment centres, which in turn lets it charge more competitive prices to the e-commerce giant. Vendor Flex looks like a win-win for everyone involved — Amazon, P&G, and final consumers.

#### **Discussion Question**

Are there any potential risks and disadvantages to a close cooperative partnership of this kind – from the points of view of the partners and the consumer?

Post your answers on Blackboard under 'Discussions'.

#### INTEGRATED MARKETING COMMUNICATIONS

	(WEEKS	S 8,9,10)
_		
	Discussion forum	

- a) What major decisions should a marketing manager consider when developing an advertising program?
- b) What is mobile marketing and why is it important to marketers?
- c) Search YouTube for three of your favorite television commercials, each using a different execution style. For each ad, identify the execution style used and the audience targeted. Is it a good ad?

#### Different examples of styles could be:

- •Slice of life: This style shows one or more 'typical' people using a particular product in a normal setting.
- Lifestyle: This style shows how a product fits in with a particular lifestyle.
- Fantasy: This style creates a fantasy around the product or its use.
- Mood or image: This style builds a mood or image around the product or service, such as beauty, love, intrigue or serenity. Few claims are made about the product or service except through suggestion.
- Musical: This style shows people or cartoon characters singing about the product.
- Personality symbol: This style creates a character that represents the product. The character might be animated.
- Technical expertise: This style shows the company's expertise in making the product.
- Scientific evidence: This style presents survey or scientific evidence that the brand is better or better liked than one or more other brands.
- Testimonial evidence or endorsement: This style features a highly believable or likable source endorsing the product. It could be ordinary people saying how much they like a given product.

#### 2. Marketing Ethics: racist promotion?

A Unilever brand in Thailand ran into some problems with one of its promotion campaigns, the 'Citra 3D Brightening Girls Search'. Citra Pearly White UV Body Lotion is marketed as a skin-whitening product. Skin whitening is popular in many Asian countries because lighter skin colour is associated with higher economic status. However, this belief is not created by marketers. Anthropologists point out that Asian cultures, and Thailand in particular, have long histories of associating darker skin tones with outdoor peasants and field workers and lighter skin tones with higher socio-economic status. Citra's advertising was criticised because it showed two female students − one lighter-skinned than the other − and asked them what would make them 'outstanding in uniform'. The darker girl seemed confused and didn't answer, while the lighter girl answered with Citra's product slogan. After considerable social media outcry, Citra pulled the ad, but it did not stop a related scholarship competition. The competition offered a 100,000 baht (€3,750) prize for the college student best demonstrating 'product efficacy' − that is, the whitest skin. The company claims its products help people feel good about themselves and enhances their self-esteem.

#### Discussion question

Since lighter skin and skin whitening are popular in Thailand, is it wrong for marketers to offer and promote products that encourage this belief and behaviour? Explain why or why not.

Post your answers on Blackboard under 'Discussions'.

#### MARKETING PLANNING AND STRATEGY

(WEEK 11)

Simulation: Create a mission statement for a nonprofit organization you would be interested in starting.

#### Tips:

Some organizations define their missions myopically in product or technology terms, but mission statements should be market oriented and defined in terms of satisfying basic customer needs—even for non-profit organizations. For example, a nonprofit organization might be a house that offers emergency shelter for people in need, but defining its mission as a house could be too narrow. Perhaps the organization can also provide funds to pay for a hotel room for someone in need, thus defining its mission as providing shelter is broader than providing a house for people to stay in during emergencies. Mission statements should be meaningful and specific yet motivating. Too often, mission statements are written for public relations purposes and lack specific, workable guidelines. Instead, they should emphasize the company's strengths and tell forcefully how it intends to succeed. Finally, an organization's mission should focus on customers and the customer experience the organization seeks to create.

b) Conduct a SWOT analysis for any organisation that you are a member of. Based on your analysis, suggest a strategy from the product/market expansion grid and an appropriate marketing mix to implement that strategy.

Post your answers on Blackboard under 'Discussions'.

#### SUSTAINABLE MARKETING

		('

Unilever, the Anglo-Dutch consumer goods company, is a leading player in putting sustainability at the top of the corporate agenda. Paul Polman, chief executive of Unilever, outlined his company's 'sustainable living plan'. His opening phrases were about customers demanding that their goods be ethically sourced and that companies help preserve the environment. Sustainability requires that companies reduce their use of water, energy and packaging. This cuts costs and boosts profitability, so shareholders win too. Consumers were increasingly turning to socially responsible brands, such as the company's Small & Mighty concentrated laundry detergent, which washes at lower temperatures. But Unilever's tough stance on ethical behaviour and sustainability as a core social responsibility is more than promises, it turns into practical actions throughout its operations. In the US and Western Europe, the priorities are reducing the amount of packaging, cutting fuel consumption and providing for consumers who want to be sure that their purchases have been produced in an ethical or environmentally friendly fashion. And companies like Unilever say that focusing on sustainability also helps them develop new markets. But even for Unilever, it is not always easy maintaining the high moral ground; Unilever had to reverse its purchasing policy to buy palm oil only from suppliers who can demonstrate they do not cut down forests. Unilever's smart response to this pressure was important to protect its credibility on wider environmental issues.

Discussion Question
Discussion Question

Is Unilever successfully applying concepts of sustainability? What are the best examples of this?

Post your answers on Blackboard under 'Discussions'.

REVISION	
	(WEEK 13)
Simulation	

Imagine you are a marketing manager. Define the major steps in designing a solid marketing plan for a new product of the company.

Post your answers on Blackboard under 'Discussions'.

Discussion Topic (

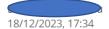
Identify a product you use every day. Assume you are the marketer of the product and want to convey the ways your product differs from competing products in the marketplace. Create a differentiation strategy to promote your product and create a competitive advantage.

#### Responses (2)



Type a response





A product which I use every day is Organic Coffee Beans. As I am marketer of the product, I have to find differs of my product from competing product in the marketplace. Some of them are following:

- 1. Single-OriginSourcing: Our coffee beans are sourcedfrom single-origin, ethically-run farms. This ensures not only superior qualitybut also transparency in the supply chain. Consumers can trace the journey of their coffee beans from farm to cup, emphasizing purity and authenticity.
- 2. OrganicCertification: While somecompetitors use conventionally grown beans, our product is USDA-certifiedorganic. This guarantees that our coffee is free from synthetic pesticides, herbicides, and GMOs, providing a healthier and more environmentally friendlyoption.
- 3. Eco-FriendlyPackaging: Our commitment tosustainability extends to our packaging. We use eco-friendly materials, such ascompostable bags or recyclable packaging, reducing our environmental footprintand appealing to eco-conscious consumers.
- 4. Fair TradePractices: We engage in fair tradepractices, ensuring that farmers receive fair compensation for their labor. This commitment to ethical sourcing contributes to the well-being of farming communities, setting our product apart in terms of social responsibility.
- 5. RoastingExpertise: Our coffee beans are expertly roasted to perfection by experienced roasters. The precision in

- 1. Single-OriginSourcing: Our coffee beans are sourcedfrom single-origin, ethically-run farms. This ensures not only superior qualitybut also transparency in the supply chain. Consumers can trace the journey of their coffee beans from farm to cup, emphasizing purity and authenticity.
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- RoastingExpertise: Our coffee beans are expertly roasted to perfection by experienced roasters. The precision in theroasting process enhances the flavor profile, creating a richer and more aromatic coffee experience compared to mass-produced alternatives.
- 6. CustomizableBlends: Recognizing that coffeepreferences vary, we offer customizable blends. Customers can choose the roastlevel, flavor notes, and even create their unique blends, providing apersonalized and tailor-made coffee experience.
- 7. EducationalContent: Develop content thateducates consumers on the benefits of single-origin, organic, and ethically sourced coffee. Share stories of the farmers, the environmental impact, and the journey of the coffee beans to build a connection with consumers.
- 8. SubscriptionServices: Introduce subscriptionservices that deliver freshly roasted coffee directly to customers' doorsteps. This not only provides convenience but also ensures a continuous supply of high-quality coffee, reinforcing customer loyalty.

augh differentiation strategy our Organic Coffee Peans aim to stand out in the market offering a promium and

#### oly | Hide Replies (1)



You created a comprehensive differentiation strategy to promote your product!

...



Encouraging consumers to complain can be a strategic move that contributes to long-term customer satisfaction and loyalty. Here's an argument outlining why a firm should actively encourage consumers to express their concerns:

- · Feedback for Improvement:
  - Customer complaints serve as valuable feedback for identifying areas that need improvement. By
    actively encouraging complaints, a company gains insights into specific pain points and shortcomings
    in its products or services. This information is crucial for making informed decisions and
    implementing changes that enhance the overall customer experience.
- · Customer Engagement:
  - Encouraging complaints fosters an open line of communication between the company and its
    customers. It shows that the company values customer opinions and is willing to listen. This
    engagement builds trust and establishes a stronger connection between the brand and its customer
    base.
- · Opportunity to Resolve Issues:
  - Complaints present opportunities to address and resolve issues promptly. By actively seeking out
    customer concerns, a company can demonstrate its commitment to customer satisfaction. Swift
    resolution of problems not only retains the current customer but also showcases the company's
    dedication to providing quality service.
- · Customer Retention:
  - Proactive complaint management contributes to customer retention. When customers feel heard
    and see tangible improvements resulting from their feedback, they are more likely to remain loyal to
    the brand. Addressing complaints effectively can turn dissatisfied customers into loyal advocates for
    the company.
- · Competitive Advantage:
  - Companies that actively seek customer feedback and respond positively to complaints gain a competitive advantage. This proactive approach sets them apart in the market, showing potential customers that the company values its clientele and is committed to continuous improvement.

#### · Customer Retention:

Proactive complaint management contributes to customer retention. When customers feel heard
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#### • Competitive Advantage:

• Companies that actively seek customer feedback and respond positively to complaints gain a competitive advantage. This proactive approach sets them apart in the market, showing potential customers that the company values its clientele and is committed to continuous improvement.

#### · Brand Reputation:

Handling complaints transparently and effectively contributes to a positive brand reputation.
 Customers appreciate honesty and responsiveness. By encouraging complaints and managing them professionally, a company can build a reputation for being customer-centric and responsive to market needs.

#### · Innovation Stimulus:

Customer complaints often contain suggestions for innovation and new features. Actively seeking out
complaints can serve as a stimulus for innovation, inspiring the development of new products or
services that better align with customer preferences and expectations.

#### • Preventing Negative Publicity:

• Encouraging complaints internally allows a company to address issues before they escalate into negative publicity. When customers feel their concerns are acknowledged and addressed, they are less likely to express their dissatisfaction publicly, mitigating the potential damage to the company's reputation.

In conclusion, actively encouraging consumers to complain can be a proactive strategy that not only improves internal processes but also strengthens customer relationships, enhances brand reputation, and positions the company as a leader in customer satisfaction and continuous improvement.

#### Reply | Hide Replies (1)



Olga Kvasova

you have provided excellent arguments!

Discussion Topic

What major decisions should a marketing manager consider when developing an advertising program?

#### Responses (2)



Type a response



18/12/2023, 17:35 • **NEW** 

Developing an effective advertising program involves making several critical decisions that impact the success of a marketing campaign. Here are some major decisions that a marketing manager should consider:

#### Advertising Objectives:

Define clear and specific objectives for the advertising campaign. Whether it's increasing brand awareness, driving sales, promoting a new product, or building customer loyalty, having well-defined objectives guides the entire advertising strategy.

#### Target Audience:

Identify and understand the target audience. Knowing the demographics, psychographics, and behavior of the intended consumers helps tailor the advertising message to resonate with their needs and preferences.

#### **Budget Allocation:**

Determine the advertising budget based on available resources and the goals of the campaign. Allocating funds across different media channels and tactics requires strategic planning to maximize reach and impact.

#### Media Selection:

Choose the appropriate media channels to reach the target audience effectively. Consider a mix of traditional media (TV,



#### SWOT Analysis for Netflix:

#### · Strengths:

- Strong Original Content: Netflix has a robust library of original content, including acclaimed series, movies, and documentaries.
- · Global Reach: The platform has a vast international presence, making it a global streaming service.
- User-friendly Interface: Netflix offers an intuitive and user-friendly interface, enhancing the overall user experience.

#### · Weaknesses:

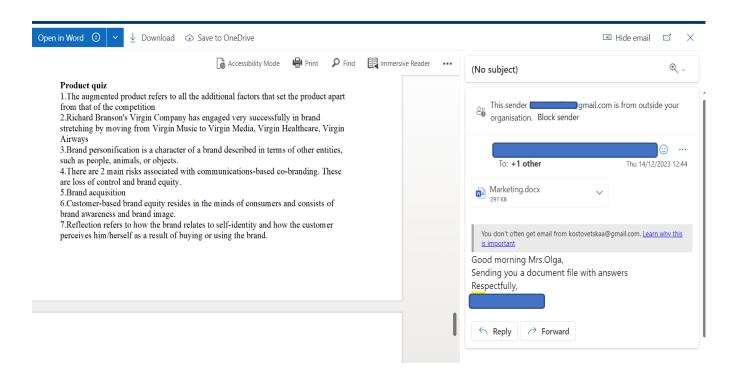
- Content Licensing Costs: Acquiring and producing original content involves substantial costs, impacting overall profitability.
- Dependency on Third-Party Content: While Netflix has a lot of original content, it still relies on licensed content, and the availability can vary by region.
- Potential Subscriber Saturation: In some markets, Netflix may face a challenge in acquiring new subscribers due to saturation.

#### · Opportunities:

- Growing Demand for Streaming: The increasing trend of cord-cutting and the growing demand for streaming services presents an opportunity for Netflix to expand its subscriber base.
- International Expansion: There are still untapped markets globally where Netflix can expand its services.
- Technological Advancements: Incorporating emerging technologies, such as virtual reality or augmented reality, can enhance the streaming experience.

#### · Threats:

- Intense Competition: Netflix faces fierce competition from other streaming services, leading to potential subscriber churn.
- Piracy and Illegal Streaming: Piracy and illegal streaming platforms pose a threat to Netflix's revenue and market share.



**ENTYПО: 200.1.3** 

#### Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα (πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

#### ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus		
Programme of Studies	MBA Distance Learning		
Module	MG4205 Project Management		
Level	BA MA		MA
		]	$\boxtimes$
Teaching Language	English		
Delivery Method	Distance Learning	Learning Conventional	
Τύπος Μαθήματος	Compulsory Optional		
Number of lectures	Total: 13 Physical Online:		Online:
	presence: 13		
Number of assignments	ONE ASSIGNMENT AND ONE FINAL EXAM		
Final Mark	Assignment (50%)		
	• Exam (50%)		
ECTS	10		

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	Management Academic Standards and Quality Assurance
	Committee

# **STUDY GUIDE**

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Dr Panayiotis Kontakos

Course title

MG4205

**Project Management** 

2023-2024

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#### **Module introduction**

This module aims to equip students with the ability to plan, schedule and control a project. The module will provide practical experience of using commercially available software for project management. Upon completion of the module, students will be able to critically discuss issues surrounding project management.

#### **Course content**

- The role of the project manager and the nature of project management in relation to context and setting.
- Project management skills and competencies, with particular emphasis on interpersonal skills and communication management plus theories of motivation and leadership.
- Coverage of concepts of integrative management, including the business case and project selection methods; stakeholder management; funding and employer support; corporate social responsibility; and the monitoring and control of performance and benefits management.
- Different project management methodologies such as Agile and Prince2, their strengths and weaknesses and application.
- How to define the scope of a project and to establish robust planning of the overall project and its component parts; and change management theory.
  - The identification, evaluation and management of risk in the project environment.
  - The importance of systematic and disciplined start-up and close procedures.
- Developing the business case 'scope' into a product breakdown, work breakdown and network diagram with the use of the critical path method.
- The principles of time management and the application of task scheduling using commercially available software, including dependencies and resourcing.
- Budgeting and cost management including, different classification of costs and cost estimation techniques; Earned Value Management (EVM); and cash flow planning and management.
- Project metrics and KPIs, including how they are defined and applied to the planning, monitoring and management of project performance. Coverage of the balanced scorecard as an integrated project performance management tool.

- Resource management and interfaces in relation to projects and the wider intra- and interorganisational setting, including contract and supply chain management.
  - Best practices in project management and the critical importance of effective project leadership.

#### **Learning outcomes**

#### On successful completion of this module a student will be able to:

- 1. Critically analyse the key theories and principles associated with effective project management.
- 2. Apply the principles to develop a critical analysis of a project management situation.
- 3. Demonstrate effective interpersonal and organisation skills and the ability to contribute equitably to shared objectives, within appropriate time and quality constraints.

#### **Learning & Teaching strategy**

The module tutor will deliver the lecture material through asynchronous online lectures (recorded in MS Teams and accessible via Blackboard) followed by interactive, peer and self-assessment activities, as well as directions for further reading and research.

Students will be provided with access to Microsoft Project software, through which they will be able to complete the practical components of the module. Students will have the opportunity to engage with a variety of activities across sessions, including preselected online certifications, case study scenarios, expert talks, and reflection activities, and post their responses/views/ideas asynchronously on discussion boards. Students will also be provided with self-assessment quizzes, so that they can reflect on their progress. They will also be guided to use synchronous peer-to-peer discussions via MS Teams for specific activities, thus promoting and enabling the exchange of ideas and experiences. Students will also be asked to deliver responses on issues or questions via recorded messages on MS Teams, instead of written responses in the forum. The purpose of incorporating such a large variety of activities is based on the importance of students' developing a diversity of transferable skills, along with providing an interesting and engaging environment for learning. Speakers from leading organisations or experts will also be invited, where possible, to deliver live and recorded talks to further enhance the students' experience.

Following these interactive activities, students will receive feedback in various forms. For online quizzes, students will get real-time automatic feedback. For addressing other questions (e.g., relevant to a scenario or case study), rubrics are utilised so that students can self-evaluate their performance, thus promoting self-assessment. For sharing their ideas/views/evaluations on the discussion forum, students will receive feedback from their tutors as well as from their peers. Therefore, tutors will provide feedback through resorting to direct responses as well through other forms, as explained above. Different means of communication will be utilized by the tutor to offer support to the students based on the reported issue, e.g., MS Teams chats, Blackboard, Skype, and email. If students have difficulties with a particular assessment activity, they are expected to contact the module tutor via one of the designated communication channels above that will be nominated for such purposes or post a question on the discussion forum, where the module tutor and/or their peers can provide feedback. It is worth noting that the module tutor will also be scheduling live sessions to provide further feedback to the students.

Students will also be provided with relevant further reading, weblinks and resources for independent study. Through independent study, students will be able to further enhance their knowledge in specific aspects discussed in the lecture which may be of interest to them.

#### **Assessment strategy**

The module will be assessed using 2 components of assessed work as outlined below:

Number of Assessments	Form of Assessment	% weight	Size of Assessment/ Duration/ Wordcount	Category of assessment	Learning Outcomes being assessed
1	Individual Report	50%	2000	Coursework	1, 2
1	Exam	50%	2 hrs	Examination	1, 2, 3

To successfully complete/pass this module students must achieve a mark of 50% or above aggregated across all the assessments

#### **Tutor contact details**

	Module leader/tutor		
Name	Dr Isabella Karasamani		
Tel.	+357 24 69 4113		
Email	ikarasamani@uclan.ac.uk		
MS Teams	Available		
Office hours:	Office hours vary per semester. Consult module's		
	Blackboard space for the tutor's office hours. You		
can also email the tutor to arrange an online		ange an online/in-class	
	meeting at another convenient time.		

#### Purpose of the study guide

The purpose of this study guide is twofold:

- 1. provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying;
- 2. point to study material and provide self-assessment exercises to enhance students' knowledge and skills.

The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists keywords, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material.

Note that the study time includes the time to study the material, searching for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It also includes the time required to viewing any offline recordings.

It should also be noted that this study guide should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

The study guide is revised and updated at the beginning of each academic year, to include any new content and requirements, which are also uploaded on Blackboard.

#### L1 – Overview of Project Management

(WEEK 1)

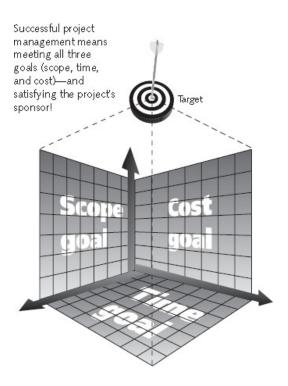
This section presents and analyses foundational elements necessary for working in and understanding the discipline of project management. Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project management is accomplished through the appropriate application and integration of the project management processes identified for the project. Project management enables organisations to execute projects effectively and efficiently.

Operations management is an area that is outside the scope of formal project management as described in this guide. Operations management is concerned with the ongoing production of goods and/or services. It ensures that business operations continue efficiently by using the optimal resources needed to meet customer demands. It is concerned with managing processes that transform inputs (e.g., materials, components, energy, and labor) into outputs (e.g., products, goods, and/or services). Operational management is the focus of another module of the Programme.

#### **Introduction & Overview**

#### What is a project?

APM definition: unique, transient endeavour, undertaken to achieve a desired outcome.



Historically, project management was not seen as a specific field or profession. It was just a tool utilised by operations managers, engineers, construction managers etc. to do something a bit out of the ordinary.

<u>First generation Project Management (PM) (1970s and 1980s)</u>: was first seen as an actual discipline in itself. Major economic, political and social change, globally, including enormous changes in management culture around quality, cost and supply chain management – e.g. TOYOTA locating plants in Europe – gave rise to big, complicated high-profile projects.

<u>Second generation PM (1990s)</u>: saw increasing focus on STANDARDS generally, so PM too became more standardised and structured. UK and USA professional bodies, namely Association for Project Management (APM) and Project Management Institute (PMI) respectively, were established, providing training, and qualifications, something which in turn increased professional recognition.

<u>Third generation PM</u> (post 2000): rethinking in terms of more varied and flexible methodologies. More general recognition as a professional and academic field which is an essential part of business strategy.

#### P3M – levels on a continuum of complexity and scale and significance

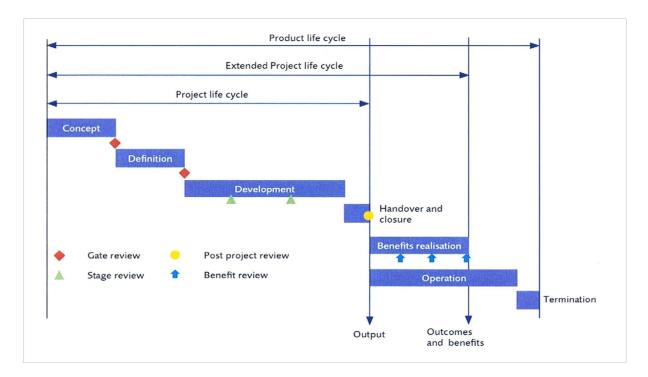
- 1. Project unique, finite, focused on delivery of particular objectives.
- 2. Programme groups of related and standalone projects, where emphasis is on wider change management issues of implementation.
- 3. Portfolio groups of related programmes, may have one or several in each organisation, where emphasis is on delivery of strategy.

**Governance in PM:** A robust, repeatable approach to the establishment, management and control of P3M standardised policies, procedures, processes, job roles, documents used, reviews and meetings. Also demanded by external bodies such as government regulators, shareholders etc. to give them reassurance/credibility especially if legal compliance is involved.

#### **Life Cycle Terminology:**

- **Objectives**: predetermined, desired results.
- **Output:** tangible or intangible product of the project.
- Outcome: change in circumstances as a result of output.
- Benefits: quantifiable improvement resulting in savings or increased revenues.
- **Gate review:** re-evaluation of plans at key points.
- Stages: sub-division of implementation.
- Post-review: after handover, learning and development.

Benefit review: following handover, track deliverables.



#### This is known as a linear or waterfall approach:

The linear or waterfall approach involves a series of inter-related phases which provide the structure for progression from initial idea to full completion. May be accelerated by running parts in parallel.

CONCEPT – develop the initial idea, outline the case and write basic plan/schedule. Appoint sponsor and manager – perform analysis so that GATE/REVIEW to decide if viable to progress or not

DEFINITION – full analysis to identify the preferred solution, refine the methods and design the business case and project plan.

GATE REVIEW - approval of budget etc. and authority to go ahead.

DEVELOPMENT (execution/implementation) – plan is carried out in stages with progress reviews throughout.

HANDOVER – outputs are signed off by project team and handed over.

BENEFIT REALISATION and OPERATION – becomes part of business-as-usual operations and expected improvements and benefits are ongoing. Some continued support and maintenance from remaining members of the project team is required.

Termination – end of useful life or superseded.

Scope depends on circumstances and what the P3M and sponsor see as appropriate.

Traditional – emphasis on delivery of outputs. Typical of 'project'. Often this is the extent of contractor involvement.

Extended – includes management of all aspects of change – typically part of a programme.

Whole life – sometimes it is appropriate to look at the longer-term and continued involvement and support.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Define a project and distinguish it from operations.
- Identify the elements of the PM life cycle, including plan, control, and organise and allocate resources.
- Understand PM processes.
- Comprehend and become familiar with the use of basic tools and techniques to plan, organise, and manage a project.

#### **Keywords**

Project life cycle	Waterfall approach
Project governance	PM3

#### **Bibliography**

Reference the following bibliography to study in depth this week's material:

Murray-Webster, Ruth, and Darren Dalcher. *APM body of knowledge*. No. 7th ed. Association for Project Management, 2019. Section 1 of the APM BoK: <a href="https://www.apm.org.uk/">https://www.apm.org.uk/</a>

https://www.pmi.org/pmbok-guide-standards/foundational/pmbok

Schwalbe K. (2021). *An Introduction to Project Management*, Seventh Edition, Schwalbe Publishing. Chapter 1.

Pettersen, N. (1991). Selecting Project Managers: An Integrated List of Predictors, *Project Management Journal*, Vol. 22, No. 2, pp. 21–26.

#### Self-assessment exercises

#### Exercise 1.1

Project Management Videos to watch

VIDEO – Gully and friends, 'What is a Project?' <a href="http://youtu.be/9LSnINglkQA">http://youtu.be/9LSnINglkQA</a>

Question for discussion posted in the discussion forum. You are required to write brief responses (up to 150 words each) under each of the below areas.

What is Project Management in the context of:

- Plan (+business case)
- Execution
- Monitoring
- Control
- Delivery (qual, £, time)
- Closure

Watch the video and share your thoughts in our Teams group chat

#### Exercise 1.2

Find someone who works as a project manager or is a member of a project team. If possible, find more than one person. Use the interview guidelines below and ask the questions in person, via the phone, or via the Internet. Discuss the results with your team, and then prepare a one to two-page paper or prepare a short presentation to summarise your findings.

#### **Project Manager Interview Guidelines**

Please note that these are guidelines and sample questions only. Use only the questions that seem appropriate, and feel free to add your own. If the interviewee wants to remain anonymous, that's fine. If not, please include his/her name and place of employment as a project manager in your paper. Let him/her know that you are doing this interview for a class assignment and that the information may be shared with others.

The main purpose of these interviews is for students to gain more insight into what project managers really do, what challenges they face, what lessons they've learned, what concepts/tools you're learning that they really use, and what suggestions they have for you and other students as future team members and project managers. People often like to tell stories or relate particular situations they were in to get their points across.

To this end, here are a few sample questions.

- 1) How did you get into project management?
- 2) If you had to rate the job of project manager on a scale of 1-10, with 10 being the highest, how would you rate it?
- 3) Briefly explain the reason for your rating. What do you enjoy most and what do you like least about being a project manager?
- 4) Did you have any training or special talents or experiences that qualified you to be a project manager? Are you certified or have you thought about becoming certified as a PMP®?
- 5) What do you feel is the most important thing you do as a project manager? On what task do you spend the most time each day?
- 6) What are some of the opportunities and risks you have encountered on projects? Please describe any notable successes and failures and what you have learned from them.
- 7) What are some of the tools, software or otherwise, that you use, and what is your opinion of those tools?
- 8) What are some steps a project manager can take to improve the effectiveness and efficiency of a team? How does a new project manager gain the respect and loyalty of team members? Can you share any examples of situations you faced related to this topic?

Post your answers and replies to other students to our dedicated space on Blackboard.

#### Exercise 1.3\*

#### **Quick Quiz**

- 1. Which of the following statements is false?
- A. Demand for project managers continues to increase.
- B. Employers prefer college graduates with the ability to work as part of a team.
- C. Organizations waste \$97 million for every \$1 billion spent on

projects, according to a 2017 PMI report.

- D. According to PMI's salary survey, professionals with a PMP® credential earned 22% more than those without it.
- 2. Approximately what percentage of global projects fail, according to PricewaterhouseCoopers?

A. 50%
B. 30%
C. 15%
D. 75%
3. Ais a temporary endeavor undertaken to create a unique product, service, or result.
A. program
B. process
C. project
D. portfolio
4. Which of the following is not an attribute of a project?
A. projects are unique
B. projects are developed using progressive elaboration
C. projects have a primary customer or sponsor
D. projects involve no uncertainty
5. Which of the following is not part of the triple constraint of project management?
A. meeting scope goals

B. meeting schedule goals
C. meeting communications goals
D. meeting cost goals
6 is the application of knowledge, skills, tools and techniques to project activities to meet
project requirements.
A. Project management
B. Program management
C. Project portfolio management
D. Requirements management
7. Project portfolio management addresses goals of an organization, while project
management addresses goals.
A. strategic, tactical
B. tactical, strategic
C. internal, external
D. external, internal

8. Several individual housing projects done in the same area by the same firm might best be managed as part
of a
A. portfolio
B. program
C. investment
D. collaborative
9. Which of the following skills is not part of PMI's project management talent triangle?
A. technical project management B. strategic/business
C. application area
D. leadership
10. What is the popular certification program called that the Project Management Institute provides?
A. Microsoft Certified Project Manager (MCPM)
B. Project Management Professional (PMP®)
C. Project Management Expert (PME)
D. Project Management Mentor (PMM)
*The answers to this exercise can be found in the Appendix.

## Recommended study time

Approx. 10 hours

#### L2 - People in Projects

(WEEK 2)

Project managers may lead their teams in many ways. The style a project manager selects may be a personal preference, or the result of the combination of multiple factors associated with the project. The style a project manager uses may change over time based on the factors in play. Major factors to consider include but are not limited to:

- 1. Leader characteristics (e.g., attitudes, moods, needs, values, ethics);
- 2. Team member characteristics (e.g., attitudes, moods, needs, values, ethics);
- 3. Organisational characteristics (e.g., its purpose, structure, and type of work performed);
- 4. Environmental characteristics (e.g., social situation, economic state, and political elements).

#### **Introduction & Overview**

- 1. Interpersonal Skills: Refer to how people interact and relate to each other:
  - Communication;
  - Conflict Management;
  - Delegation;
  - Influencing;
  - Leadership;
  - Negotiation;
  - Teamwork.
- **2. Communication**: Refers to the means by which information is exchanged:
  - Four components;
  - Different types;
  - Understanding may influence behaviour;
  - Barriers;
  - Medium.
- **3. Delegation**: Involves giving a person/group the authority to perform a task:
  - Mechanism for the distribution of work;
  - Technique for development and motivation;
  - Match capability /capacity and avoid overload;
  - Must have clear parameters;
  - Provide monitoring and support;

- Overcome barriers.
- **4. Leadership and influencing**: Involves the ability to align others' attitudes and behaviour to a shared vision and direction:
  - Theories developed along with psychology;
  - Economic/Political/Social development;
  - Power and authority granted by subjects;
  - Current thinking learn to adapt style;
  - Emphasis on coaching and mentoring;
  - Focus on the person, not the task.
- **5. Conflict Management:** Managing and reconciling differing views or objectives of two or more parties:
  - Inevitable in complex social situations;
  - Can be managed in a constructive way;
  - Signs may be obvious or less so;
  - Causes may be clear or difficult to see;
  - Focus on facts and issues, not personalities;
  - Appropriate time and place;
  - Understand impact of problem and need to solve it;
  - Find common ground and agree solutions.

#### 6. Good communication:

- Timely and appropriate;
- Complete and accurate;
- Avoid omission and duplication;
- Generation, collection and distribution;
- Content, process and intent;
- Avoid misunderstanding, conflict, mistakes;
- Fundamental to success.

### 7. Communication Management Plan:

- Stakeholder needs;
- Format and content;
- Recipients;
- Media and timing;
- Doc control;
- Resources.

#### 8. Meetings

#### Five types:

- Start-up;
- Problem-solving;
- Decision-making;
- Progress review handover;
- Planning, preparation, participation.
- 9. Project Reporting: collection and distribution of information

### Types:

- Progress status and progress trend;
- Variance and variance analysis;
- Exception;
- Standardised;
- Scheduled.

### **Learning outcomes**

After completing this week's study, you will be able to analyse and discuss:

- The importance of the project manager's role.
- Different aspects of communication in PM (e.g., stakeholder communications).
- Team leadership.
- Stakeholder engagement.



### **Keywords**

Team leadership	Conflict management
Team charter	Negotiation skills

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

Maylor H (2017). *Project Management*. Financial Times Prentice-Hall. Chapters 11, 12.

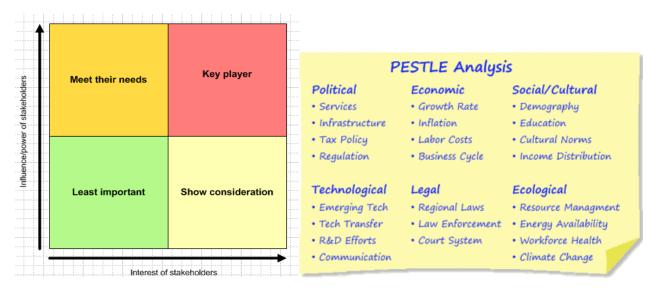
Erik W. Larson, Clifford F. Gray (2011) Project Management. The Managerial Process, Fifth Edition, McGraw-Hill/Irwin. Chapter 11.

Schwalbe K. (2021). An Introduction to Project Management, Seventh Edition, Schwalbe Publishing. Chap. 6.

### Self-assessment exercises

#### Exercise 2.1

Research a major project such as the proposed expansion of Manchester Airport. Identify and discuss the key issues or stakeholders in each area of the model. Use the following:



Share your research results in our Teams group chat

### Exercise 2.2

The following activities are based on a current or recently completed group project that you have been involved in. This project may be a student project, a work project, or an extracurricular project. a. How strong is the team identity on this project and why? b. What could participants do to strengthen team identity? c. What kind of informal activities could be used to rejuvenate the team? Why would these activities work? Post your answers and replies to other students to our dedicated space on Blackboard Exercise 2.3\* **Quick Quiz** 1. \_\_\_\_\_\_ is defined as the degree to which a set of inherent characteristics fulfill requirements. A. Fitness for use B. Conformance to requirements C. Metrics D. Quality 2. \_\_\_\_\_ allow organisations to measure their performance in certain areas—such as failure rates, availability, and reliability—and compare them over time or with other organisations. A. Ratings

B. Metrics

D. Checklists

C. Quality-control charts

3. A RACI chart is a type of
A. project organisational chart
B. resource histogram
C. responsibility assignment matrix
D. project dashboard
4. Adescribes when and how people will be added to and taken off of a project.
A. project organisational chart
B. resource histogram
C. responsibility assignment matrix
D. staffing management plan
<ul> <li>5. Topics such as who will receive project information and who will produce it, suggested methods or guidelines for conveying the information, frequency of communication, and escalation procedures for resolving issues should be described in a</li> <li>A. communications management plan</li> <li>B. staffing management plan</li> <li>C. team charter</li> <li>D. scope statement</li> </ul>
6. Suppose you are a member of Kristin's team and you are having difficulties communicating with one of the supplier management experts who is providing important content for a class you are developing. What strategy might you use to help improve communications?  A. put all communications in writing
B. put all communications on your project website
C. use several different methods to communicate with this person
D. ask Kristin to find a better person to provide the technical content

7. What two dimensions should you use when evaluating project risks?
A. probability and impact
B. cost and schedule
C. negative and positive
D. source and responsibility
8. A is a document that contains results of various risk management processes, often displayed in a table or spreadsheet format.
A. risk event
B. trigger
C. risk register
D. risk management plan
9. You can purchase an item you need for a project for \$10,000 and it has daily operating costs of \$500, or you can lease the item for \$700 per day. On which day will the purchase cost be the same as the lease cost?
A. day 5
B. day 10
C. day 50
D. day 100
10. You want to have the least risk possible in setting up a contract to purchase goods and services from an outside firm. As the buyer, what type of contract should you use?
A. fixed price
B. unit price
C. cost reimbursable
D. time and materials
*The answers to this exercise can be found in Appendix.

# Recommended study time

Approx. 15 hours

### L3 - Integrative Management

(WEEK 3)

The role of the project manager is twofold when performing the integration of a project:

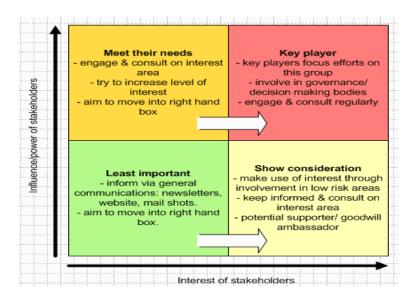
- Project managers play a key role in working with the project sponsor to understand the strategic objectives and ensure the alignment of the project objectives and results with those of the portfolio, program, and business areas. In this way, project managers contribute to the integration and execution of the strategy.
- 2. Project managers are responsible for guiding the team to work together to focus on what is really essential at the project level. This is achieved through the integration of processes, knowledge, and people. Integration is a critical skill for project managers.

### **Introduction & Overview**

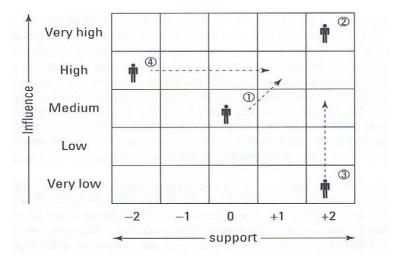
- 1. Integrative Management is what APM collectively calls all the different aspects of P3M, namely:
- Stakeholder management how you identify, analyse and then manage your stakeholders;
- The Business Case document written at the very start of the project to describe it in enough detail to allow those making the decision to invest/to understand it;
- Project selection look at some of the commonly used measures used to choose which projects to
  invest in;
- Monitoring and control some terminology and the techniques used to set the baseline and measure performance against it.

#### 2. Stakeholder Management:

- Wide range of parties and interests;
- Systematic approach Register;
- Identify, analyse, plan and engage;
- Harness the +ve and minimise the –ve influences;
- Continually gather and review information;
- Coherent approach at program and portfolio level.
- 3. Stakeholder map: Influence vs interest



### 4. Stakeholder matrix: Influence vs support



- 5. Project Selection: Structured approach to evaluation and ranking of potential investments:
  - Numeric methods;
  - Non-numeric methods;
  - Balanced scorecard (Kaplan and Norton, 1996);
  - Value proposition;
  - Intangible and non-quantifiable.

### 6. Commonly used techniques:

- Payback period (PB);
- Return on Investment (ROI);
- Break Even point;
- Discounted Cash Flow (DCF)
  - Net Present Value (NPV)

- o Internal Rate of Return (IRR).
- 7. Monitoring and Control (M&C): tracking progress vs plan and taking corrective action:
  - Baseline = business case and management plan;
  - Estimating methods:
    - o Comparative or analogous
    - o Parametric
    - Bottom up;
  - Three types of monitoring:
    - Cybernetic routine progress and actions
    - Go/no go at key review points
    - o Post-control after completion.
- **8. Earned Value Management (EVM):** rigorous and structured method of M&C:
  - Used for larger and more complex projects;
  - cost information and performance measurement;
  - Detailed data collection and analysis;
  - Variance of actuals vs plan, variance analysis and trends;
  - Added complexity at Program and Portfolio levels.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate and critically evaluate Integrative Management.
- Recognise the role of interpersonal skills in identifying and managing stakeholders.
- Comprehend and apply the business case and how one would justify the investment required which then becomes the baseline for all progress measurement of the project.
- Identify and apply different tools to decide which projects to promote.
- Apply tools and techniques to monitor progress and spot where corrective action is required.

### **Keywords**

Integrative management	Stakeholder map
Stakeholder matrix	Earned Value Management

### **Bibliography**

Reference the following indicative bibliography to study in depth this week's material:

Murray-Webster, Ruth, and Darren Dalcher. *APM body of knowledge*. No. 7th ed. Association for Project Management, 2019. APM BoK, Section 3.1 and 3.2.5.

Maylor H (2017). Project Management. Financial Times Prentice-Hall. Chapters 4, 9.

Burke R (2013) Project Management: Planning and Control Techniques, 5th Edition Wiley. Chapters 5, 6.

### **Self-assessment exercises**

#### Exercise 3.1

Case study

Read through the "Doesn't time fly?" exercise on Delegation and Time Management.

- Answer the questions.
- Prepare a reflective report (500 words max) summarising your thoughts, inferences and
  impressions. What have you learnt? Conclude your report with a sentence summarising the key
  learning outcome you derived from this activity and share that sentence in the discussion forum
  (along with uploading your report on Turn-It-In for tutor's review and feedback).

#### Exercise 3.2\*

### **Quick Quiz**

- 1. Which of the following is not part of a SWOT analysis?
- A. strengths
- B. weaknesses
- C. opportunities
- D. tactics
- 2. A large company continues to be successful by providing new products and services for its market niche of brides. What is its main competitive strategy?
- A. cost leadership

B. quality
C. focus
D. customer service
3. The last step in the four-stage planning process for projects is
A. resource allocation
B. project planning
C. business area analysis
D. strategic planning
4 is defined as being able to move quickly and easily.
A. Flexible
B. Speed
C. Customer-centric
D. Agile
5. Which of the following statements is false concerning the financial analysis of projects?
A. The higher the net present value the better.

C. The required rate of return is the discount rate that results in an NPV of zero for the project.
D. ROI is the result of subtracting the project costs from the benefits and
then dividing by the costs.
6. A is a methodology that converts an organization's value drivers—such as customer service, innovation, operational efficiency, and financial performance—into a series of defined metrics.
A. balanced scorecard
B. weighted scoring model
C. net present value analysis
D. directive
7. Which of the following is not a major benefit of grouping projects into programs?
A. increasing revenues
B. increasing authority
C. saving money
D. saving time
8. A college approved a project to provide discounts for faculty, students, and staff to use the city's new light-rail system. Under what existing program might this project naturally fit?
A. academic enrichment program
B. fund-raising program
C. entertainment program
D. transportation program
9. The goal of project portfolio management is to help maximize business value to ensure
A. profit maximization

B. A shorter payback period is better than a longer one.

- B. enterprise success
- C. risk minimization
- D. competitive advantage
- 10. Many organizations find duplicate or unneeded projects after they perform which step in project portfolio management?
- A. prioritizing the projects in their list
- B. dividing the projects into several categories based on type of investment
- C. putting all projects in one list
- D. applying modern portfolio theory, including risk-return tools that map project risk

#### Exercise 3.3\*

Two new software projects are proposed to a young, start-up company. The Alpha project will cost \$150,000 to develop and is expected to have annual net cash flow of \$40,000. The Beta project will cost \$200,000 to develop and is expected to have annual net cash flow of \$50,000. The company is very concerned about their cash flow. Using the payback period, which project is better from a cash flow standpoint, and why?

#### Exercise 3.4\*

You are the head of the project selection team at Broken Arrow records. Your team is considering three different recording projects. Based on past history, Broken Arrow expects at least a rate of return of 20 percent. Your financial advisors predict inflation to remain at 2 percent into the foreseeable future.

Given the following information for each project, which one should be Broken Arrow's first priority? Should Broken Arrow fund any of the other projects? If so, what should be the order of priority based on return on investment?

Year	Investment	Revenue Stream
0	\$600,000	0
1		600,000
2		75,000
3		20,000
4		15,000
5		10,000

			10,000
Recording Pro	oject: On the	Beach	
	Year	Investment	Revenue Stream
	0	\$400,000	0
	1		400,000
	2		100,000
	3		25,000
	4		20,000
	5		10,000
Recording Pro	oject: Tonigh	t's the Night	
Recording Pro	oject: Tonigh	t's the Night	Revenue Stream
Recording Pro			Revenue Stream
Recording Pro	Year	Investment	
Recording Pro	Year	Investment	0
Recording Pro	<b>Year</b> 0 1	Investment	0 200,000
Recording Pro	<b>Year</b> 0 1 2	Investment	0 200,000 125,000
Recording Pro	<b>Year</b> 0 1 2 3	Investment	0 200,000 125,000 75,000

<sup>\*</sup>The answers to this exercise can be found in the Appendix.

# Recommended study time

Approx. 15 hours

### L4 – Scope and Planning

(WEEK 4)

Project Scope Management includes the processes that ensure that the project includes all the work required to complete it successfully. Managing the project's scope is primarily concerned with defining and controlling what is and is not included in the project. The Project Scope Management processes include:

- Plan Scope Management—The process of creating a scope management plan that documents how the project and product scope will be defined, validated, and controlled.
- Collect Requirements—The process of determining, documenting, and managing stakeholder needs and requirements to meet project objectives.
- Define Scope—The process of developing a detailed description of the project and product.
- Create WBS—The process of subdividing project deliverables and project work into smaller, more manageable components.
- Validate Scope—The process of formalising acceptance of the completed project deliverables.
- Control Scope—The process of monitoring the status of the project and product scope and managing changes to the scope baseline.

### **Introduction & Overview**

**1. Scope Management:** identification, definition and control of outputs, outcomes and benefits and all the activities required to deliver them.

#### APM – six processes:

- Requirements management
- Solution development
- Change control
- Configuration management
- Change management
- Benefits management
- 2. Change control: capture, evaluate and action changes to baseline

#### Five Steps:

- Request
- Review
- Assess
- Decide

### **Implement**

### 3. Configuration management

functional and physical characteristics of the end result

### Five activities:

- Plan;
- Identify;
- · Control;
- Status Accounting;
- Verification;

### 4. Resistance to change

- Behavioural, emotional and cognitive;
- Cynicism and skepticism;
- · Readiness and urgency;
- Leader-follower exchange;
- Organisational citizenship;
- Force field analysis.

### 5. Types of Change

- Smooth stable, slow, clear, small steps;
- **Bumpy** bigger, quicker, more complex, less predictable;
- Discontinuous dramatic and radical, fast and furious;
- Punctuated equilibrium sudden bursts;
- Continuous transformation challenge old ways.
- **6. Benefits Management:** identification, planning, tracking and realisation of value added.

### Five Steps

- Plan;
- Identify;
- Monitor/Controls;
- Implement;
- · Realisation.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Comprehend and discuss what Scope Management is along with its six processes
- · Identify and discuss the key aspects of planning
- Evaluate stakeholders and understand the essence of stakeholder management

## **Keywords**

Work Breakdown Structure	Scope management plan	Validation/verification
(WBS)		
Scope statement	Requirements management	Requirements traceability
	plan	matrix

## **Bibliography**

Murray-Webster, Ruth, and Darren Dalcher. *APM body of knowledge*. No. 7th ed. Association for Project Management, 2019. APM BoK Section 3.1.5 and 3.2

Burke R (2013). *Project Management: Planning and Control Techniques,* 5th Edition, Wiley. Chapters 7, 8, 9, 13, 14.

Schwalbe K. (2021). *An Introduction to Project Management*, Seventh Edition, Schwalbe Publishing. Chapter 4.

### Self-assessment exercise

### Exercise 4.1

## **Case Study and Exercises:**

The project plan integrates the individual plans into one baseline plan. All the contributions can now be co-ordinated, processed and disseminated. The project integration process has to understand the relationships between parameters in order to make the necessary trade-offs and focus on an optimum arrangement.

You have been appointed project manager to design, build and commission a wind farm on the Isle of Lewis. The plan is to line the coast with wind-powered generators that can produce the equivalent power of two nuclear power stations! Although the islanders may be willing partners in accepting the project, there could be plenty of other obstacles. Your assignment is to prepare a presentation for a start-up meeting with the project team and stakeholders. Some of the items to be discussed should include:

- 1. How you intend to develop the project plan.
- 2. How you intend to compile the baseline plan, manage it, update it and communicate it to the project team.
- 3. The role of the expeditor the project managers' ears and eyes.
- 4. The reporting cycle and how it might change during the project.

Post your answers in our dedicated space on Blackboard

#### Exercise 4.2

#### **Managing Project Stakeholders**

Create healthy partnerships with your stakeholders and build a win-win environment for your business. In this online <a href="mailto:tutorial">tutorial</a> (<a href="https://www.linkedin.com/learning/managing-project-stakeholders-2/stakeholders-drive-project-success?autoplay=true&trk=course\_preview&upsellOrderOrigin=lynda\_redirect\_learning</a>) an experienced project manager shows you how to manage stakeholders with savvy communication strategies that increase engagement in the final project. Learn how to analyse stakeholders, map power structures, keep open lines of communication, and use interpersonal skills to connect.

### Recommended study time

Approx. 15 hours

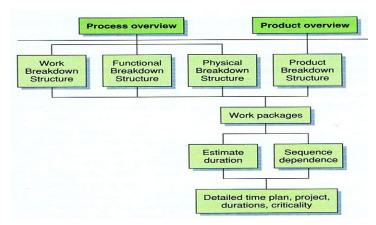
### L5 - Breakdown Structures

(WEEK 5)

Decomposition is a technique used for dividing and subdividing the project scope and project deliverables into smaller, more manageable parts. The work package is the work defined at the lowest level of the work breakdown structure (WBS) for which cost and duration can be estimated and managed. The level of decomposition is often guided by the degree of control needed to effectively manage the project. The level of detail for work packages will vary with the size and complexity of the project. A WBS may be created through various approaches. Some of the popular methods include the top-down approach, the use of organisation-specific guidelines, and the use of WBS templates. A bottom-up approach can be used to group subcomponents.

### **Introduction & Overview**

#### 1. Breakdown Structures



Detailing all the activities required. The two of these together can then be used to define work packages with defined outputs, which can then start to work up into a network diagram. Then attached to each of these is an estimate duration and logical sequence. This can then be built into the work schedule of who, what, when etc with all other resources knitted into it

The purpose is twofold – the analysis builds understanding (process) and the output is used for communication, monitoring and control, that in turn is input to the schedule. Therefore, the full benefit of WBS is only really gained when it is used to coordinate people and activities.

#### **Product Breakdown Structures (PBS)**

If it were a small scale and simple project, then the PBS might just be a list in someone's head. For larger and more complex projects a more systematic, recorded and shared 'unbundling' treatment is needed.

Example: Break down a complete product into logical component parts with the aims of arriving at a manageable chunking. Aside of understanding the product, this process also facilitates separate areas of monitoring, control, and reporting which can help establish clear sections in the product's production budget. Further, this process facilitates a clear ownership (accountability) concerning the specifications of its various parts, as well as clearer quality criteria, links to labor, materials, equipment etc. The overarching aim of this breakdown exercise is that all the parts can then be integrated so that the whole is a fine sum of the parts.

#### Work Breakdown Structures (WBS)

WBS aims at identifying all activities involved in the execution or delivery of the products.

Progressively, it's objective is to break down each task into sub-sets of activities until reaching a manageable level, which can be delivered via a calculated and agreed number of labour hours. This process is fundamental in the effort to more accurately estimate the resources and costs involved in the production of the product at the planning and the execution phase. WBS is not necessarily concerned with who or when a task will be carried out, or the logical sequence of tasks that need to be performed. What is important in WBS is to number all parts in a logical system so that they are unique and linked to other parts of the system. This process then leads into compiling all parts into the WBS dictionary, where all the work packages are listed.

### **Functional Breakdown Structures (FBS)**

This is a complementary or alternative approach to WBS. Functional breakdown is concerned with identifying the activities that need to be carried out by each department or organisational function. This approach may be particularly appropriate when the project affects different departments, in different ways.

### 2. Network diagrams and dependencies

- Arrow diagram (AOA);
- Precedence diagram (AON);
- Four types of dependencies;
- Types of constraint;
- Float.

### Types of dependencies

Finish to start:

B can start after A has finished;

Finish to finish:

B can only finish after A has finished;

• Start to start:

B can only start after A has started;

• Start to finish:

B cannot finish until A has started.

### **Types of constraints**

- Mandatory (hard logic);
- Preferential (soft logic);
- External.

### **Estimating task duration**

- Total elapsed time from start to finish of activity;
- Depends on resource allocation;
- Trade-offs impact on time and cost;
- Expert opinion and data analysis;
- · Historical and analogous;
- Top-down or bottom-up.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Define and evaluate different ways to construct WBS.
- Identify and evaluate the different approaches to estimating activities, tasks and functionalities.
- Learn how to create network diagrams.
- Assess the Critical Path Method (CPM).

### **Keywords**

Critical Path Method (CPM)	Functional Breakdown	Breakdown structure
	Structures (FBS)	

Network diagram	Work package	Dependencies

### **Bibliography**

Reference the following bibliography to study in depth this week's material:

Murray-Webster, Ruth, and Darren Dalcher. *APM body of knowledge*. No. 7th ed. Association for Project Management, 2019. APM BoK Chapter 4.

Erik W. Larson, Clifford F. Gray (2011), *Project Management. The Managerial Process*, Fifth Edition, McGraw-Hill/Irwin. Chapter 8.

### Self-assessment exercises

#### Exercise 5.1

### Case Study "Organisation of a workshop"

You are working for a company with subsidiaries in China, India, Pakistan, UK, and France. The CEO asks you create a business case for the following project.

### Your project

- Project objective
  - You are supposed to organise a one-week workshop for the Senior Managers of all subsidiaries of this company for the first week of February 2015. One purpose of this workshop is to identify problem areas within the collaboration across subsidiaries and to find solutions for these problems. Another purpose is to improve the communication by forming better personal relationships between the Senior Managers.
- Deliverables (= output) to achieve this
  - a. Detailed project plan (WBS in MS Project) with time estimates
  - b. Report about the choice of an appropriate location and venue
  - c. Report about the choice of an appropriate programme for the workshop
  - d. Senior Managers are invited to the workshop and it is clarified who participates
  - e. Participant's travel is organised
  - f. Necessary resources for the workshop are provided

- g. Contract with a moderator for the workshop is made
- Technical requirements
  - o Fly in air transportation to and from venue, shuttle from airport to venue
  - Workshop complies with UK health & safety standards
- Limits & Exclusions
  - o Location of the workshop has to be in the UK
  - Senior Managers are responsible for travel arrangements to and from airports in their starting location

#### Task 1

- A. Create a Product Breakdown Structure for this project. The highest node of this structure ("Workshop Organisation") includes all deliverables of this project. These are then systematically broken down, meaning specified. How would you define the first level of this structure underneath the highest node if the second level is the seven deliverables mentioned above?
- B. Do you think that these deliverables on the lowest level are specific enough to capture the requirements of the CEO who asked you to manage this project? Please give reasons for your opinion.
- C. Are they complete or do you think that deliverables are missing?
- D. Prepare a reflective report (500 words max) summarising the key hurdles and constraints that impinge on the WBS of a project. What have you learnt? Conclude your report with a sentence pointing to the key learning outcome you derived from this activity and share that sentence in the discussion forum (along with uploading your report on Turn-It-In for tutor's review and feedback).

#### Task 2

Define the tasks that need to be done to create the report about the choice of an appropriate location and venue. The aim is to plan detailed enough to be able to estimate the time needed to achieve this deliverable. What time would you estimate?

Post your answers in our dedicated space on Blackboard

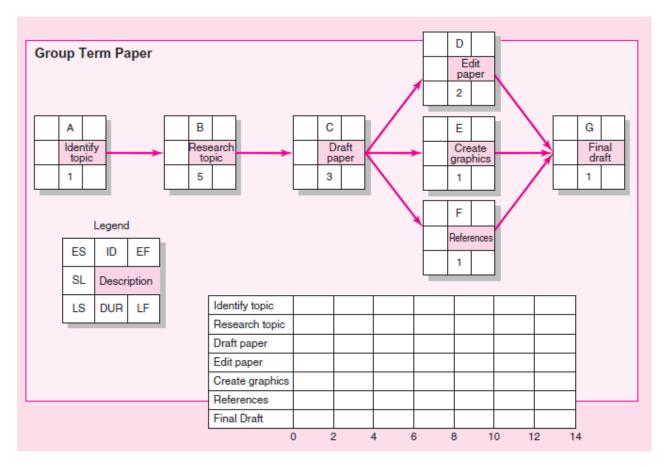
#### Exercise 5.2\*

Draw a project network from the following information. What activity(s) is a burst activity? What activity(s) is a merge activity?

ID	Description	Predecessor
Α	Identify topic	None
В	Research topic	Α
C	Draft paper	В
D	Edit paper	С
E	Create graphics	С
F	References	С
G	Final draft	D, E, F

### Exercise 5.3\*

You are completing a group term paper. Given the project network that follows, complete the forward and backward pass, compute activity slack, and identify the critical path. Use this information to create a Gantt chart for the project. Be sure to show slack for noncritical activities.



<sup>\*</sup>The answer to this exercise can be found in the Appendix.

## Recommended study time

Approx. 15 hours

### L6 – Planning and Scheduling with the use of MS Project (I)

(WEEK 6)

Project scheduling provides a detailed plan that represents how and when the project will deliver the products, services, and results defined in the project scope. It serves as a tool for communication, for managing stakeholders' expectations, and as a basis for performance reporting. The project management team selects a scheduling method, such as critical path or an agile approach. Then, the project-specific data, such as the activities, planned dates, durations, resources, dependencies, and constraints, are entered into a scheduling tool to create a schedule model for the project. The result is a project schedule.

### **Introduction & Overview**

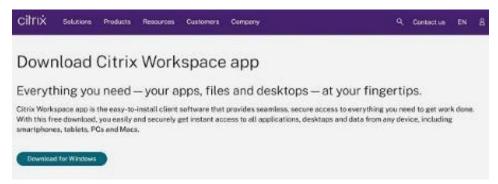
The purpose of this week's lecture and activities/tasks is concerned with understanding and learning how to plan a project with the use of MS Project (MSP) software. Microsoft Project is a software which is used in project management to assist the management and completion of organisational projects. The program provides a specific set of tools that allows users to understand and monitor project schedules, project budgets, as well as to organise resources and workforces. Microsoft Project is a portion of the larger suite of Microsoft Office products, yet it is not packaged with another Office software, such as Word, Excel, Outlook, etc.

Students will learn how to use MSP to 'schedule' the work involved in the fulfilment of projects.

#### Stage 1: Download and access MSP

Go to <a href="https://www.citrix.com/en-gb/products/receiver.html">https://www.citrix.com/en-gb/products/receiver.html</a> to download the Citrix Workspace App. NOTE: Chromebook users should download Citrix Receiver from the Play Store and then go to the "Setup" section of this guide.

The site will auto detect if you are on Windows or Mac, select the Download for on your screen.



On the next page select the download option for the version of Citrix Webspace that is displayed.

If you are on Windows you should see **Download Citrix Workspace app for Windows.**If you are on an Apple Mac you should see **Download Citrix Workspace app for Mac.** 

The Citrix Workspace installer will show in your browsers download section, run the install file from there.

## Citrix Workspace app 2107 for Windows

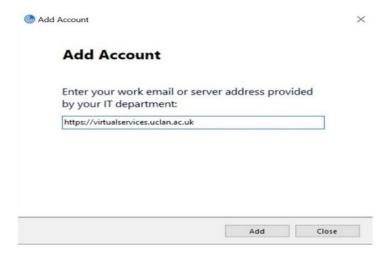


After following the on screen instructions to install Citrix Workspace, select the **Add Account** button.



### **Setup**

In the box provided, enter the address https://virtualservices.uclan.ac.uk and select Add.



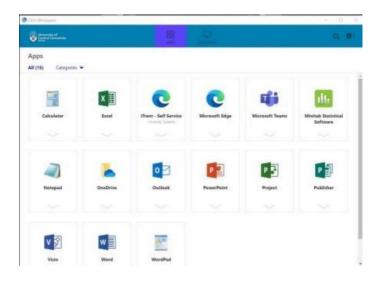
A Microsoft Sign in prompt should appear, enter your UCLan Cyprus email address and you will be redirected to sign in.



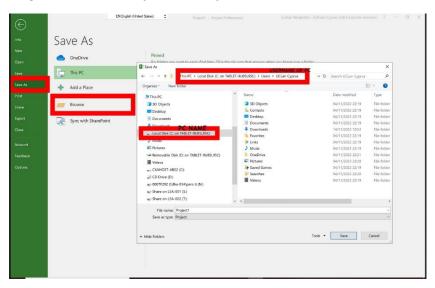
Enter your UCLan Cyprus credentials and then follow the on screen Authentication (Staff will see a DUO prompt and Students may be prompted with Microsoft Authentication).



Once you are logged in you will have access to the Remote Access applications.



Stage 1: Save MSP on your Desktop



## **Learning outcomes**

After completing this week's study, you will be able to:

- Familiarise with MS Project and appreciate its benefits in project scheduling.
- Familiarise and apply a specific set of tools that allows users to understand and monitor project schedules, project budgets, as well as to organise resources and workforces.
- Learn how to download MSP from the University's Website.
- Learn how to save MSP on desktop.

- Apply MSP to create a new project, how to enter tasks and milestones.
- Apply MSP to assign resources.
- Apply MSP to update the project schedule.

### **Keywords**

MS Project	Project specific data	Resources
Tasks	Milestones	Project budget

### **Bibliography**

### **Learning Microsoft Project**

www.linkedin.com/learning/learning-microsoft-project-2/project-management-with-microsoft-project?u=42775724

Microsoft Project Step by Step: Planning for Successful Project Management

www.linkedin.com/learning/microsoft-project-step-by-step-planning-for-successful-project-management/introduction?u=42775724

### **Agile Project Management and Microsoft Project**

www.linkedin.com/learning/agile-project-management-with-microsoft-project-2021/learn-more-about-project-management-and-microsoft-project?u=42775724

Erik W. Larson, Clifford F. Gray (2011). *Project Management. The Managerial Process*, Fifth Edition, McGraw-Hill/Irwin. Chapter 8.

### **Self-assessment exercises**

Exercise 6.1 Simulation use of MSP (part 1)

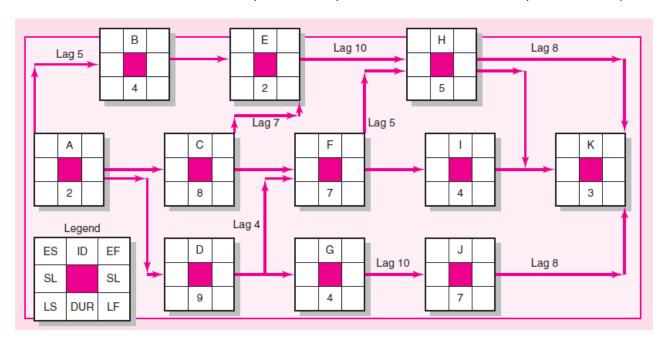
Think about how you would plan, deliver and close a small music festival in Cyprus.

 Explain how the various elements of a project plan are used to plan and deliver a project to meet time, cost and quality requirements. Describe how the project review process and communication management may be used to support this. • Using the details from your network diagram, create a resource levelled, Microsoft Project schedule including named resources. Make sure that this shows the sequence of tasks, by whom they are done and the overall duration of the project (Use MSP to create the Gantt chart and include it in your port).

You are expected to email your online plan to your tutor upon completion

### Exercise 6.2\*

Given the information in the following lag exercises, compute the early, late, and slack times for the project network. Which activities on the critical path have only the start or finish of the activity on the critical path?



<sup>\*</sup>The solution to this exercise can be found in Appendix.

## Recommended study time

Approx. 15 hours

### L7 - Planning and Scheduling with the use of MS Project (II)

(WEEK 7)

Project scheduling provides a detailed plan that represents how and when the project will deliver the products, services, and results defined in the project scope and serves as a tool for communication, managing stakeholders' expectations, and as a basis for performance reporting. The project management team selects a scheduling method, such as critical path or an agile approach. Then, the project-specific data, such as the activities, planned dates, durations, resources, dependencies, and constraints, are entered into a scheduling tool to create a schedule model for the project. The result is a project schedule.

### **Introduction & Overview**

The purpose of this week's lecture and activities/tasks is concerned with further developing and embedding the skills acquired in lecture 6. In this lecture more advanced aspects of MS Project will be provided. First, this lecture will introduce the students into powerful shortcuts for opening and saving files, for assigning resources, managing project costs, and setting up earned value tracking. Secondly, the lecture provides handy tips for exchanging data with other projects as well as with linking and embedding data. Students will then learn how to customise fields and generate cool graphical and visual reports. Finally, the lecture shows how to share various customisations and configurations as well as best practices for managingmultiple projects.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Recalculate duration, work, and units for assignment changes.
- Add, remove, and replace resources.
- Define part-time resources.
- Set cost rates.
- Account for overtime costs.
- Work with earned value.
- Exchange data with other programs.
- Customise fields and reports.

- Share customisations.
- Share resources and link tasks between projects.
- Recall how to add a baseline cost to a cost overview chart.
- Explain how to create a single file where you can view reports across all active projects in a single dashboard view.

### Keywords

Project schedule	Stakeholder expectations	Cost overview chart
Performance reporting	Dashboard view	

### **Bibliography**

#### **Advanced Microsoft Project**

www.linkedin.com/learning/advanced-microsoft-project/welcome-2?u=42775724

#### **Microsoft Project Quick Tips**

www.linkedin.com/learning/microsoft-project-quick-tips/saving-time-in-project?u=42775724

#### **Mastering Microsoft Project Graphical Reports**

www.linkedin.com/learning/mastering-microsoft-project-graphical-reports/welcome?u=42775724

Erik W. Larson, Clifford F. Gray (2011). *Project Management. The Managerial Process*, Fifth Edition, McGraw-Hill/Irwin. Chapters 6, 8.

### Self-assessment exercises

### Exercise 7.1 Simulation use of MSP (part 2)

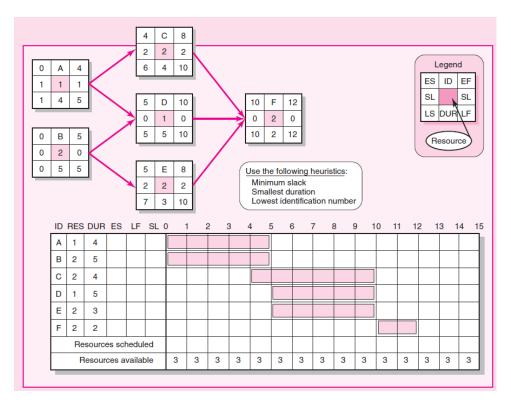
Go back to Exercise 6.1, regarding the delivery and closure of a small music festival in Cyprus.

- Explain how a network diagram and the Critical Path method are used to understand and illustrate
  the logical sequence of events during a project. Include a description of three different estimating
  techniques and three different ways to reduce the duration of the project.
- Using the work packages from your WBS create a network diagram showing the dependencies of
  each task on another(s) and including the ES/EF, LS/LF and float time estimates. (Use Word, Visio,
  PowerPoint or similar app to do this and include it in your report).

Using the details from your network diagram, create a resource levelled, Microsoft Project schedule
including named resources. Make sure that this shows the sequence of tasks, by whom they are done
and the overall duration of the project (Use MSP to create the Gantt chart and include it in yourreport).
 You are expected to email your online plan to your tutor upon completion

### Exercise 7.2\*

You have prepared the following schedule for a project in which the key resource is a tractor. There are three tractors available to the project. Activities A and D require one tractor to complete while activities B, C, E and F require 2 tractors. Develop a resource-constrained schedule in the loading chart that follows. Use the parallel method and heuristics given. Be sure to update each period as the computer would do. Record the early start (ES), late finish (LF) and slack (SL) for the new schedule.



<sup>\*</sup>The solution to this exercise can be found in Appendix.

### Recommended study time

Approx. 15 hours

## L8 - Agile Project Management

(WEEK 8)

The lecture discusses the emergence of Agile Project Management (Agile PM) as a response to the limitations of traditional project management methods, particularly for software and product development projects. Agile PM acknowledges that these projects often lack a well-defined end product and evolve over time, requiring flexibility and the ability to manage changes effectively.

### **Introduction & Overview**

Unlike traditional project management, which focuses on upfront planning, Agile PM employs incremental, iterative development cycles to complete projects. The analogy of building a house is used to explain the difference. In the traditional approach, the house is completed entirely before the buyers can move in, while the iterative approach builds the house room by room. Each room's construction is accompanied by assessment and adjustments, allowing the buyers to modify their requirements and add or remove features based on their evolving needs.

Agile PM is particularly suitable for exploratory projects where requirements need to be discovered and new technology tested. It emphasizes active collaboration between the project team and customer representatives, breaking projects into small functional pieces, and adapting to changing requirements. While iterative development principles exist for some time, the adoption of agile methodologies in project management has gained popularity only recently.

This weekly session focuses on core principles of Agile PM, with a specific emphasis on the Scrum methodology as an example. The intention is not to provide a comprehensive overview of all agile methods but to offer a primer on how agile works. The chapter also mentions limitations and concerns associated with Agile PM.

### **Learning outcomes**

After completing this week's study, you will be able to:

- Recalculate duration, work, and units for assignment changes.
- Add, remove, and replace resources.
- Define part-time resources.
- Set cost rates.

- Account for overtime costs.
- Work with earned value.
- Exchange data with other programs.
- Customize fields and reports.
- Share customisations.
- Share resources and link tasks between projects.
- Recall how to add a baseline cost to a cost overview chart.
- Explain how to create a single file where you can view reports across all active projects in a single dashboard view.

## **Keywords**

Agile PM	Iterative incremental	Feature
	development (IID)	
Product backlog	Product owner	Scrum

## **Bibliography**

Erik W. Larson, Clifford F. Gray (2011) Project Management. The Managerial Process, Fifth Edition, McGraw-Hill/Irwin. Chapter 17.

Griffiths, M. (2004) *Using Agile Principles Alongside: A Guide to the Project Management Body of Knowledge*, PMI Global Proceedings, Anaheim, California.

### Self-assessment exercise

### Exercise 9.1

Video Watch and Online Certification by the Project Management Institute (PMI)®

Agile at Work: Building Your Agile Team

https://www.linkedin.com/learning/agile-at-work-building-your-agile-team/success-as-an-agile-team-

2?u=42775724

Duration: 55m

Brief:

Agile is becoming the preferred project management approach for fast-moving projects. At the heart of any

agile project lies an agile team. In this course, the first in the Agile at Work series, expert Doug Rose uses a

sample project to show how to build your agile team. A team with an agile mindset is self-organised,

collaborative, and accountable. He also outlines the common pitfalls inherent in the implementation: new

teams need to watch for confusing their roles and understand the challenges with managing self-organized

groups.

Learning objectives:

Starting agile in your organisation;

Defining team roles and responsibilities;

Letting the team self-organise;

Training the team;

Thinking and delivering like an agile team;

Avoiding pitfalls.

You are expected to email your online certificate to your tutor upon completion.

Recommended study time

Approx. 15 hours

54/80

# **L9 – International Projects**

(WEEK 9)

The lecture discusses the classification of projects based on their geographical scope: domestic, overseas, foreign, and global. A domestic project is carried out within the project's native country for a resident firm, while an overseas project is executed in a foreign country for a native firm. A foreign project is performed in a foreign country for a foreign firm, and a global project involves teams from multiple countries, continents, and cultures, working together for the entire enterprise. The distinctions among these project types are becoming blurred as the world economy and organisations become more integrated.

## **Introduction & Overview**

This lecture focuses on international project management, specifically targeting project managers who must relocate to a foreign environment to oversee projects. It also provides valuable information for professionals working overseas and those involved in virtual projects with colleagues from different countries.

The lecture acknowledges that there is no universally accepted framework or roadmap for project managers working on international assignments. These managers often face various challenges such as being away from home, personal risks, cultural differences, and unfamiliar laws. However, there are also positive aspects like increased income, career opportunities, and new connections. The success or failure of a project often depends on how well the international project manager adapts and approaches the problems encountered in the host country.

The lecture focuses on four major issues related to the management of international projects. First, it highlights the environmental factors that impact project selection and implementation. Second, it provides an example of how organisations make decisions about global expansion. Third, it addresses the challenge of working in a foreign culture. Finally, it discusses how companies select and train professionals for international projects. While not comprehensive, the lecture aims to provide a solid understanding of the major issues and challenges faced by international project managers.

# **Learning outcomes**

After completing this week's study, you will be able to:

Articulate and critically discuss how environmental factors affect project implementation.
 Appreciate what is a culture shock and ways to reduce the negative effects of culture shock.

Understand how you should go about preparing yourself for an international project.

**Keywords** 

Cross-cultural orientations Culture shock

**Bibliography** 

Erik W. Larson, Clifford F. Gray (2011). Project Management. The Managerial Process, Fifth Edition, McGraw-Hill/Irwin. Chapter 15.

Doh, J. P., P. Rodriguez, K. Uhlenbruck, J. Collins, and L. Eden. (2003). Coping with Corruption in Foreign Markets, Academy of Management Executive, 17 (3), pp. 114–27.

Graham, J. L., and N. M. Lam (2003). The Chinese Negotiation, Harvard Business Review, October 1, 2003, pp. 82-91.

**Exercise – Online Certification** 

Exercise 9.1

Video Watch and Online Certification by the Project Management Institute (PMI)®

**Project Management: International Projects** 

https://www.linkedin.com/learning/project-management-international-projects/we-do-as-the-leaderdoes?autoSkip=true&resume=false&u=42775724

Duration: 55m

Brief:

Excellent collaboration and communication are key ingredients that help project teams reach successful outcomes. This is particularly true when team members must interact in the additional complexity of multicultural settings and physical distance. By learning how people from other cultures understand things differently, you can enhance collaboration and communication in your international team—and improve your chances for positive project results

You are expected to email your online certificate to your tutor upon completion

# Learning objectives:

- Starting agile in your organization
- Defining team roles and responsibilities
- Letting the team self-organize
- Training the team
- Thinking and delivering like an agile team
- Avoiding pitfalls

You are expected to email your online certificate to your tutor upon completion.

# Recommended study time

Approx. 15 hours

# L10 - Risk Management and Project Close Up

(WEEK 10)

The risk management plan provides the approach for identifying, analysing, and monitoring risks. The risk management plan provides processes and controls that will impact cost estimation and management.

## **Introduction & Overview**

Identifying risks is the process of detecting individual project risks as well as the sources of overall project risk, and documenting their characteristics. Identifying risks also brings together information so that the project team can respond appropriately to identified risks. This process is performed throughout the project.



## **Basic process:**

- Identify and analyse there are various techniques for this, including qualitative, quantitative and the use of the Risk Register or Log
- Plan and implement take steps to enhance opportunities and reduce threats in the achievement of project objectives
- 3. Monitor and control ongoing monitoring, iterative process and evaluating the effectiveness of the process as a whole.

#### **Definitions of risk:**

PMI – Measures the the possibility of suffering harm or loss

**APM** – Measures the potential of an action or event to impact on the achievement of objectives.

**British Standard 6079** – Provides guidelines o the uncertainty inherent in plans and the possibility of something happening that can affect the prospects of achieving business or project goals.

## Key feature = uncertainty

## Identify and analyse risk in project management:

Range of techniques for identification:

- Historical data and documents, lessons logs;
- Stakeholders, teams, interviews and workshops;
- SWOT, diagramming, prototyping.

Various techniques for evaluation:

- Quantitative analysis;
- Qualitative analysis.

#### Monitor and Control – Risk Reviews

- Responses triggered were effective;
- Reponses planned still valid;
- Overall exposure still acceptable;
- · New risks identified and being managed;
- Policies and procedures assurance.

#### Project start up and close down:

#### From the start:

- Governance;
- Stakeholder management;
- Business case;
- Scope and change control;
- Monitor and control;
- The planning (including Communications, Risk, Quality, Close etc.);
- The team set up and culture.

#### The formal and technical close

• Formal sign off, handover and acceptance;

- Service agreement for ongoing support;
- Close accounts and contracts;
- Close systems;
- Dispose of surplus assets;
- Reassign the people;
- Archive documents.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Distinguish and evaluate the approaches used for reducing and managing risk.
- Determine the best strategy for addressing a threat or risk event.
- Explain the steps for managing the risk appetite and tolerances related to a project.
- Evaluate the best approach to take when requirements or technologies are uncertain.
- Articulate the characteristics for optimal responses to risks.

# **Keywords**

Risk management	Risk identification	Risk assessment
Risk monitoring	Risk control	PERT analysis

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

Murray-Webster, Ruth, and Darren Dalcher. *APM body of knowledge*. No. 7th ed. Association for Project Management, 2019. APM BoK Chapter 4, Section 4.3.3.

Erik W. Larson, Clifford F. Gray (2011). *Project Management. The Managerial Process*, Fifth Edition, McGraw-Hill/Irwin. Chapter 7.

Graham, J. L., and N. M. Lam (2003). The Chinese Negotiation, *Harvard Business Review*, October 1, 2003, pp. 82–91.

#### Self-assessment exercises

#### Exercise 10.1

#### Task

Identify the major risks of UCLAN Cyprus's campus project.

- Find two major risks and one major opportunity of the project to build a campus in Cyprus /
  to organise a workshop. Please rate their severity and likelihood on a scale from 1 (very low)
   to 5 (very high)
  - Identify the three most important risks of this project.

## Exercise 10.2\*

#### **Quick Quiz**

- 1. Which knowledge areas include processes related to closing?
- A. project scope, schedule, cost, and quality management
- B. project integration, scope, schedule, cost, and quality management
- C. project integration and procurement management
- D. project integration management
- 2. Which of the following statements is false?
- A. Even though many projects are cancelled before completion, it is still important to formally close any project.
- B. Closing includes releasing organizational resources.
- C. Closing often includes a final presentation and report.
- D. Closing does not include developing a transition plan.
- 3. Updating processes, policies, procedures, and knowledge bases is part of \_\_\_\_\_\_.

B. archival
C. updating project documents
D. lessons learned
4. Answering questions such as, "What will you do differently on the next project based on your experience
working on this project?" is part of a
A. lessons-learned report
B. customer acceptance/project completion form
C. written notice of contract closure
D. transition plan
5. What is the most common reason for closing or terminating a project?
A. addition
B. integration
C. extinction
D. starvation
6. This approach to project termination occurs when a project is ended by decreasing its budget or suddenly
ending funding.
A. addition
B. integration
C. extinction
D. starvation
7. Ais another name for a project close-out meeting .
A. celebration
B. post project
C. final review
D. post mortem

A. updating organizational process assets

8	is the process of communicating knowledge that was developed by one person or in one
par	t of an organization to another person or other parts of an organization.
A. C	Cross training
B. L	essons learned transfer
С. К	(nowledge transfer
D. T	ransitional planning
9. V	Which of the following was not a lesson learned from the Just-In-Time Training project?
A. g	good communications was instrumental to project success
B. s	upplier partnerships were not very effective
C. g	ood planning paid off in execution
D. t	he project steering committee was very helpful
10.	Which of the following is not advice for closing projects or phases?
A. Y	ou don't need to celebrate completing a project, especially if it did not go well.
В. Ү	ou should capture lessons learned as soon as possible, not just at the end of a project
C. Y	ou should include tasks in the WBS for project closing
D. Y	ou should assign resources to specific project closing tasks

 ${}^{*}$ The solution to this exercise can be found in Appendix.

# Recommended study time

Approx. 15 hours

# L11 - Best Practices in Project Management

(WEEK 11)

Organisations often recognise the importance of project management but face challenges in effectively implementing it. While studying individual cases of project management best practices is valuable, there is also significant insight to be gained from broader studies. This lecture aims to define project management best practices and offers guidance for both organisations and individuals. Additionally, it emphasises the positive impact that increasing an organisation's project management maturity level can have on project and organisational performance.

#### **Introduction & Overview**

Best practices in project management are categorised into three levels: project, program, and portfolio. These categories further include four stages of process improvement: standardise, measure, control, and improve. The following are examples of best practices listed in OPM3®:

#### **Project best practices**

- Project initiation process standardisation: Establishment of project initiation process standards.
- Project plan development process measurement: Establishment, collection, and analysis of measures for the project plan development process.
- Project scope planning process control: Establishment and execution of controls to ensure stability in the project scope planning process.

#### **Program best practices**

- Program activity definition process standardisation: Establishment of standards for the program activity definition process.
- Program activity sequencing process measurement: Establishment, collection, and analysis of measures for the program activity sequencing process.
- Program activity duration estimating process control: Establishment and execution of controls to ensure stability in the program activity duration estimating process.

#### Portfolio best practices

 Portfolio resource planning process standardisation: Establishment of standards for the portfolio resource planning process.

- Portfolio cost estimating process measurement: Establishment, collection, and analysis of measures for the portfolio cost estimating process.
- Portfolio cost budgeting process control: Establishment and execution of controls to ensure stability in the portfolio cost budgeting process.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate and critically evaluate best practices in general and best practices in project management for organisations.
- Summarise best practices in project management for individuals.
- Explain how improving project management maturity can improve project and organisational performance.
- Describe research on project management maturity.
- Discuss best practices described in this lecture.

Organisations overall strive to enhance their project management capabilities by studying and implementing best practices. The Organizational Project Management Maturity Model (OPM3®), developed by PMI, assists organisations in evaluating and advancing their project management maturity. It offers a comprehensive list of best practices categorized under project, program, and portfolio management.

Maturity models serve as frameworks to improve organisational processes and systems. Several studies by PMI, PM Solutions, Thomas and Mullaly, Crawford and Cook-Davies, and PriceWaterhouseCoopers demonstrate the advantages of enhancing project management maturity.

This lecture highlights various best practices in project, program, and portfolio management. Project management holds significant value for individuals and organisations, especially as the number and complexity of projects continue to rise. It is crucial to understand, implement, and enhance the discipline of project management.

# **Keywords**

Best practice	Key Performance Indicator (KPI)
Maturity model	Capabilities

# **Bibliography**

Schwalbe, K. (2017). An Introduction to Project Management, Sixth Edition, Schwalbe Publishing. Chapter 10.

Burke, R. (2001). Project Management: Planning and Control Techniques, Third Edition, Wiley. Chapter 7.

## Self-assessment exercises

#### Exercise 11.1

Review the project management best practices presented in this lecture or describe several practices used in an organisation you are familiar with. Select any two of them and write a short paper describing how each practice could help improve project management. Develop examples of how they could be applied to real project situations.

Post your answers and replies to other students to our dedicated space on Blackboard

D. Project Management Process Maturity (PM)2 model

#### Exercise 11.2

Quick Quiz

1. A\_\_\_\_\_\_\_is a procedure that has been shown by research and experience to produce optimal results and that is established or proposed as a standard suitable for widespread adoption.

A. benchmark

B. key performance indicator

C. capability

D. best practice

2. The Project Management Institute initially published the\_\_\_\_\_\_\_to address the need to bridge the gap between organisational strategy and successful projects.

A. Organizational Project Management Maturity Model (OPM3\*)

B. Best Practices Report

C. Alpha Project Managers Guide

A. projects
B. programs
C. project personnel
D. portfolios
4. Organisations can measure performance against their own past; against peers; and, even better, against
·
A. profits
B. potential
C. revenues
D. the future
5. Alpha project managers represent the topof project managers based on performance.
A. 1%
B. 2%
C. 5%
D. 10%
6. Which of the following is a trait of alpha project managers?
A. They spend more time on execution than other project managers.
B. They spend more time in meetings than other project managers.
C. They send fewer emails than other project managers.
D. They make more money than other project managers.
7. Which of the following is true regarding studies on the value of project management and project
management maturity?
A. The PMI-sponsored study by Ibbs found that companies with a high maturity level spend less money on project management than companies with a low maturity.
B. The PMI-sponsored study by Thomas and Mullaly found that companies focus even more on measuring

the ROI or tangible benefits of project management.

3. The Project Management Institute defines best practices in each of the following areas except\_\_\_\_\_\_.

- C. The PMI-sponsored study by Crawford and Cook-Davies found that several industries have reached an optimal level of organisational project management maturity.
- D. The PriceWaterhouseCoopers study found that the higher the maturity level, the more difficulties the organisation will have in implementing software.
- 8. What was the average maturity level (with a high of 5) reported by survey participants for high performing organisations and low performing ones in the 2014 study by PM Solutions?
- A. 3.4 and 1.7
- B. 4.4 and 2.7
- C. 4.4 and 1.7
- D. 4.7 and 2.4
- 9. Which of the following is not a best practice listed in this text?
- A. Determine how project, program, and portfolio management will work best in your own organization.
- B. Involve key stakeholders—including shareholders, customers, and employees—in making major decisions.
- C. Develop and follow a formal project selection process to ensure projects support business needs.
- D. Don't spend time or money on projects before they officially start.

# Recommended study time

Approx. 15 hours

<sup>\*</sup>The solution to this exercise can be found in Appendix.

# L12 - Management and Leadership in Projects

(WEEK 12)

The success of projects depends on the presence of both leaders and managers. Both leadership and management have distinct styles that significantly impact the project's culture and performance.

## **Introduction & Overview**

The field of management is constantly evolving, and new ideas and approaches emerge regularly. However, it is important to note that the latest and most glamorous ideas may not necessarily deliver the expected value or benefits. Careful evaluation is necessary before adopting new management practices to ensure their effectiveness and alignment with project goals.

A good project manager or leader possesses a combination of skills and attributes that are shaped by their personality, experience, and formal and informal education and training. Various frameworks can be utilised to understand this area better. The role of a project manager is crucial for both the organisation and individuals involved, as they significantly impact the achievement of outcomes for all stakeholders.

Leadership is characterised by the positive influence an individual has on people, whereas management treats people as one of many resources. Time is a finite resource for managers and leaders, requiring effective management.

Leadership and motivation are closely interconnected. Traditional craft-based industries were replaced by organisations employing scientific management principles in the 19th century, relying primarily on financial rewards as motivators. However, other needs beyond financial compensation, such as fulfilling Maslow's hierarchy, and treating individuals as unique rather than automatons, can be more beneficial for motivation.

Leadership also involves understanding and aligning with the organizational culture. These cultures can be categorised as role-oriented, club-oriented, task-oriented, or existential-oriented, each requiring different management approaches and suitable for specific situations.

Lastly, new management paradigms, including project management, should be critically evaluated by managers before adoption. It is important to eliminate hype and realistically assess their ability to enhance the overall management approach and add value to the organisation's "management product."

# **Learning outcomes**

After completing this week's study, you will be able to:

- Articulate and critically evaluate the differing roles of leadership and management in the project environment.
- Explain the impact of the individual manager on the performance of the group of people that they
  are managing.
- Discuss the role of changes in management thinking and the implications of these for practitioners.

# **Keywords**

Coercion	Fads and fashions	Hierarchy of needs
Humanism	Management and leadership	Management paradigms

# **Bibliography**

Burke, R., Barron, S. (2014). *Project management leadership: building creative teams*, Second Edition, Wiley. Chapters 5, 6 and 10

Maylor, H. (2010). Project management. Fourth edition. Financial Times Prentice-Hall. Chapter 12.

Keegan, A. and Den Hartog, D. (2004). Transformational Leadership in a Project-based Environment: A Comparative Study of the Leadership Styles of Project Managers and Line Managers, *International Journal of Project Management*, Vol. 22, No. 8, pp. 609–617.

Lee-Kelley, L. and Leong, L. (2003). 'Turner's Five Functions of Project-based Management and Situational Leadership in IT Services Projects', *International Journal of Project Management*, Vol. 21, No. 8, pp. 583–591.

## **Exercise - Online Certification**

#### Exercise 12.1

**Project Leadership** 

Video Watch and Online Certification by the Project Management Institute (PMI)®

https://www.linkedin.com/learning/project-leadership/the-importance-of-project-leadership?u=42775724

Duration: 43m

You are expected to email your online certificate to your tutor upon completion.

# Recommended study time

Approx. 15 hours

#### Overview

Welcome to the revision session on project management. In this lecture, we will review key concepts and best practices to help reinforce your understanding of project management principles. Whether you are studying for an exam or simply refreshing your knowledge, this session will provide a comprehensive overview of project management.

#### **Understanding Project Management**

Let's begin by revisiting the definition of project management. It is the application of knowledge, skills, tools, and techniques to project activities to meet project requirements. Projects have a defined start and end date, specific objectives, and unique deliverables. Project management ensures effective planning, execution, monitoring, and control of projects to achieve successful outcomes.

#### **Key Project Management Processes**

Next, let's review the fundamental processes in project management:

- Project Initiation: This process involves defining project objectives, identifying stakeholders, and establishing the project's feasibility and viability.
- Project Planning: Planning encompasses defining project scope, creating a work breakdown structure, developing schedules, estimating resources, and determining project risks.
- Project Execution: During this phase, project activities are performed, and deliverables are produced according to the project plan.
- Project Monitoring and Control: Monitoring and control involve tracking project progress, comparing actual performance to the planned baseline, and implementing corrective actions when deviations occur.
- Project Closure: In the closure phase, project deliverables are finalized, lessons learned are documented, and the project is formally closed.

#### **Best Practices in Project Management**

Now, let's explore some best practices that can contribute to project success:

- Clearly Defined Objectives: Clearly articulating project objectives ensures that everyone involved understands the project's purpose and goals.
- Stakeholder Engagement: Engaging stakeholders throughout the project lifecycle promotes effective communication, manages expectations, and ensures their buy-in.
- Comprehensive Planning: Thorough planning includes defining project scope, setting realistic deadlines, estimating resources accurately, and identifying potential risks.
- Effective Communication: Open and transparent communication among team members and stakeholders fosters collaboration, resolves conflicts, and keeps everyone informed.
- Risk Management: Identifying and assessing project risks, developing mitigation strategies, and monitoring risks throughout the project helps minimize their impact.
- Quality Control: Implementing quality control measures ensures that project deliverables meet the specified standards and satisfy customer requirements.
- Change Management: Being adaptable and managing changes effectively helps mitigate disruptions and keeps the project on track.

#### **Project Management Maturity:**

Understanding project management maturity is essential for organizations seeking continuous improvement. Project Management Maturity Models, such as OPM3®, provide frameworks for assessing and enhancing project management practices. Increasing project management maturity leads to improved project success rates, reduced costs, and enhanced organizational efficiency.

#### **Research on Project Management**

Various research studies have been conducted on project management, highlighting its significance and impact. Studies by organizations like PMI, PM Solutions, and PriceWaterhouseCoopers have demonstrated the benefits of implementing best practices and improving project management maturity.

In this revision session, we have covered the key concepts and best practices in project management. Remember the fundamental processes of project management, such as initiation, planning, execution, monitoring, and closure. Implementing best practices, engaging stakeholders, and focusing on quality and risk management contribute to successful project outcomes. Additionally, understanding project management maturity and staying updated with research findings can help organizations and individuals improve their project management practices.

Take the time to review and reinforce these concepts, as they will serve as a solid foundation for your project management knowledge and skills. Good luck with your studies and future projects!

# Self-assessment exercise- Video watch

#### Exercise 13.1

Students must review all questions and practice exercises delivered as part of the module and practice on additional exercises available in the primary bibliographic material identified per study week.

Video Watch

https://www.linkedin.com/learning/project-management-foundations-15528659/what-is-a-project?resume=false&u=42775724

duration 3h

You are expected to email the results of the Quiz of each chapter to your tutor

# Recommended study time

Approx. 10 hours

# **HOLIDAYS & STUDY WEEKS**

(WEEKS 14 & 15)

# Instructions

Week 14 & 15 is the university holiday break and Study week so you can prepare for your forthcoming assessments. During these weeks you are expected to do a revision of the topics covered throughout the semester.

# Recommended study time

Approx. 15-30 hours

# **FINAL EXAM**

(Week 16)

# Instructions

The final examination will take place in Week 16. The date of the exam will be announced in due course.

# Appendix – Indicative answers for selected exercises

# Week 1

## Exercise 1.3

Quick Quiz Answers: 1. D, 2. A 3. C, 4. D, 5. C, 6. A, 7. A, 8. B, 9. C, 10. B

# Week 2

## Exercise 2.3

Quick Quiz Answers: 1. D; 2. B; 3. C; 4. D; 5. A; 6. C; 7. A; 8. C; 9. C; 10. A

# Week 3

## Exercise 3.2

Quick Quiz Answers: 1. D; 2. C; 3. A; 4. D; 5. C; 6. A; 7. A; 8. D; 9. B; 10. C

#### Exercise 3.3

Payback 5 Investment/Annual Savings

Project Alpha: \$150,000/\$40,000 5 3.75 years

Project Beta: \$200,000/\$50,000 5 4.0 years

#### Exercise 3.4

The only project SIMSOX should consider is Voyagers. Each of the other two projects would not satisfy the high rate of return SIMSOX expects from its projects.

# Project: Yoyagers

Year	Inflows	Outflows	Net flow	Discount Factor	NPV
0		75,000	(75,000)	1.00	(75,000)
1	15,000		15,000	0.81	12,150
2	25,000		25,000	0.66	16,500
3	50,000		50,000	0.54	27,000
4	50,000		50,000	0.44	22,000
5	150,000		150,000	0.36	54,000
					Total: \$(56,650)

\_\_\_\_

If calculated in EXCEL: \$(55,714)

# Project: **Dust Devils**

Year	Inflows	Outflows	Net flow	Discount Factor	NPV
0		500,000	(500,000)	1.00	(500,000)
1	50,000		50,000	0.81	40,500
2	250,000		250,000	0.66	165,000
3	350,000		350,000	0.54	189,000
				Т	otal: \$(105,500)

If calculated in EXCEL: \$(106,020)

# Project: **Ospry**

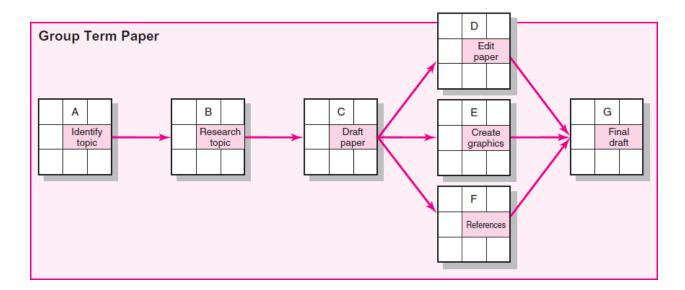
Year	Inflows	Outflows	Net flow	Discount Factor	NPV
0		250,000	(250,000)	1.00	(250,000)
1	75,000		75,000	0.81	60,750
2	75,000		75,000	0.66	49,500
3	75,000		75,000	0.54	40,500
4	50,000		50,000	0.44	22,000
					Total: \$(77,250)

If calculated in EXCEL: \$(77,302)

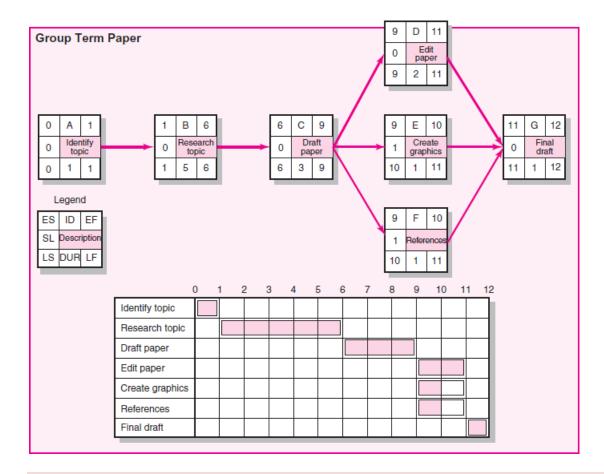
# Week 5

## Exercise 5.2

Activity C is a burst activity. Activity G is a merge activity.

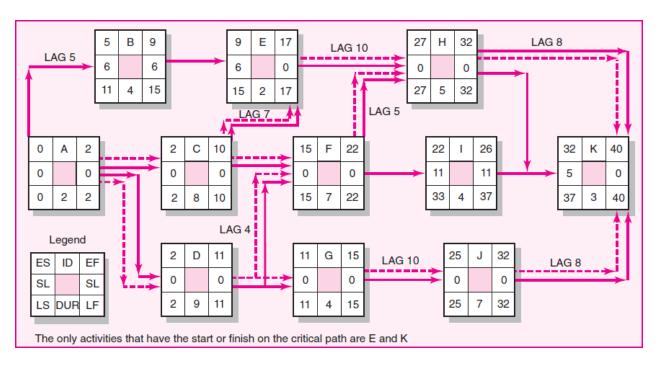


#### Exercise 5.3



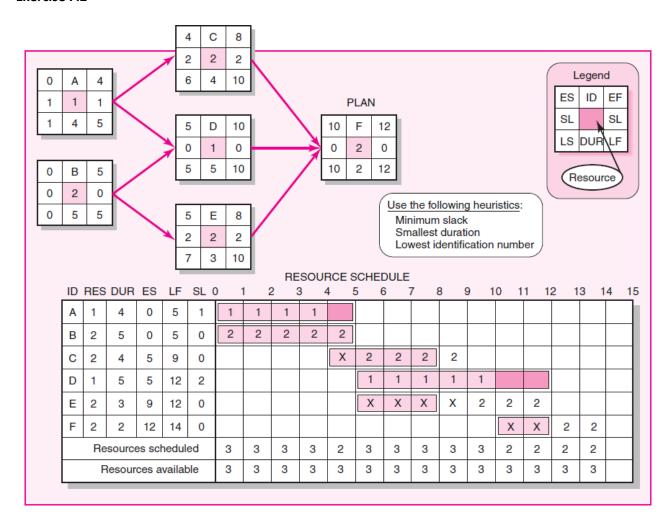
# Week 6

#### Exercise 6.2



# Week 7

#### Exercise 7.2



# Week 10

### Exercise 10.2

Quick Quiz Answers: 1. D; 2. D; 3. A; 4. A; 5. B; 6. D; 7. D; 8. C; 9. B; 10. A

# Week 11

#### Exercise 11.2

Quick Quiz Answers: 1. D; 2. A; 3. C; 4. B; 5. B; 6. C; 7. A; 8. A; 9. D;

#### MG4205- Project Management

Interactive activities per session

# L1 - Overview of Project Management

Video followed by a virtual discussion on real-worldapplications of the content

VIDEO - Gully and friends, 'What is a Project?' http://youtu.be/9LSnINglkQA

Question for discussion posted in the discussion forum. You are required to write brief responses (up to 150 words each) under each of the below areas.

What is Project Management in the context of:

- a) Plan (+business case)
- b) Execution
- c) Monitoring
- d) Control
- e) Delivery (qual, £, time)
- f) Closure

Watch the video and share your thoughts in our Teams group chat

Discussion and replies on a real case scenario

Find someone who works as a project manager or is a member of a project team. If possible, find more than one person. Use the interview guidelines below and ask the questions in person, via the phone, or via the Internet. Discuss the results with your team, and then prepare a one to two-page paper or prepare a short presentation to summarise your findings.

Post your answers and replies to other students to our dedicated space on Blackboard.

Please note that these are guidelines and sample questions only. Use only the questions that seem appropriate, and feel free to add your own. If the interviewee wants to remain anonymous, that's fine. If not, please include his/her name and place of employment as a project manager in your paper. Let him/her know that you are doing this interview for a class assignment and that the information may be shared with others.

The main purpose of these interviews is for students to gain more insight into what project managers really do, what challenges they face, what lessons they've learned, what concepts/tools you're learning that they really use, and what suggestions they have for you and other students as future team members and project managers. People often like to tell stories or relate particular situations they were in to get their points across. To this end, here are a few sample questions.

- 1. How did you get into project management?
  - 2. If you had to rate the job of project manager on a scale of 1-10, with 10 being the highest, how would you rate it?
  - 3. Briefly explain the reason for your rating. What do you enjoy most and what do you like least about being a project manager?
  - 4. Did you have any training or special talents or experiences that qualified you to be a project manager? Are you certified or have you thought about becoming certified as a PMP®?
  - 5. What do you feel is the most important thing you do as a project manager? On what task do you spend the most time each day?
  - 6. What are some of the opportunities and risks you have encountered on projects? Please describe any notable successes and failures and what you have learned from them.
  - 7. What are some of the tools, software or otherwise, that you use, and what is your opinion of those tools?
  - 8. What are some steps a project manager can take to improve the effectiveness and efficiency of a team? How does a new project manager gain the respect and loyalty of team members? Can you share any examples of situations you faced related to this topic?

# Quiz

1.		Which	of the following statements is false?
		a.	Demand for project managers continues to increase.
		b.	Employers prefer college graduates with the ability to work as part of a team.
		C.	Organizations waste \$97 million for every \$1 billion
			spent onprojects, according to a 2017 PMI report.
		d.	According to PMI's salary survey, professionals with a PMP® credential earned 22% more than thosewithout it.
2.		Approx	imately what percentage of global projects fail, according to PricewaterhouseCoopers?
	a)	50%	
	b)	30%	
	c)	15%	
	d)	75%	
3.		Α	is a temporary endeavor undertaken to create a unique product, service, or result.
		a.	program
		b.	process
		C.	project
		d.	portfolio

4.	Which	of the following is not an attribute of a project?
	a.	projects are unique
	b.	projects are developed using progressive elaboration
	c.	projects have a primary customer or sponsor
	d.	projects involve no uncertainty
5.	Which	of the following is not part of the triple constraint of project management?
	a.	meeting scope goals
	b.	meeting schedule goals
	C.	meeting communications goals
	d.	meeting cost goals
		is the application of knowledge, skills, tools and techniques to project activities to meet equirements.  Project management
	b.	Program management
	C.	Project portfolio management
	d.	Requirements management
	7. Project	portfolio management addresses management addresses_goals.
	a) strateg	ic, tactical
	b) tactical	, strategic
	c) interna	al, external
	d) externa	al, internal goals of an organization, while project

8. Several individual housing projects done in the same area by the same firm might best be managed as part
of a
a. portfolio
b. program
c. investment
d. collaborative
Which of the following skills is not part of PMI's project management talent triangle?
a. technical project management
<ul><li>a. technical project management</li><li>b. strategic/business</li></ul>
c. application area
d. leadership
10. What is the popular certification program called that the Project Management Institute provides?
Microsoft Certified Project Manager (MCPM)
Project Management Professional (PMP®)
Project Management Expert (PME)
Project Management Mentor (PMM)
L2 – People in Projects

9.

a)

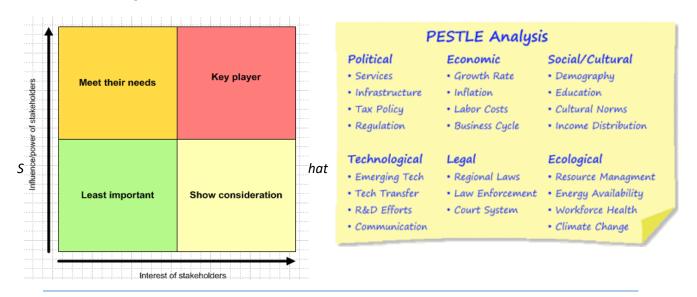
b)

c)

d)

#### Discussion Forum Question based on a real research

Research a major project such as the proposed expansion of Manchester Airport or the building of a central distribution centre of a major food chain. Identify and discuss thekey issues or stakeholders in ach area of the model. Use the following:



Real case senario

The following activities are based on a current or recently completed group project that you have been involved in. This project may be a student project, a work project, or an extracurricular project.

- 1. How strong is the team identity on this project and why?
  - 2. What could participants do to strengthen team identity?
  - 3. What kind of informal activities could be used to rejuvenate the team? Why would these activities work?

Post your answers and replies to other students to our dedicated space on Blackboard.

Quiz

1is	defii	ned as the degree to which a set of inherent characteristics fulfill requirements.		
	a.	Fitness for use		
	b.	Conformance to requirements		
	c.	Metrics		
	d.	Quality		
2		Allow organisations to measure their performance in certain areas—such as failure		
rates,	ava	ailability, and reliability—and compare them over time or with other organisations.		
	a.	Ratings		
	b.	Metrics		
	c.	Quality-control charts		
	d.	Checklists		
3. A R	ACI	chart is a type of		
	a.	project organisational chart		
	b.	resource histogram		
	c.	responsibility assignment matrix		
	d.	project dashboard		
4. A		describes when and how people will be added to and taken off of a project.		
a)	pro	roject organisational chart		
b)	resource histogram			
c)	res	ponsibility assignment matrix		
d)	sta	ffing management plan		

5. Topics s	uch as who will receive project information and who will produce it, suggested methods or
guidelines	for conveying the information, frequency of communication, and escalation procedures for
resolving is	sues should be described in a
a. c	communications management plan
b. s	staffing management plan
c. t	team charter
d. s	scope statement
6. Suppose	you are a member of Kristin's team and you are having difficulties communicating with one of the
supplier ma	anagement experts who is providing important content for a class you are developing. What
strategy mig	ght you use to help improve communications?
a. p	out all communications in writing
b. p	out all communications on your project website
c. ı	use several different methods to communicate with this person
d. a	ask Kristin to find a better person to provide the technical content
7. What two	o dimensions should you use when evaluating project risks?
а. р	probability and impact
b. c	cost and schedule
c. r	negative and positive
d. s	source and responsibility
8. A	is a document that contains results of various risk management processes, often
displayed in	n a table or spreadsheet format.
a. r	risk event
b. t	trigger
c. r	risk register
d. r	risk management plan

9. You can purchase an item you need for a project for \$10,000 and it has daily operating costs of \$500, o
you can lease the item for \$700 per day. On which day will the purchase cost be the same as the lease cost?

- a. day 5
- b. day 10
- c. day 50
- d. day 100
- 10. You want to have the least risk possible in setting up a contract to purchase goods and services from an outside firm. As the buyer, what type of contract should you use?
- a) fixed price
- b) unit price
- c) cost reimbursable
- d) time and materials

# L3 – Integrative Management Case study

Read through the "Doesn't time fly?" exercise on Delegation and Time Management.

- 1. Answer the questions.
- 2. Prepare a reflective report (500 words max) summarising your thoughts, inferences and impressions. What have you learnt? Conclude your report with a sentence summarising the key learning outcome you derived from this activity and share that sentence in the discussion forum(along with uploading your report on Turn-It-In for tutor's review and feedback).

1.	Which of the following is not part of a SWOT analysis?				
	a.	strengths			
	b.	weaknesses			
	c.	opportunities			
	d.	tactics			
	2. A large	company continues to be successful by providing new products and services for its market niche of			
	brides. W	hat is its main competitive strategy?			
	a.	cost leadership			
	b.	quality			
	C.	focus			
	d.	customer service			
3.	The las	t step in the four-stage planning process for projects is			
	a.	resource allocation			
	b.	project planning			
	c.	business area analysis			
	d.	strategic planning			
4.		is defined as being able to move quickly and easily.			
	a.	Flexible			
	b.	Speed			
	c.	Customer-centric			
	d.	Agile			

5.	Which	of the following statements is false concerning the financial analysis of projects?
	a.	The higher the net present value the better.
	b.	A shorter payback period is better than a longer one.
	c.	The required rate of return is the discount rate that results in an NPV of zero for the project.
	d.	ROI is the result of subtracting the project costs from the
		benefits andthen dividing by the costs.
	6. A	is a methodology that converts an organization's value drivers—such as customer
	service, ir	nnovation, operational efficiency, and financial performance—into a series of defined metrics.
	a.	balanced scorecard
	b.	weighted scoring model
	c.	net present value analysis
	d.	directive
	7. Which	of the following is not a major benefit of grouping projects into programs?
	a.	increasing revenues
	b.	increasing authority
	C.	saving money
	d.	saving time
	8. A colle	ge approved a project to provide discounts for faculty, students, and staff to use the city's new light-
	rail syste	m. Under what existing program might this project naturally fit?
	a.	academic enrichment program
	b.	fund-raising program
	c.	entertainment program
	d.	transportation program

	a.	profit maximization	
	b.	enterprise success	
	c.	risk minimization	
	d.	competitive advantage	
a)	managen	organizations find duplicate or unneeded projects after they perform which step in project portfolio nent? izing the projects in their list	
b)	dividing the projects into several categories based on type of investment		
c)	putting all projects in one list		
d)	applying modern portfolio theory, including risk-return tools that map project risk		
		L4 – Scope and Planning	
		Case study and exercises	

The goal of project portfolio management is to help maximize business value to ensure\_\_\_\_\_\_.

9.

Post vour d	answers in our dedicated space on Blackboard.
, , , , , ,	
_	
	Tutorial
_	
Managing	Project Stakeholders

Create healthy partnerships with your stakeholders and build a win-win environment for your business. In this online <a href="mailto:tutorial">tutorial</a> (<a href="https://www.linkedin.com/learning/managing-project-stakeholders-2/stakeholders-drive-project-success?autoplay=true&trk=course\_preview&upsellOrderOrigin=lynda\_redirect\_learning</a>) an experienced project manager shows you how to manage stakeholders with savvy communication strategies that increase engagement in the final project. Learn how to analyse stakeholders, map power structures, keep open lines of communication, and use interpersonal skills to connect.

Watch the tutorial and share your thoughts in our Teams group chat

#### L5 - Breakdown Structures

#### Real-life Case Study

#### Case Study "Organisation of a workshop"

You are working for a company with subsidiaries in China, India, Pakistan, UK, and France. The CEO asks you create a business case for the following project.

#### Your project

#### 1. Project objective

- You are supposed to organise a one-week workshop for the Senior Managers of all subsidiaries of this company for the first week of February 2015. One purpose of this workshop is to identify problem areas within the collaboration across subsidiaries and to findsolutions for these problems. Another purpose is to improve the communication by formingbetter personal relationships between the Senior Managers.
- 2. Deliverables (= output) to achieve this
- 1. Detailed project plan (WBS in MS Project) with time estimates
- 2. Report about the choice of an appropriate location and venue
- 3. Report about the choice of an appropriate programme for the workshop
- 4. Senior Managers are invited to the workshop and it is clarified who participates
- 5. Participant's travel is organised
- 6. Necessary resources for the workshop are provided
  - 7. Contract with a moderator for the workshop is made

#### 1. Technical requirements

- 1. Fly in air transportation to and from venue, shuttle from airport to venue
- 2. Workshop complies with UK health & safety standards

#### 2. Limits & Exclusions

- 1. Location of the workshop has to be in the UK
- 2. Senior Managers are responsible for travel arrangements to and from airports in their starting location

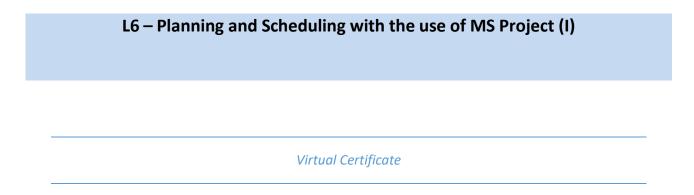
#### Task 1

- 1. Create a Product Breakdown Structure for this project. The highest node of this structure ("Workshop Organisation") includes all deliverables of this project. These are then systematically broken down, meaning specified. How would you define the first level of this structure underneath the highest node if the second level is the seven deliverables mentioned above?
- 2. Do you think that these deliverables on the lowest level are specific enough to capture the requirements of the CEO who asked you to manage this project? Please give reasons for your opinion.
  - 3. Are they complete or do you think that deliverables are missing?
  - 4. Prepare a reflective report (500 words max) summarising the key hurdles and constraints that impinge on the WBS of a project. What have you learnt? Conclude your report with a sentence pointing to the key learning outcome you derived from this activity and share that sentence in the discussion forum (along with uploading your report on Turn-It-In for tutor's review and feedback).

Task 2

Define the tasks that need to be done to create the report about the choice of an appropriate location and venue. The aim is to plan detailed enough to be able to estimate the time needed to achieve this deliverable. What time would you estimate?

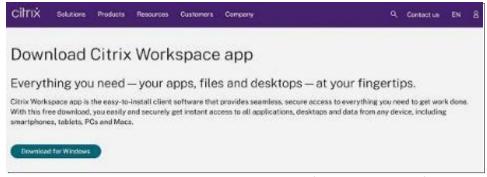
Post your answers in our dedicated space on Blackboard.



Stage 1: Download and access MSP

Go to <a href="https://www.citrix.com/en-gb/products/receiver.html">https://www.citrix.com/en-gb/products/receiver.html</a> to download the Citrix Workspace App. NOTE: Chromebook users should download Citrix Receiver from the Play Store and then go to the "Setup" section of this guide.

The site will auto detect if you are on Windows or Mac, select the **Download for** on your screen.



On the next page select the download option for the version of Citrix Webspace that is displayed.

If you are on Windows you should see **Download Citrix Workspace app for Windows.**If you are on an Apple Mac you should see **Download Citrix Workspace app for Mac.** 

The Citrix Workspace installer will show in your browsers download section, run the install file from there.

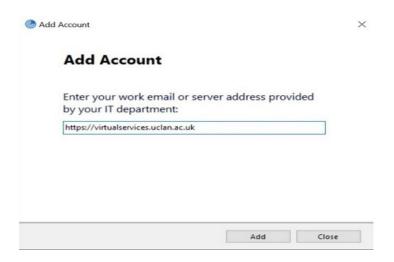


After following the on screen instructions to install Citrix Workspace, select the Add Account button.



#### **Setup**

In the box provided, enter the address <a href="https://virtualservices.uclan.ac.uk">https://virtualservices.uclan.ac.uk</a> and select Add.



A Microsoft Sign in prompt should appear, enter your UCLan Cyprus email address and you will be redirected to sign in.

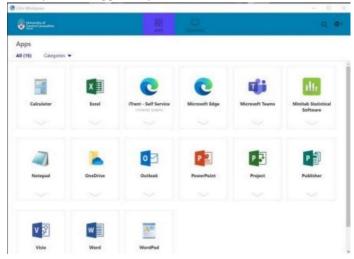


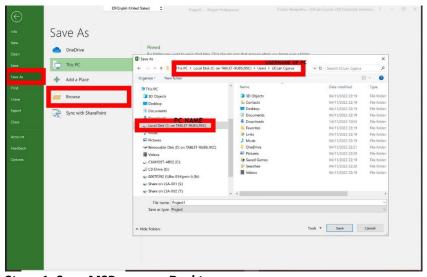
Enter your UCLan Cyprus credentials and then follow the on screen Authentication (Staff will see a DUO prompt and Students may be prompted with Microsoft Authentication).

# University of Central Lancashire

someone@example.com	
Password	

Once you are logged in you will have access to the Remote Access applications.





Stage 1: Save MSP on your Desktop

www.linkedin.com/learning/learning-microsoft-project-2/project-management-with-microsoft-				
project?u=42775724				
Simulation use of MSP (part 1)				
Think about how you would plan, deliver and close a small music festival in Cyprus.				
Explain how the various elements of a project plan are used to plan and deliver a project to meet time, cost and quality requirements. Describe how the project review process and communication management may be used to support this.				
2. Using the details from your network diagram, create a resource levelled, Microsoft Project schedule				
including named resources. Make sure that this shows the sequence of tasks, by whom they are done				
and the overall duration of the project (Use MSP to create the Gantt chart and include it in yourreport).				
You are expected to email your online plan to your tutor upon completion				
L7 - Planning and Scheduling with the use of MS Project (II)				
Simulation use of MSP (part 2)				

1.

Go back to Exercise 6.1, regarding the delivery and closure of a small music festival in Cyprus.

3. Explain how a network diagram and the Critical Path method are used to understand and illustrate the logical sequence of events during a project. Include a description of three different estimating techniques

and three different ways to reduce the duration of the project.

4. Using the work packages from your WBS create a network diagram showing the dependencies of each task

on another(s) and including the ES/EF, LS/LF and float time estimates. (Use Word, Visio, PowerPoint or

similar app to do this and include it in your report).

5. Using the details from your network diagram, create a resource levelled, Microsoft Project schedule

including named resources. Make sure that this shows the sequence of tasks, by whom they are done

and the overall duration of the project (Use MSP to create the Gantt chart and include it in yourreport).

You are expected to email your online plan to your tutor upon completion

# **L8 – Agile Project Management**

#### **VIDEO WATCH AND ONLINE CERTIFICATION**

Video Watch and Online Certification by the Project Management Institute (PMI)®

Agile at Work: Building Your Agile Team

https://www.linkedin.com/learning/agile-at-work-building-your-agile-team/success-as-an-agile-team-

2?u=42775724

Duration: 55m

Brief:

Agile is becoming the preferred project management approach for fast-moving projects. At the heart of any

agile project lies an agile team. In this course, the first in the Agile at Work series, expert Doug Rose uses a

21/28

sample project to show how to build your agile team. A team with an agile mindset is self-organised, collaborative, and accountable. He also outlines the common pitfalls inherent in the implementation: new teams need to watch for confusing their roles and understand the challenges with managing self-organized groups.

You are expected to email your online certificate to your tutor upon completion.

# **L9 – International Projects**

VIDEO WATCH AND ONLINE CERTIFICATION

Video Watch and Online Certification by the Project Management Institute (PMI)®

Project Management: International Projects

https://www.linkedin.com/learning/project-management-international-projects/we-do-as-the-leader-does?autoSkip=true&resume=false&u=42775724

Duration: 55m

ration. 33

Brief:

Excellent collaboration and communication are key ingredients that help project teams reach successful outcomes. This is particularly true when team members must interact in the additional complexity of multicultural settings and physical distance. By learning how people from other cultures understand things differently, you can enhance collaboration and communication in your international team—and improve your chances for positive project results

You are expected to email your online certificate to your tutor upon completion

# Task –identify risks

L10 - Risk Management and Project Close Up

Identify the major risks of UCLAN Cyprus's campus project.

- Find two major risks and one major opportunity of the project to build a campus in Cyprus /
  to organise a workshop. Please rate their severity and likelihood on a scale from 1 (very low)
   to 5 (very high)
  - 2. Identify the three most important risks of this project.

Share your results in our Teams group chat

Quiz

- 1. Which knowledge areas include processes related to closing?
  - a) project scope, schedule, cost, and quality management
  - b) project integration, scope, schedule, cost, and quality management
  - c) project integration and procurement management
  - d) project integration management

2. WI	nich of the following statements is false?
a)	Even though many projects are cancelled before completion, it
	is stillimportant to formally close any project.
b)	Closing includes releasing organizational resources.
c)	Closing often includes a final presentation and report.
d)	Closing does not include developing a transition plan.
3. Up	dating processes, policies, procedures, and knowledge bases is part of
a)	updating organizational process assets
b)	archival
c)	updating project documents
d)	lessons learned
4. An	swering questions such as, "What will you do differently on the next project based on your experience
work	ing on this project?" is part of a
a)	lessons-learned report
b)	customer acceptance/project completion form
c)	written notice of contract closure
d)	transition plan
14/1	ant is the most common reason for closing or terminating a project?
	nat is the most common reason for closing or terminating a project?
a)	addition
b)	integration

5.

c)	extinction
d)	starvation
6. Thi	is approach to project termination occurs when a project is ended by decreasing its budget or suddenly
endir	ng funding.
a)	addition
b)	integration
c)	extinction
d)	starvation
7. A_	is another name for a project close-out meeting .
a)	celebration
b)	post project
c)	final review
d)	post mortem
8	is the process of communicating knowledge that was developed by one person or in one
part o	of an organization to another person or other parts of an organization.
a)	Cross training
b)	Lessons learned transfer
c)	Knowledge transfer
d)	Transitional planning
,	
Wł	nich of the following was not a lesson learned from the Just-In-Time Training project?

9.

- a) good communications was instrumental to project success
- b) supplier partnerships were not very effective
- c) good planning paid off in execution
- d) the project steering committee was very helpful
- 10. Which of the following is not advice for closing projects or phases?
- a) You don't need to celebrate completing a project, especially if it did not go well.
- b) You should capture lessons learned as soon as possible, not just at the end of a project
- c) You should include tasks in the WBS for project closing
- d) You should assign resources to specific project closing tasks

# L11 - Best Practices in Project Management

#### Discussion Forum Question based on a real study

Review the project management best practices presented in this lecture or describe several practices used in an organisation you are familiar with. Select any two of them and write a short paper describing how each practice could help improve project management. Develop examples of how they could be applied to real project situations.

Post your answers and replies to other students to our dedicated space on Blackboard

Quiz

	res	sultsand that is established or proposed as a standard suitable for widespread adoption.		
		benchmark		
	a)	key performance indicator		
	b)	capability		
	c) d)	best practice		
	uj	best practice		
	2.		The Project Management Institute	
	init		to address the need to bridge the gap	
	bet	tween organisational strategy and successful projects.		
	a)	Organizational Project Management Maturity Model (OPM3®)		
	b)	Best Practices Report		
	c)	Alpha Project Managers Guide		
	d)	Project Management Process Maturity (PM)2 model		
3.	The	e Project Management Institute defines best practices in each of t	he following areas except	
	a)	projects		
	b)	programs		
	c)	project personnel		
	d)	portfolios		
4.	Org	ganisations can measure performance against their own past; ag	ainst peers; and, even better, against	
_		<del>.</del>		
۵۱	nra	ofito		
a) b)	-	ofits tential		
c)	rev	venues		
d)	rne	e future		

5.	Alp	na project managers represent the topof project managers based on performance.
	a.	1%
	b.	2%
	c.	5%
	b)	D. 10%
6.	Wh	ich of the following is a trait of alpha project managers?
	a)	They spend more time on execution than other project managers.
	b)	They spend more time in meetings than other project managers.
	c)	They send fewer emails than other project managers.
	d)	They make more money than other project managers.
		ich of the following is true regarding studies on the value of project management and project gement maturity?
	a)	The PMI-sponsored study by Ibbs found that companies with a high maturity level spend less money onproject management than companies with a low maturity.
	b)	The PMI-sponsored study by Thomas and Mullaly found that companies focus even more on measuringthe ROI or tangible benefits of project management.
	c)	The PMI-sponsored study by Crawford and Cook-Davies found that several industries have reached anoptimal level of organisational project management maturity.
	d)	The PriceWaterhouseCoopers study found that the higher the maturity level, the more difficulties theorganisation will have in implementing software.
	8.	What was the average maturity level (with a high of 5) reported by survey participants for high
	per	formingorganisations and low performing ones in the 2014 study by PM Solutions?

- a) 3.4 and 1.7
- b) 4.4 and 2.7
- c) 4.4 and 1.7
- d) 4.7 and 2.4
- 9. Which of the following is not a best practice listed in this text?
  - a) Determine how project, program, and portfolio management will work best in your own organization.
  - b) Involve key stakeholders—including shareholders, customers, and employees—in making major decisions.
  - c) Develop and follow a formal project selection process to ensure projects support business needs.
  - d) Don't spend time or money on projects before they officially start.

# L12 - Management and Leadership in Projects

#### **VIDEO WATCH AND ONLINE CERTIFICATION**

**Project Leadership** 

Video Watch and Online Certification by the Project Management Institute (PMI)®

https://www.linkedin.com/learning/project-leadership/the-importance-of-project-leadership?u=42775724

The success of projects depends on the presence of both leaders and managers. Both leadership andmanagement have distinct styles that significantly impact the project's culture and performance

Duration: 43m

You are expected to email your online certificate to your tutor upon completion.

# L13 - REVISION

(WEEK 13)

#### VIDEO WATCH AND QUIZ

Students must review all questions and practice exercises delivered as part of the module and practice on additional exercises available in the primary bibliographic material identified per study week.

Video Watch

https://www.linkedin.com/learning/project-management-foundations-15528659/what-is-a-project?resume=false&u=42775724

duration 3h

You are expected to email the results of the Quiz of each chapter to your tutor

ENTYΠΟ: 200.1.3

# Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που <u>Προσφέρεται Εξ</u> Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

# ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus			
Programme of Studies	MBA			
Module	AC4420 Financial Management			
Level	BSc	N	<b>ЛВА</b>	
			$\boxtimes$	
Teaching Language	English			
Delivery Method	Distance Learning	Conve	entional	
	$\boxtimes$	[		
Τύπος Μαθήματος	Compulsory	Optional		
	$\boxtimes$	[		
Number of lectures	Total: 13	Physical	Online: 13	
		presence:		
Number of assignments	N/A			
Final Mark	• 1 In-class test (30	0%)		
	• 1 Written Exam (	70 %)		
ECTS		10		

Author:	Vassos Koutsioundas
Editing:	Dr. Anthi Avloniti, Course Leader of MBA DL
	Dr. Loukas Glyptis, Chair of the Academic Standards and Quality Assurance Committee for the School of Business and Management

# **STUDY GUIDE**

2023-2024

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#### Introduction to the study guide and the module

The module AC4420 'Financial Management' is mandatory and is delivered through a distance learning, asynchronous, mode.

The module aims to enable the students master the principles and techniques within the financial and management accounting fields and to develop students' financial problem-solving skills in respect of both financial and management accounting issues, and to develop the ability to critically appraise accounting solutions to real world problems. Emphasis will be on developing cognitive skills via the critical analysis, interpretation and evaluation of information produced from the accounting process.

#### **Learning outcomes**

With the completion of the module, the students are expected to be able to:

- demonstrate an understanding of accounting concepts and regulations
- critically analyse and interpret published financial statements
- analyse and use relevant costing techniques in the management decision-making process
- evaluate the process of budget-setting and monitoring
- critically evaluate contemporary issues in accounting with regards to their potential impact on various stakeholders in their decision-making
- demonstrate a basic understanding of finance and its relation to real-life events.

#### Learning & Teaching strategy

Material will be introduced in the two-hour lecture per week and the two-hour workshop, supplemented by directed reading and discussion.

Students will be provided with topical examples from newspapers and journals, together with relevant case study material, in order to support the lecture material and to help link theory with current practice. To test their understanding of the delivered lecture material a weekly test will be provided.

In addition, students will be provided with a simulation exercise of setting up their own business and apply the concepts of accounting and finance based on scenarios that will be provided. The

weekly tests together with the simulation exercise will be the backbone of the students' first assessment.

The teaching strategy supports this in introducing in lectures discussion of assumptions and raising questions of applicability and validity. Group discussions forum not only develop technical problem-solving skills (in areas that are new to the students) but also encourage students to develop their critical skills.

Students will draw on and enhance graduate attributes of planning, communication, literacy and analysis and develop confidence and expand their intellectual ability through constructing argument and exploring perspectives. This will aid employability within general business management and project management specifically.

Students will be assessed by an 1-hour test, and by examination.

#### **Assessment strategy**

The module will be assessed using 2 components of assessed work as outlined below:

Assessed work 1: In-class test

An 1-hour unseen examination will be held during the examination period at the middle of the semester. This assessed work worth 30% of the final grade.

Assessed work 2: Written Exam

A 2-hour unseen examination will be held during the examination period at the end of the semester. This assessed work worth 70% of the final grade.

The multiple choice questions provided to students each week as part of their interactive activities will also be used in the two assessments.

#### Module pass requirements

The final grade for the module is the weighted average of the 1-hour test mark (30%) and of the examination mark (70%). To pass, a student must achieve an overall weighted average of 50% or above, aggregated across all assessments.

#### **Tutor contact details**

	Module leader/tutor
Name	Mr Vassos Koutsioundas



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

# DI.P.A.E. AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



Tel.	Mr Vassos Koutsioundas
Email	vkoutsioundas@uclan.ac.uk
Office hours:	Consult module's Blackboard space for the tutor's office hours during which the tutor could schedule an e-meeting upon request. You should email the tutor to arrange an online meeting during their office hours or at another convenient time.

#### Purpose of this study guide

The purpose of this study guide is to provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying, point to study material and provide self- assessment exercises to enhance students' knowledge and skills. The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists keywords, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material. Note that the study time, also includes the time required to attend the delivery of the online lectures and/or viewing the offline recordings. Moreover, there are self-assessment exercises per week that students should consider, so they can realize the material, build a critical thinking and skills relevant to the topics of study. The self-assessment exercise will be in three forms: a) a multiple choice test per lecture with usually four question, b) one or two questions from the recommended bibliography and c) [in most weeks] simulation scenarios where students can apply the concepts taught in their 'own' fictitious company. The Appendix includes indicative solutions for the self- assessment exercises. With regards to the recommended study time, this includes the lecture participation, the material study, searching for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It should also be noted that this study guide is to provide guidance to the students while they study and should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

The study guide is revised and updated at the beginning of each academic year, to include any new content and requirements, which are also uploaded on Blackboard.

# L1 – Introduction to accounting and finance (Week1)

#### Introduction

The purpose of this week's lecture is to introduce students to the module, to the assessed elements, and introduce the practical environment to utilize in the context of this module. This week's lecture will provide an introduction to the basic principles and practice of accounting and finance, what is a business and the types of business. Also, this week we will be covering fundamental aspects on accounting, including the role of accounting, the main users of accounting information. Specifically, we will be discussing the possible information requirements of each user.

Additionally, the financial literature classifies accounting into two broad categories: Financial Accounting and Management Accounting. Financial accounting is primarily concerned with the preparation of financial statements whereas management accounting covers areas such as interpretation of financial statements, cost accounting, etc. Both these types of accounting are examined in this module. An essential aspect of the discussion will be to realize the differences between financial and management accounting.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Explain the nature and roles of accounting and finance
- identify the main users of financial information and discuss their needs
- · distinguish between financial accounting and management accounting, and
- explain why an understanding of accounting and finance is likely to be relevant to you.

# **Keywords**

accounting	materiality	understandability
finance	comparability	accounting information system management accounting
financial management	verifiability	financial accounting
relevance	timeliness	Ç
faithful representation		

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

#### **Primary material**

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 1
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)

 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

- Elliott, B. and Elliott, J. (2022) Financial Accounting and Reporting, 20th edn, Pearson, Chapters 8, and 29.
   Financial accounting and reporting University of Central Lancashire (uclan.ac.uk)
- Melville, A. (2019) International Financial Reporting: A Practical Guide, 7th edn, Pearson, Chapters 5, 6 and 7.
   International Financial Reporting: A Practical Guide- University of Central Lancashire (uclan.ac.uk)

#### Key Journals articles

- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- www.accaglobal.com
- http://www.bbc.co.uk/news/business/

#### **Self-assessment exercises**

#### Week 1 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. The activities listed below fall exclusively within corporate financial decision-making, with the exception of:
  - a) How much should be invested?
  - b) How much is to be allocated to the marketing budget?
  - c) Which type of finance should be chosen?
  - d) How much finance should be raised?
- 2. .....is concerned with the collection, measurement and communication of events in financial terms.
  - a) Management
  - b) Business
  - c) Accounting
  - d) Finance
- 3. The main purpose of management accounting and reporting is to:
  - a) provide information for internal decision making
  - b) set budgets against which actual costs can be compared
  - c) plan the activities of an enterprise in the future
  - d) determine costs of production processes
- 4. The following are recognised as objectives of financial accounting EXCEPT:
  - a) To offer information on the financial performance and position of the reporting entity, which proves valuable for current and prospective investors in evaluating the management's stewardship and making informed economic decisions.
  - b) To measure the likely risks and returns associated with an enterprise
  - c) To support informed judgments and decisions by users.
  - d) To provide quantitative information, predominantly of a financial nature, about economic entities with the aim of aiding in economic decision-making and facilitating informed choices among alternative courses of action.

- 5. Accounting can be seen as part of the total..... system of the business.
  - a) information
  - b) computer
  - c) financial
  - d) commercial

# **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their understanding of the different information needs that financial accounting and its end product, i.e. financial statements, satisfy.

**Required**: Financial accounting statements are destined to be used by users such as the following:

Shareholders	
Managers	
Creditors	
Employees	
Government agencies	
The general public	

#### Simulation exercise

The simulation exercise will allow students to starting thinking about creating their own business and subsequently apply various accounting concepts taught is this real-life situation relevant to them.

Week 1:

You are to choose a name for your new business, the objectives and values. Write down the reason for your choice of company name, goals and values.

# Recommended study time

Approx. 10 hours

# L2 – Measuring and reporting financial position (Week 2)

#### Introduction

The purpose of this week's lecture is to provide an overview of three major financial statements that form the core of financial accounting. It will examine the relationship between these financial statements and consider how each one contributes towards an assessment of the overall financial position and performance of a business. It shall also examine how these three statements are linked.

Following this overview, a more detailed examination of one of these financial statements: the statement of financial position, will be undertaken. The key elements of this statement will be identified and consider the interrelationships between them. The main accounting conventions, or rules, that are followed when preparing the statement of financial position are also considered. As presented in Lecture 1 the accounting information should be useful to those seeking to make decisions about a business. This lecture is concluded by considering the value of the statement of financial position for decision-making purposes.

# **Learning outcomes**

After completing this week's study, you will be able to:

- explain the nature and purpose of the three major financial statements;
- prepare a simple statement of financial position and interpret the information that it contains;
- discuss the accounting conventions underpinning the statement of financial position; and
- discuss the uses and limitations of the statement of financial position for decision-making purposes.

# **Keywords**

statement of cash flows	equity	intangible asset	non-current (fixed) asset
income statement	final accounts	liability	property, plant and equipment
statement of financial position	claims	trade payable	current liability
inventories	trade receivable	reporting period	
assets	tangible asset	current asset	

Reference the following bibliography to study in depth this week's material:

# **Bibliography**

# **Primary material**

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 2

(An ebook version is also available via the library search, and exercises will be set from the textbook.

All students are expected to have on-going access to this text)

Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

- Audit Committee Institute (2023) Insights into IFRS, An Overview, Sections 3.2, 3.3, 3.8 and 3.10 www.kpmg.com.
- Elliott, B. and Elliott, J. (2022) Financial Accounting and Reporting, 20th edn, Pearson, Chapters 15, 17 and 18.

Financial accounting and reporting - University of Central Lancashire (uclan.ac.uk)

 Melville, A. (2019) International Financial Reporting: A Practical Guide, 7th edn, Pearson, Chapters 5, 6 and 7.

International Financial Reporting: A Practical Guide- University of Central Lancashire (uclan.ac.uk)

# Key Journals articles

- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- www.accaglobal.com
- http://www.bbc.co.uk/news/business/

#### **Self-assessment exercises**

#### Week 2 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. What criteria must a specific item meet to be recognised as an asset for accounting purposes?
  - (a) A probable future benefit
  - (b) a perfect shape
  - (c) must be intangible
  - (d) must be movable
- 2. Which of the following CANNOT be a non-current liability?
  - (a) A bank loan repayment in 6 months' time
  - (b) A property mortage repayment in 6 years' time
  - (c) A loan from a friend payable in 5 years' time
  - (d) A bank loan payable in 5 years' time
- 3. Which ONE of the following best describes a non-current asset?
  - (a) It does not meet the definition of a current asset
  - (b) It will be held for more than a year
  - (c) It has a physical substance
  - (d) It is held for a fixed term
- 4. Of the following user needs, which ONE is NOT addressed by a statement of financial position, despite its goal to cater to various user requirements?
  - (a) Disclose the way the profit for the period was generated
    - (b) Assess the relationship between assets and claims
    - (c) Provide a basis for assessing the wealth of the business
    - (d) Assess how business was financed and how funds were deployed.

# **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their ability to prepare a statement of financial position.

#### 2.4 The following is a list of the assets and claims of Crafty Engineering as at 30 June last year:

	£000
Trade payables	86
Motor vehicles	38
Long-term borrowing (loan from Industrial Finance	
Company)	260
Equipment and tools	207
Short-term borrowings	116
Inventories	153
Property	320
Trade receivables	185

#### Required:

- (a) Prepare the statement of financial position of the business as at 30 June last year from the information provided, using the standard layout. (Hint: There is a missing item that needs to be deduced and inserted.)
- (b) Discuss the significant features revealed by this financial statement.

#### Simulation exercise

The simulation exercise will allow students to prepare a statement of financial position for their chosen business based on a given scenario.

#### Week 2:

In lecture 1 you are asked to write about your chosen business, the objectives, values, and discuss the bases with your tutor. This week, it is assumed that you have the following assets and liabilities:

- 1. Long term Bank loan: £85,000; Property: £100,000; Cash: £30,000; Business car: £20,000; Equipment and tools: £15,000
- Task: Prepare the opening Financial Position based on the above assets.
- 2. During the year your business had the following activities: Inventories worth £35,000 were purchased of which £18,000 in cash and £17,000 on credit. Tools worth £6,000 were purchased on cash. From the inventories acquired £25,000 were sold for £90,000, £30,000 on credit and the remaining on cash. Loans of £12,000 were repaid.
- Task: Following the above activities prepare a new business' statement of financial position preparation.

Note: Start the exercise, by listing the key cost associated to your business in your books and consider a full analysis of how the fund would be used in your business should be prepared.

# Recommended study time

Approx. 12 hours

# L3 – Measuring and reporting financial performance (Week3)

## Introduction

The purpose of this week's lecture is to continue the examination of the major financial statements by looking at the income statement. This statement was briefly considered in lecture 2, but it will be examined in more detail in this lecture. We shall see how it is prepared and how it links with the statement of financial position. We shall also consider some of the key measurement problems to be faced when preparing the income statement.

## **Learning outcomes**

After completing this week's study, you will be able to:

- 3. discuss the nature and purpose of the income statement;
- 4. prepare an income statement from relevant financial information and interpret the information that it contains;
- 5. discuss the main recognition and measurement issues that must be considered when preparing the income statement; and
- 6. explain the main accounting conventions underpinning the income statement.

## **Keywords**

profit	profit for the period	accruals accounting	first in, first out (FIFO)
revenue	matching convention	amortisation	last in, first out (LIFO)
expense	accrued expense	residual value	weighted average cost
			(AVCO)
cost of sales	prepaid expense	straight-line method	consistency convention
gross profit	materiality convention	carrying amount	irrecoverable debt
operating profit	accruals convention	reducing-balance method	

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

**Primary material** the following bibliography to study in depth this week's material:

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 3
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)

 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### Complementary material

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

- Audit Committee Institute (2023) Insights into IFRS, An Overview, Sections 3.8 and 4.2 www.kpmg.com.
- Elliott, B. and Elliott, J. (2022) Financial Accounting and Reporting, 20th edn, Pearson, Chapters 2, 9, 18 and 19.
   Financial accounting and reporting University of Central Lancashire (uclan.ac.uk)
- Melville, A. (2019) International Financial Reporting: A Practical Guide, 7th edn, Pearson, Chapters 10, and 13.
   International Financial Reporting: A Practical Guide- University of Central Lancashire (uclan.ac.uk)

#### **Key Journals articles**

- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times <a href="http://www.ft.com/home/uk">http://www.ft.com/home/uk</a>

#### Websites

- https://www.icaew.com/
- www.accaglobal.com

## Self-assessment exercises

#### Week 3 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. The conventional view of depreciation is that it is necessary because:
  - a) it will assist in presenting a conservative figure of profit for the year
  - b) a portion of the cost of non-current assets is matched with the income they help generate
  - c) non-current assets can be reported at the amount they are worth
  - d) funds need to be set aside to replace the asset
- 2. Which ONE of the following is the correct definition of the profit, or loss, for a period?
  - a) The difference between receipts and payments
  - b) The difference between receipts and expenses
  - c) The difference between revenues and expenses
  - d) The difference between revenues and payments
- 3. Tom Limited reported the following income statement figures for the fiscal year ending on May 31, 202X: Cost of sales: £157,000, Revenue: £252,000, Distribution and selling costs: £30,000, Administration expenses: £25,000. What is Ellie Limited's operating profit for the year ending on May 31, 202X?
  - a) £37,000
  - b) £65,000
  - c) £40,000
  - d) £95,000
- 4. If sales amount to £200,000, with an opening inventory of £20,000, purchases for the year totalling £100,000, and a gross profit of £110,000, what is the closing inventory?
  - a) £10,000
  - b) £90,000
  - c) £80,000
  - d) £30,000

## **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their ability to prepare an income statement and a statement of financial position.



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΉΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΉΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΉΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



3.4 The following is the statement of financial position of TT and Co. (see Self-assessment question 3.1 on pages 105–106) at the end of its first year of trading:

#### Statement of financial position as at 31 December 2016

ASSETS	£
Non-current assets	
Property, plant and equipment	
Delivery van at cost	12,000
Depreciation	(2,500)
	9,500
Current assets	
Inventories	65,000
Trade receivables	19,600
Prepaid expenses*	5,300
Cash	750
	90,650
Total assets	100,150
EQUITY AND LIABILITIES	
Equity	
Original	50,000
Retained earnings	26,900
	76,900
Current liabilities	
Trade payables	22,000
Accrued expenses <sup>†</sup>	1,250
	23,250
Total equity and liabilities	100,150

<sup>\*</sup>The prepaid expenses consisted of rates (£300) and rent (£5,000).

#### During 2017, the following transactions took place:

- 1 The owners withdrew £20,000 of equity as cash.
- 2 Premises continued to be rented at an annual rental of £20,000. During the year, rent of £15,000 was paid to the owner of the premises.
- 3 Rates on the premises £1,300 were paid for the period 1 April 2017 to 31 March 2018.
- 4 A second delivery van was bought on 1 January 2017 for £13,000. This is expected to be used in the business for four years and then to be sold for £3,000.
- 5 Wages totalling £36,700 were paid during the year. At the end of the year, the business owed £860 of wages for the last week of the year.
- 6 Electricity bills for the first three quarters of the year and £620 for the last quarter of the previous year were paid totalling £1,820. After 31 December 2017, but before the financial statements had been finalised for the year, the bill for the last quarter arrived showing a charge of £690.
- 7 Inventories totalling £67,000 were bought on credit.
- 8 Inventories totalling £8,000 were bought for cash.
- 9 Sales revenue on credit totalled £179,000 (cost £89,000).
- 10 Cash sales revenue totalled £54,000 (cost £25,000).
- 11 Receipts from trade receivables totalled £178,000.
- 12 Payments to trade payables totalled £71,000.
- 13 Van running expenses paid totalled £16,200.

The business uses the straight-line method for depreciating non-current assets.

#### Required:

Prepare a statement of financial position as at 31 December 2017 and an income statement for the year to that date.

<sup>&</sup>lt;sup>†</sup>The accrued expenses consisted of wages (£630) and electricity (£620).

## Simulation exercise

The simulation exercise will allow students to prepare a statement of financial performance for their chosen business based on a given scenario.

Following on the activities of your business from the previous lecture more details for the trading activities of your business is provided.

Specifically, the total revenue for the first year of operation is £90,000, cost of sales is £25,000, operating expenses £35,000, depreciation £10,000 (£5,000 for property, £2,000 for equipment and tools and £3,000 for motor vehicles) was charged, interest paid is £800 and tax paid is 20% on profits.

**Task:** Based on the above prepare an income statement and a revised statement of financial position for your business.

# Recommended study time

Approx. 12 hours

# L4 – Measuring and reporting cash flows (Week 4)

## Introduction

This week's lecture is devoted to the first major financial statement identified in Lecture 2: the statement of cash flows.

Cash is the "lifeblood" of a business. Without cash, a business cannot pay its employees or its suppliers and will soon fail. Therefore, a financial statement which focuses on the flows of cash in and out of the business (and draws attention to any cash problems) serves a useful purpose. This is why *IAS7 Statement of Cash Flows* requires that all entities which comply with international standards should produce a statement of cash flows.

It might be thought that a profitable business would never run out of cash, but this is not the case. A business might report a healthy profit in its financial statements and yet suffer severe cash problems. Some of the reasons for this apparent paradox are as follows:

- (a) Profits are computed on the accruals basis. Therefore, revenue shown in the statement of comprehensive income might not be actually received for a considerable period of time, especially if the business offers lengthy credit to its customers.
- (b) The purchase of non- current assets has an immediate cash impact but filters through to the statement of comprehensive income only gradually, in the form of depreciation.
- (c) A business which builds up large inventories (perhaps in the hope of attracting more customers) usually has to pay for those inventories fairly quickly, but their cost has no impact on reported profit until they are sold at some time in the future.
- (d) The repayment of a loan takes cash out of the business but has no direct effect on profit. The same applies to the payment of a dividend.

For reason s such as these, the size of an entity's profit is an unreliable indicator of its cash situation. A statement of cash flows is needed, and the purpose of this chapter is to explain how this statement should be prepared in accordance with the requirements of IAS7.

The statement of cash flows is being considered after the lecture on limited companies because the format of the statement requires an understanding of this type of business. Most larger limited companies are required to provide a statement of cash flows for shareholders and other users as part of their annual financial reports.

# **Learning outcomes**

After completing this week's study, you will be able to:

- discuss the crucial importance of cash to a business;
- explain the nature of the statement of cash flows and discuss how it can be helpful in identifying cash flow problems;
- prepare a statement of cash flows; and
- interpret a statement of cash flows.

# **Keywords**

direct method	working capital
indirect method	

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about the two financial statements, namely balance sheet and the income statement.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 5
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)

 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to

get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

- Elliott, B. and Elliott, J. (2022) Financial Accounting and Reporting, 20th edn, Pearson, Chapter 5
   Financial accounting and reporting University of Central Lancashire (uclan.ac.uk)
- Audit Committee Institute (2023) Insights into IFRS, An Overview, Section 2.3 www.kpmg.com.
- Melville, A. (2019) International Financial Reporting: A Practical Guide, 7th edn, Pearson, Chapter 16 International Financial Reporting: A Practical Guide- University of Central Lancashire (uclan.ac.uk)

## **Key Journals articles**

- Accountancy Age (register on line free) <a href="http://www.accountancyage.com/">http://www.accountancyage.com/</a>
- British Accounting Review http://www.sciencedirect.com/science/journal/08908389
- Financial Times http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- www.accaglobal.com

#### Self-assessment exercises

#### Week 4 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. Which ONE of the following statements is a accurate?
  - a) Rising inventories will lead to a positive cash flow.
  - b) An increase in trade payables will cause a positive cash flow
  - c) An increase in trade receivables will cause a positive cash flow
  - d) Investing in non-current assets will result in a positive cash flow.
- 2. Besides cash flows from operating activities, the primary categories on the statement of cash flows include cash flows from... and cash flows from... activities.
  - a) financial investment: taxation
  - b) non-operating: financing
  - c) investing: non-operating
  - d) investing: financing

- 3. Starting with the profit before taxation (after interest), it is necessary to ...... the annual depreciation charge when working towards cash flows from operating activities.
  - a) ignore
  - b) reduce
  - c) add
  - d) subtract

# **Practice Question:**

As part of these exercises, students will have the opportunity to self-assess their knowledge in preparing cash flow statements.

5.2 The following information has been taken from the financial statements of Juno plc for last year and the year before last:

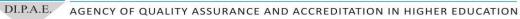
	Year before last	Last year
	£m	£m
Operating profit	156	187
Depreciation charged in arriving at operating profit	47	55
Inventories held at end of year	27	31
Trade receivables at end of year	24	23
Trade payables at end of year	15	17

#### Required:

What is the figure for cash generated from the operations for Juno plc for last year?



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ





5.4 Chen plc's income statements for the years ended 31 December 2016 and 2017 and the statements of financial position as at 31 December 2016 and 2017 are as follows:

## Income statements for the years ended 31 December 2016 and 2017

	2016	2017
	£m	£m
Revenue	207	153
Cost of sales	(101)	(76)
Gross profit	106	77
Distribution expenses	(22)	(20)
Administrative expenses	(20) 64	(28)
Operating profit	64	29
Interest payable	(4)	(4)
Profit before taxation	60	25
Taxation	(16)	(6)
Profit for the year	44	19

#### Statements of financial position as at 31 December 2016 and 2017

	2016	2017
	£m	£m
ASSETS		
Non-current assets		
Property, plant and equipment		
Land and buildings	110	130
Plant and machinery	62	56
	172	186
Current assets		
Inventories	24	25
Trade receivables	26	25
Cash at bank and in hand	19	
	69	50 236
Total assets	241	236
EQUITY AND LIABILITIES		
Equity		
Called-up ordinary share capital	100	100
Retained earnings	56	57
	156	157
Non-current liabilities		
Borrowings – Ioan notes (10%)	40	40
Current liabilities		
Borrowings (all bank overdraft)	_	2
Trade payables	37	34
Taxation	8	3
	45	39
Total equity and liabilities	241	236

#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

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Included in 'cost of sales', 'distribution expenses' and 'administrative expenses', depreciation was as follows:

	2016	2017
	£m	£m
Land and buildings	6	10
Plant and machinery	10	12

There were no non-current asset disposals in either year. The amount of cash paid for interest equalled the expense in each year. Dividends were paid totalling  $\mathfrak{L}18$  million in each year.

#### Required:

Prepare a statement of cash flows for the business for 2017.

## Simulation exercise

The simulation exercise will allow students to prepare a cash flow statement for their chosen business based on the income statement and the opening and year end statement of financial position.

**Task:** Based on the income statement and the opening and year end statement of financial position of your business as prepared in lecture 3 prepare a cash flow statement.

# Recommended study time

Approx. 12 hours

# L5 – The concept of groups and group accounts (Week 5)

## Introduction

The purpose of this week's lecture is to discuss the concept of groups and group accounts. The accounting standards require a Group, i.e. an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements; sets out the accounting requirements for the preparation of consolidated financial statements.

Consolidated financial statements are supposed to show how groups as a whole have dealt with the world outside. Transactions which are between group entities do not represent dealings with the outside world. When all of the separate accounts of the companies within the group are put together such items need to be deleted and will not appear in the consolidated financial statements of the group.

This therefore is the principle of cancellation. Similar things in different financial statements within the group should be cancelled out to arrive at the group's financial statements.

Students will learn how to consolidate financial statements where a subsidiary is wholly owned or partially owned, how to calculate and include goodwill in the consolidated statement of financial position, and how to consolidate subsidiaries with reserves.

## **Learning outcomes**

After completing this week's study, you will be able to:

- explain the principle of cancellation that is adopted when preparing consolidated financial statements
- explain why goodwill may arise on consolidation
- calculate goodwill and include it in the consolidated statement of financial position
- explain what is meant by the term 'non-controlling interest'

## **Keywords**

Group accounts	Consolidation	Goodwill
Subsidiary	Parent	

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

- Melville, A. (2019) International Financial Reporting: A Practical Guide, 7th edn, Pearson, Chapters 18 and 19.
  - International Financial Reporting: A Practical Guide- University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

- Elliott, B. and Elliott, J. (2022) Financial Accounting and Reporting, 20th edn, Pearson, Chapters 20, 21, and 22.
  - Financial accounting and reporting University of Central Lancashire (uclan.ac.uk)

#### **Key Journals articles**

- Accountancy Age (register on line free) <a href="http://www.accountancyage.com/">http://www.accountancyage.com/</a>
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- ACCA Preparing simple consolidated financial statements

## Self-assessment exercises with answers

#### Week 5 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. Stone Plc owns 100% of the share capital of the following companies. The directors are unsure of whether the investments should be consolidated. In which of the following circumstances would the investment NOT be consolidated?
  - a) Stone Plc has decided to sell its investment in Paper Ltd as it is loss-making; the directors believe its exclusion from consolidation would assist users in predicting the group's future profits
  - b) Profit Ltd is a bank and its activity is so different from the engineering activities of the rest of the group that it would be meaningless to consolidate it
  - c) Foreign Ltd located in a country where local accounting standards are compulsory, and these are not compatible with IFRS Standards used by the rest of the group
  - d) Army Ltd is located in a country where a military coup has taken place and Stone Plc has lost control of the investment for the foreseeable future.
- 2. When a bargain purchase arises, IFRS 3 Business Combinations requires that the amounts involved in calculating the bargain purchase should first be reassessed. When the amount of the bargain purchase has been confirmed, how should it be accounted for?
  - a) Charged as an expense in profit or loss
  - b) Capitalised and presented under non-current assets
  - c) Credited to profit or loss
  - d) Shown as a deduction from non-current assets
- 3. On 31 December 20X8, Mars acquired four million of the five million £1 ordinary shares of Moon, paying £10 million in cash. On that date, the fair value of Moon net assets was £7.5 million. Calculate the goodwill arising on acquisition assuming Mars has elected to value the non-controlling interest at acquisition at its proportionate share of the fair value of the subsidiary's identifiable net assets.
  - a) £5,000
  - b) £6,000
  - c) £4,000
  - d) £7,000
- 4. White Ltd acquired 70% of the 200,000 equity shares of Black Ltd, its only subsidiary, on 1 April 20X8 when the retained earnings of Black Ltd were £450,000. The carrying amounts of Black Ltd's net assets at the date of acquisition were equal to their fair values. White Ltd measures non-controlling interest at fair value, based on share price. The market value of Black Ltd shares at the date of acquisition was £1.75. At 31 March 20X9 the

retained earnings of Black Ltd were £750,000. At what amount should the non-controlling interest appear in the consolidated statement of financial position White Ltd at 31 March 20X9?

- a) £190,000
- b) £195,000
- c) £185,000
- d) £180,000

## **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their knowledge in issues related to consolidation accounts.

#### Question 6

Rouge plc acquired 100% of the common shares of Noir plc on 1 January 20X0 and gained control. At that date the statements of financial position of the two companies were as follows:

	Rouge	Noir
	£ million	£million
ASSETS		
Non-current assets	100	60
Property, plant and equipment		
Investment in Noir	132	
Current assets	80	70
Total assets	<u>312</u>	<u>130</u>
EQUITY AND LIABILITIES		
Ordinary €1 shares	200	60
Retained earnings	52	40
	252	100
Current liabilities	60	30
Total equity and liabilities	<u>312</u>	<u>130</u>

Note: The fair values are the same as the book values.

#### Required:

Prepare a consolidated statement of financial position for Rouge plc as at 1 January 20X0.

#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ





#### Question 2

Summer plc acquired 60% of the equity shares of Winter Ltd on 30 September 20X1 and gained control. At the date of acquisition, the balance of retained earnings of Winter was €35,000.

At 31 December 20X1 the statements of financial position of the two companies were as follows:

ASSETS	Summer €000	Winter €000
Non-current assets		
Property, plant and equipment	200	200
Investment in Winter	141	
Current assets	100	140
Total assets	441	340
EQUITY AND LIABILITIES		
Equity shares	200	180
Retained earnings	161	40
	361	220
Current liabilities	80	120
Total equity and liabilities	441	340

#### Notes:

- I The fair value of the non-controlling interest at the date of acquisition was £92,000. The non-con-trolling interest is to be measured using Method 2. The fair values of the identifiable net assets of Winter at the date of acquisition were the same as their book values.
- 2 There have been no movements on share capital since 30/9/20X1.

#### Required:

Prepare a consolidated statement of financial position for Summer plc as at 31 December 20X1.

## Simulation exercise

No simulation exercise for this lecture.

# Recommended study time

Approx. 12 hours

# L6 – Analysing and interpreting financial statements (Week 6)

## Introduction

So far, this course has been concerned almost entirely with the preparation of financial statements. In this lecture, we turn our attention to the interpretation of the information that is contained in these statements. The IASB Conceptual Framework (see lecture 1) states that the objective of financial reporting is to provide users with information which will help them make decisions about providing resources to an entity. Confronted with a set of financial statements, users will need to analyse the information provided and draw some conclusions about the financial performance and financial position of the entity concerned. There are several ways in which financial statements might be analysed. In practice, one of the most important methods is the technique referred to as ratio analysis, which involves the calculation of a number of accounting ratios. The purpose of this lecture is to introduce the most frequently- used accounting ratios and to explain the significance of each ratio. We shall also take a look at the problems encountered when applying financial ratios. The only ratio which is addressed by an international standard (IAS33) is the earnings per share ratio. In addition, financial ratios can be very helpful to managers in a wide variety of decision areas, such as profit planning, working capital management and financial structure.

## **Learning outcomes**

After completing this week's study, you will be able to:

- identify the major categories of ratios that can be used for analysing financial statements;
- calculate key ratios for assessing the financial performance and position of a business;
- explain the significance of the ratios calculated; and
- discuss the limitations of ratios as a tool of financial analysis.

## **Keywords**

return on ordinary shareholders' funds ratio (ROSF)	current ratio
return on capital employed ratio(ROCE)	acid test ratio
operating profit margin ratio	financial gearing
gross profit margin ratio	gearing ratio
average inventories' turnover period ratio	interest cover ratio
average settlement period for trade receivables ratio	dividend payout ratio
average settlement period for trade payables ratio	dividend cover ratio
sales revenue to capital employed ratio	dividend yield ratio
overtrading	dividend per share
sales revenue per employee ratio	earnings per share (EPS)
	price/earnings ratio

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about analysing and interpreting financial statements.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 6
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)
 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

Elliott, B. and Elliott, J. (2022) Financial Accounting and Reporting, 20th edn, Pearson, Chapters 26 and 27
 Financial accounting and reporting - University of Central Lancashire (uclan.ac.uk)

## Key Journals articles

- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- <a href="https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f2/technical-articles/ratio-analysis.html">https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f2/technical-articles/ratio-analysis.html</a>

## **Self-assessment exercises**

#### Week 6 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

1. The financial statements of Books limited for 2024 include the following:

	(£'000)
Statement of Financial Position	
Share capital	1,000
Reserves	7,100
Non-current liabilities	4,200
Income statement	
Revenue	17,610
Gross profit	12,600
Profit before interests and tax	2,520
Profit for the year	1,890

Compute the Return on Capital Employed for the year.

- a) 20.49%
- b) 15.37%
- c) 31.11%
- d) 23.33%

2. The financial statements of Books limited for 2023 include the following:

	(£'000)
Statement of Financial Position	
Share capital	1,000
Reserves	6,900
Non-current liabilities	3,150
Income statement	
Revenue	15,390
Gross profit	9,450
Profit before interests and tax	2,310
Profit for the year	1,733

Compute the Operating Profit Margin for the year.

- a) 15%
- b) 11.26%
- c) 61.4%
- d) 21.94%

3. The financial statement of Pencil plc for 2024 includes the following:

	2024
Statement of financial position Share capital	2,000
Reserves	10,700
Non-current liabilities	5,000
Income statement	
Revenue	20,000
Gross profit	14,500
Profit before interest and tax	3,050
Profit for the year	2,150

## What is the Return on shareholders' fund for the year?

- a) 16.93%
- b) 20.09%
- c) 12.15%
- d) 30.71%

## **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their knowledge in the calculation and interpretation of ratios.

**6.1** Set out below are ratios relating to three different businesses. Each business operates within a different industrial sector.

Ratio	A plc	B plc	C plc
Operating profit margin	3.6%	9.7%	6.8%
Sales to capital employed	2.4 times	3.1 times	1.7 times
Average inventories turnover period	18 days	N/A	44 days
Average settlement period for trade receivables	2 days	12 days	26 days
Current ratio	0.8 times	0.6 times	1.5 times

## Required:

State, with reasons, which one of the three businesses is:

- (a) a holiday tour operator;
- (b) a supermarket chain;
- (c) a food manufacturer.



6.5 The financial statements for Harridges plc are given below for the two years ended 31 December for each of the last two years. Harridges plc operates a large chain of retail stores.

# Harridges Ltd Income statement for the years ended 31 December

	Year before last	Last year
	£m	£m
Sales revenue	2,600	3,500
Cost of sales	<u>(1,560</u> )	(2,350)
Gross profit	1,040	1,150
Wages and salaries	(320)	(350)
Overheads	(260)	(200)
Depreciation	(150)	(250)
Operating profit	310	350
Interest payable	(50)	(50)
Profit before taxation	260	300
Taxation	(105)	(125)
Profit for the year	155	<u>175</u>



## Statement of financial position as at 31 December

	Year before last £m	Last year £m
ASSETS		
Non-current assets		
Property, plant and equipment	<u>1,265</u>	1,525
Current assets		
Inventories	250	400
Trade receivables	105	145
Cash at bank	380	115
	735	660
Total assets	2,000	2,185
EQUITY AND LIABILITIES		
Equity		
Share capital: £1 shares fully paid	490	490
Share premium	260	260
Retained earnings	_350	_450
	<u>1,100</u>	1,200
Non-current liabilities		
Borrowings – 10% loan notes	500	500
Current liabilities		
Trade payables	300	375
Other payables	100	110
	400	485
Total equity and liabilities	2,000	<u>2,185</u>

Dividends were paid on ordinary shares of £65 million and £75 million in respect of the year before last and last year, respectively.

## Required:

- (a) Choose and calculate eight ratios that would be helpful in assessing the performance of Harridges plc. Use end-of-year values and calculate ratios for both years.
- **(b)** Using the ratios calculated in (a) and any others you consider helpful, comment on the business's performance from the viewpoint of a prospective purchaser of a majority of shares.

## Simulation exercise

The simulation exercise will allow students to calculate ratios for their chosen business based on the income statement and the year-end statement of financial position.

**Task:** Based on the income statement and the year-end statement of financial position of your business as prepared in lecture 3 calculate the following ratios:

- 1. Profitability ratios
  - 1.1. Return on ordinary shareholders' funds (ROSF)
  - 1.2. Return on capital employed (ROCE)
  - 1.3. Operating profit margin
  - 1.4. Gross profit margin
- 2. Efficiency ratios
  - 2.1. Average inventories turnover period
  - 2.2. Average settlement period for trade receivables
- 3. Short-Term Liquidity Ratios
  - 3.1. Current ratio
  - 3.2. Quick ratio

# Recommended study time

Approx. 15 hours

# L7 – The relevance and behaviour of costs (Week 7)

## Introduction

Up to the previous lecture of this course we dealt with aspects of financial accounting. For the next three lectures we deal with 'management accounting' or 'managerial accounting'. This is concerned with providing information to help managers run a business in a more efficient and effective way. The information provided should help them make plans for the future and ensure that the plans are actually achieved.

In this lecture, we shall consider the relevance of costs when making management decisions. Not all costs (and revenues) that appear to be linked to a business decision may actually be relevant to it. It is important to distinguish between costs (and revenues) that are relevant and those that are not. Failure to do this can lead to poor decisions being made. We shall also consider the behaviour of cost in the face of changes in activity. Broadly, cost can be analysed between an element that is fixed in relation to the volume of activity and an element that varies according to the volume of activity. We shall see how knowledge of the way in which costs behave can be used to make short-term decisions and to assess risk.

The principles outlined here will provide the basis for much of the rest of this module.

## **Learning outcomes**

After completing this week's study, you will be able to:

- define and distinguish between relevant costs, outlay costs and opportunity costs;
- distinguish between fixed cost and variable cost and use this distinction to explain the relationship between cost, volume and profit;
- deduce the break-even point for some activity and discuss its usefulness; and
- demonstrate the way in which marginal analysis can be used when making short-term decisions.

## **Keywords**

cost	fixed cost	contribution per unit
historic cost	variable cost	contribution margin ratio
opportunity cost	stepped fixed cost	margin of safety
relevant cost	semi-fixed (semi-variable) cost	operating gearing
past cost	break-even analysis	marginal analysis
outlay cost	break-even chart	marginal cost
irrelevant cost	break-even point (BEP)	outsourcing

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about the relation between costs volume of activity and profit and how to calculate the break even point.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 7
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)
 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

Drury C. (2021) Management and Cost Accounting, 11<sup>th</sup> edn, Cengage, Chapters 2, 8
 Management and Cost Accounting - University of Central Lancashire (uclan.ac.uk)

#### **Key Journals articles**

- ICAEW Traditional Vs. Contemporary Management Accounting Practices
- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review http://www.sciencedirect.com/science/journal/08908389
- Financial Times http://www.ft.com/home/uk

## Websites

- https://www.icaew.com/
- www.accaglobal.com

## Self-assessment exercises

#### Week 7 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. Which of the following is true about variable costs?
- a) Variable costs vary on a per unit basis
- b) Variable costs vary in total across changes in activity
- c) Variable costs are constant in total across changes in activity
- d) None of the above
- 2. Assuming a linear cost relationship, if fixed costs are £1,200 and variable costs are £5 per unit, what is the total cost for 600 units?
  - a) £1,200
  - b) £3,000
  - c) £4,200
  - d) £5,600
- 3. Which of the following costs is most likely to have a cost behaviour pattern described as follows: initially, a fixed cost up to an activity level of 1,000 units, with a variable cost thereafter that falls from £0.10 to £0.08 per unit at 2,000 units?
  - a) Photocopying equipment with a fixed hire charge plus a reducing charge per unit.
  - b) Payment of wages, which is fixed for a minimum output quantity after which a bonus per unit is paid which reduces above a certain output level to a smaller bonus per unit.
  - c) Royalty payment per unit, which reduces after 2,000 units.
  - d) Material cost of £0.12 per unit for the first 1,000 units, followed by £0.10 per unit up to 2,000 units and £0.08 per unit thereafter.
- 4. Which of the following best describes a fixed cost?
  - a) A cost representing a fixed proportion of total costs
  - b) A cost that remains at the same level up to a particular level of output
  - c) A cost directly related to output.
  - d) A cost that remains at the same level when output increases.

## **Practice Question:**

## As part of this exercise, students will have the opportunity to self-assess their knowledge in costing.

**7.3** A hotel group prepares financial statements on a quarterly basis. The senior management is reviewing the performance of one hotel and making plans for next year.

The managers have in front of them the results for this year (based on some actual results and some forecasts to the end of this year):

Quarter	Sales revenue	Profit/(loss)
	£000	£000
1	400	(280)
2	1,200	360
3	1,600	680
4	800	40
Total	4,000	800

The total estimated number of guests (guest nights) for this year is 50,000, with each guest night being charged at the same rate. The results follow a regular pattern; there are no unexpected cost fluctuations beyond the seasonal trading pattern shown above.

For next year, management anticipates an increase in unit variable cost of 10 per cent and a profit target for the hotel of £1 million. These will be incorporated into its plans.

## Required:

- (a) Calculate the total variable and total fixed cost of the hotel for this year. Show the provisional annual results for this year in total, showing variable and fixed cost separately. Show also the revenue and cost per quest.
- (b) (i) If there is no increase in guests for next year, what will be the required revenue rate per hotel guest to meet the profit target?
  - (ii) If the required revenue rate per guest is not raised above this year's level, how many guests will be required to meet the profit target?
- (c) Outline and briefly discuss the assumptions that are made in typical break-even analysis and assess whether they limit its usefulness.

7.5 Darmor Ltd has three products, which require the same production facilities. Information about the production cost for one unit of its products is as follows:

	Product		
	X	Y	Z
	£	£	£
Labour: Skilled	6	9	3
Unskilled	2	4	10
Materials	12	25	14
Other variable costs	3	7	7
Fixed cost	5	10	10

All labour and materials are variable costs. Skilled labour is paid  $\mathfrak{L}12$  an hour and unskilled labour is paid  $\mathfrak{L}8$  an hour. All references to labour cost above are based on basic rates of pay. Skilled labour is scarce, which means that the business could sell more than the maximum that it is able to make of any of the three products.

Product X is sold in a regulated market and the regulators have set a price of  $\mathfrak{L}30$  per unit for it.

## Required:

(a) State, with supporting workings, the price that must be charged for Products Y and Z, such that the business would find it equally profitable to make and sell any of the three products.

## Simulation exercise

No simulation exercise for this lecture.

# Recommended study time

Approx. 12 hours



# L8 – Full Costing (Week 8)

## Introduction

Full (absorption) costing is a widely used approach that takes account of all of the cost of producing a particular product or service. In this lecture, we shall see how this approach can be used to deduce the cost of some activity, such as making a unit of product (for example, a tin of baked beans), providing a unit of service (for example, a car repair) or creating a facility (for example, building a high-speed rail link from London to Birmingham).

The precise approach taken to deducing full cost will depend on whether each product or service is identical to the next or whether each job has its own individual characteristics. It will also depend on whether the business accounts for overheads on a segmental basis. We shall see how full costing is carried out and also consider its usefulness for management purposes. We begin by looking at the traditional, but still widely used, approach to full (or absorption) costing. We then go on to consider activity-based costing, which is a more recent development. We shall see that activity based costing offers an alternative to the traditional approach.

## **Learning outcomes**

After completing this week's study, you will be able to:

- deduce the full (absorption) cost of a cost unit in a single-product and a multi-product environment;
- discuss the problems of deducing full (absorption) cost in practice;
- discuss the usefulness of full (absorption) cost information to managers; and
- explain the role and nature of activity-based costing.

## **Keywords**

direct cost cost-plus pricing cost centre

indirect cost batch costing

overheads activity-based costing (ABC)

absorption costing cost pool overhead absorption (recovery) rate cost driver

Reference the following bibliography to study in depth this week's material:

## **Bibliography**

Reference the following bibliography to study in depth this week's material:

## **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about the implementation of full costing techniques and their limitations.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 8
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)

 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

## **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

Drury C. (2021) Management and Cost Accounting, 11<sup>th</sup> edn, Cengage, Chapters 3, 5, 11
 Management and Cost Accounting - University of Central Lancashire (uclan.ac.uk)

### Key Journals articles

- <a href="https://www.icaew.com/-/media/corporate/files/technical/business-and-financial-management/financial-management/costing/activity-based-cost-management-gpg-23.ashx">https://www.icaew.com/-/media/corporate/files/technical/business-and-financial-management/costing/activity-based-cost-management-gpg-23.ashx</a>
- <a href="https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f2/technical-articles/overhead-absorption.html">https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f2/technical-articles/overhead-absorption.html</a>
- <a href="https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/ABC.html">https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/ABC.html</a>
- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- www.accaglobal.com

## **Self-assessment exercises**

#### Week 8 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. If a business needs to absorb an overhead for a foreman's salary, the most suitable basis for absorption is:
  - a) Weight of material
  - b) Direct labour hours
  - c) Selling price
  - d) Prime cost
- 2. Which of the following is most likely to be an allocated production overhead cost to the finishing cost centre?
  - a) Factory rates
  - b) Salary of the finishing cost centre supervisor
  - c) Power used on finishing cost centre machines
  - d) Production manager's salary
- 3. In ABC dividing departmental costs into activity cost pools is known as:
  - a) First-stage allocation
  - b) Second-stage allocation
  - c) Third-stage allocation
  - d) Fourth-stage allocation
- 4. Which of the following is different in ABC when compared to traditional costing?
  - a) Traditional costing and ABC costing usually yield very similar product costs
  - b) In an ABC costing system, costs are only assigned to products that actually required work that gave rise to a particular cost
  - c) In ABC, batch-level costs are applied to products using unit-level bases
  - d) Under traditional costing, batch-level costs are shifted from high-volume products to low-volume products

- 5. Which of the following is a true statement concerning the use of ABC systems to generate external reports?
  - a) Companies do not use ABC systems for external reporting purposes because it does not conform to GAAP
  - b) Some companies use ABC systems for external reporting but they must reconcile product costs to GAAP before generating reports
  - c) Auditors prefer ABC because of its objective approach to cost allocation
  - d) None of the above

## **Practice Question:**

## As part of this exercise, students will have the opportunity to self-assess their knowledge in costing.

8.3 Athena Ltd is an engineering business doing work for its customers to their particular requirements and specifications. It determines the full cost of each job taking a 'job costing' approach, accounting for overheads on a cost centre (departmental) basis. It bases its prices to customers on this full cost figure. The business has two departments (both of which are cost centres): a Machining Department, where each job starts, and a Fitting Department, which completes all of the jobs. Machining Department overheads are charged to jobs on a machine hour basis and those of the Fitting Department on a direct labour hour basis. The budgeted information for next year is as follows:

Heating and lighting	£25,000	(allocated equally between the two departments)
Machine power	£10,000	(all allocated to the Machining Department)
Direct labour	£200,000	£150,000 allocated to the Fitting
		Department and £50,000 to the Machining
		Department.
		All direct workers are paid £10 an hour)
Indirect labour	£50,000	(apportioned to the departments in
		proportion to the direct labour cost)
Direct materials	£120,000	(all applied to jobs in the Machining
		Department)
Depreciation	£30,000	(all relates to the Machining Department)
Machine time	20,000 hours	(all worked in the Machining Department)

#### Required:

- (a) Prepare a statement showing the budgeted overheads for next year, analysed between the two cost centres. This should be in the form of three columns: one for the total figure for each type of overhead and one column each for the two cost centres, where each type of overhead is analysed between the two cost centres. Each column should also show the total of overheads for the year.
- (b) Derive the appropriate rate for charging the overheads of each cost centre to jobs (that is, a separate rate for each cost centre).
- (c) Athena Ltd has been asked by a customer to specify the price that it will charge for a particular job that will be undertaken early next year, if the job goes ahead. The job is expected to use direct materials costing Athena Ltd £1,200, to need 50 hours of machining time, 10 hours of Machine Department direct labour and 20 hours of Fitting Department direct labour. Athena Ltd charges a profit loading of 20 per cent to the full cost of jobs to determine the selling price.

Show workings to derive the proposed selling price for this job.



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΉΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΉΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΉΣ ΕΚΠΑΙΔΕΥΣΉΣ

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8.5 A business manufactures refrigerators for domestic use. There are three models: Lo, Mid and Hi. The models, their quality and their price are aimed at different markets.

Product costs are computed using a blanket (business-wide) overhead-rate. Products absorb overheads on a labour hour basis. Prices, as a general rule, are set based on cost plus 20 per cent. The following information is provided:

	Lo	Mīd	Hi
Material cost (£/unit)	25	62.5	105
Direct labour hours (per unit)	1/2	1	1
Budget production/sales (units)	20,000	1,000	10,000

The budgeted overheads for the business, for the year, amount to £4,410,000. Direct labour is costed at £8 an hour.

The business is currently facing increasing competition, especially from imported goods. As a result, the selling price of Lo has been reduced to a level that produces a very low profit margin. To address this problem, an activity-based costing approach has been suggested. The overheads have been analysed and it has been found that these are grouped around main business activities of machining ( $\Sigma$ 2,780,000), logistics ( $\Sigma$ 590,000) and establishment costs ( $\Sigma$ 1,040,000). It is maintained that these costs could be allocated based

respectively on cost drivers of machine hours, material orders and space, to reflect the use of resources in each of these areas. After analysis, the following proportionate statistics are available related to the total volume of products:

	Lo	Mid	Hi
	%	%	%
Machine hours	40	15	45
Material orders	47	6	47
Space	42	18	40

#### Required:

- (a) Calculate for each product the full cost and selling price determined by:
  - (i) the original (traditional) costing method;
  - (ii) the activity-based costing method.
- (b) What are the implications of the two systems of costing in the situation given?
- (c) What business/strategic options exist for the business in the light of the new information?

#### Simulation exercise

No simulation exercise for this lecture.

# Recommended study time

Approx. 15 hours

# L9 - Budgeting (Week 9)

## Introduction

The purpose of this week's lecture is to introduce students to the concept of budgeting and its objectives.

Budgets play an important role for organisations of all sizes and forms. They are plans for achieving a company's objectives. The budgetary period for operating activities normally includes the fiscal year of a company. Budgeting supports several managerial functions, such as planning, which involves setting goals to guide decisions and help motivate employees, directing, which involves decisions and actions to achieve budgeted goals and controlling, which involves comparing actual performance against the budgeted goals.

During this week, students will be able to explain why budgeting is an important tool for internal control in any business. Additionally, they should be able to link budgets with forecasting of what will happen in the future. Finally, the students will practise on preparing various types of budgeting, such as static which shows the expected results for only one (i.e. fixed) activity level, flexible budgeting, which show the expected results for several volume/activity levels and master budget which consists of an integrated set of operating, investing, and financing budgets for a period of time.

## **Learning outcomes**

After completing this week's study, you will be able to:

- define a budget and show how budgets, strategic objectives and strategic plans are related;
- explain the budgeting process and the interlinking of the various budgets within the business;
- identify the uses of budgeting and construct various budgets, including the cash budget, from relevant data; and
- show how the budget can be used to exercise control over the business.

# **Keywords**

mission statement	limiting factor	adverse variance
budget	master budget	favourable variance
control	flexing the budget	variance analysis
management by exception	flexible budget	budgetary control
forecast	variance	

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about budgets and the budgeting process.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 9
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)
 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

## **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

Drury C. (2021) Management and Cost Accounting, 11<sup>th</sup> edn, Cengage, Chapter 15
 Management and Cost Accounting - University of Central Lancashire (uclan.ac.uk)

## **Key Journals articles**

- PwC Good budgeting Research
- Accountancy Age (register on line free) http://www.accountancyage.com/
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>

Financial Times - http://www.ft.com/home/uk

#### Websites

- https://www.icaew.com/
- www.accaglobal.com

#### Self-assessment exercises

#### Week 9 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. A budget is
  - a) a planning tool.
  - b) a control tool.
  - c) a means of communicating goals to the firm's divisions.
  - d) all of the above.
- 2. Which of the following is not a section of the cash budget?
  - a) Cash receipts
  - b) Cash excess or deficiency
  - c) Financing
  - d) All of the above are a part of the cash budget
- 3. A budget is a planning and control tool and it is also used as a means of communicating goals to the firm's divisions.
  - a) Budgeting provides resource information for decision making.
  - b) Budgeting provides a standard for performance evaluation.
  - c) Budgeting improves communication and coordination within the organization.
  - d) all of the above

Budgeting process resource information for decision making and a standard for performance evaluation. It also helps in improving communication and coordination within the organization.

4. Feedee Company has budgeted sales and production (in units) over the next three months as follows:

	January	February	March
Sales	50,000	?	80,000
Production	52,000	64,000	78,000

There are 10,000 units on hand on January 1. A minimum of 20 per cent of the next month's sales in units must be on hand at the end of each month. April sales are expected to be 70,000. Budgeted sales for February would be:



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- a) 64,000
- b) 78,000
- c) 60,000
- d) 52,000

# **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their ability to prepare and understand budgets and the budgeting process.

- 9.1 You have overheard the following statements:
  - (a) 'A budget is a forecast of what is expected to happen in a business during the next year.'
  - (b) 'Monthly budgets must be prepared with a column for each month so that you can see the whole year at a glance, month by month.'
  - (c) 'Budgets are OK but they stifle all initiative. No manager worth employing would work for a business that seeks to control through budgets.'
  - (d) 'Any sensible person would start with the sales budget and build up the other budgets from there.'

#### Required:

Critically discuss these statements, explaining any technical terms.



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9.5 Daniel Chu Ltd, a new business, will start production on 1 April, but sales will not start until 1 May. Planned sales for the next nine months are as follows:

	Sales unit
May	500
June	600
July	700
August	800
September	900
October	900
November	900
December	800
January	700

The selling price of a unit will be a consistent £100 and all sales will be made on one month's credit. It is planned that sufficient finished goods inventories for each month's sales should be available at the end of the previous month.

Raw materials purchases will be such that there will be sufficient raw materials inventories available at the end of each month precisely to meet the following month's planned production. This planned policy will operate from the end of April. Purchases of raw materials will be on one month's credit. The cost of raw material is £40 a unit of finished product.

The direct labour cost, which is variable with the level of production, is planned to be  $\mathfrak{L}20$  a unit of finished production. Production overheads are planned to be  $\mathfrak{L}20,000$  each month, including  $\mathfrak{L}3,000$  for depreciation. Non-production overheads are planned to be  $\mathfrak{L}11,000$  a month, of which  $\mathfrak{L}1,000$  will be depreciation.

Various non-current (fixed) assets costing £250,000 will be bought and paid for during April.

Except where specified, assume that all payments take place in the same month as the cost is incurred.

The business will raise £300,000 in cash from a share issue in April.

#### Required:

Draw up the following for the six months ending 30 September:

- (a) A finished inventories budget, showing just physical quantities.
- (b) A raw materials inventories budget showing both physical quantities and financial values.
- (c) A trade payables budget.
- (d) A trade receivables budget.
- (e) A cash budget.

# Simulation exercise

The simulation exercise will allow students to prepare a cash budget for a five-year period for their chosen business on a template excel file provided.

Following on the activities of your business from the previous lectures you now need to consider expanding your business. For this you will need to decide on:

- The Sales Income of your business for the next five years
  - Assume trade receivable days are 30 (i.e. approximately 8% of the sales will be received the year after) and you will receive the debtors that were due as per the statement of financial position of the simulation based on Week 3.
  - o All sales are made on credit.
- The Cost of Sales
  - Assume trade payable days are 45 (i.e. approximately 12% of the purchases made will be paid the year after) and you will pay the creditors that were due as per the statement of financial position of the simulation based on week 3.
  - o All purchases are made on credit.
- The Operating costs
  - o It is assumed that all operating costs are paid as consumed.
- Taxation is set at 20% and paid in the year of the profit.
- Your capital expenditure to support your expansion plan over the five years period
  - (assume a 10% depreciation for all assets, both those presented on the statement of financial position of Week 3 and the ones you plan acquire)
- The way the capital expenditure will be financed e.g. retained profits, investments from the owner or bank loan(s)
  - o Interest on bank loans is fixed at 5%, on the opening balance of the loan at the beginning of the year. For new loans calculate interest for the whole year.
  - The existing loan is repaid with annual instalments of €12.000 and the balance is repaid in the last year (which is after the current five year period).
  - o Any new loans raised will be repaid over a five-year period from the year received.

**Task:** Based on the above prepare cash budget for your business for five years using the excel template provided.

# Recommended study time

Approx. 12 hours

# L10 – Making capital investment decisions (Week 10)

# Introduction

The previous nine lecture of this course dealt with aspects of financial and management accounting. For the last three lectures of this course, we will talk about "finance" or "financial management". Broadly speaking in the next three lectures we will discuss about the raising investing and investment of funds. From economic perspective businesses raise funds from investors (shareholders and lenders) and use those funds to make investments (typical in building, equipment, and other assets). These are important decisions, often involving large sums of money and longtime horizons. The ultimate objective is to make the owners of the business wealthier.

In this lecture, we shall look at how businesses should assess proposed investments in new plant, machinery, buildings and other long-term assets. This is a very important area; expensive and far-reaching consequences can flow from bad investment decisions. We shall also consider some practical matters that should be taken into account when evaluating investment proposals.

# **Learning outcomes**

After completing this week's study, you will be able to:

- explain the nature and importance of investment decision making;
- identify and evaluate the four main investment appraisal methods found in practice;
- use each of the four main investment appraisal methods to reach a decision on a particular investment opportunity; and
- discuss the popularity and use of the four main investment appraisal methods in practice.

# **Keywords**

accounting rate of return (ARR)	net present value (NPV)	discounting
return on capital employed	risk	discount factor
(ROCE)	risk premium	cost of capital
payback period (PP)		internal rate of return (IRR)

# **Bibliography**

#### **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about investment appraisal.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 10
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)
 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

# **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

- Drury C. (2021) Management and Cost Accounting, 11<sup>th</sup> edn, Cengage, Chapters 13, 14
   Management and Cost Accounting University of Central Lancashire (uclan.ac.uk)
- Watson D. and Head A. (2019) Corporate finance: principles and practice, 8<sup>th</sup> edn, Pearson Education, Chapters 6
   Corporate finance: principles and practice - Proquest.com

#### Key Journals articles

- Accountancy Age (register on line free) <a href="http://www.accountancyage.com/">http://www.accountancyage.com/</a>
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
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- J. Graham and C.R. Harvey, "The Theory and Practice of Finance: Evidence from the Field," *Journal of Financial Economics*, 61 (2001), pp. 187–243.
- J. Graham and C. Harvey, "How CFOs Make Capital Budgeting and Capital Structure Decisions," *Journal of Applied Corporate Finance* 15 (Spring 2002), pp. 8–23.

#### Websites

- https://www.icaew.com/
- www.accaglobal.com

# **Self-assessment exercises**

#### Week 10 Test:

This week's test will allow students to test their understanding of the topics covered by the current lecture.

- 1. Capital investment appraisal refers to:
  - a) Making sure that we have enough money to buy assets
  - b) Evaluating the costs and benefits of proposed investments in operating assets
  - c) Making sure that assets pay for themselves as soon as possible
  - d) Making sure that we have enough assets to operate
- 2. Which of the following will not be a relevant factor when using the payback method of capital investment appraisal?
  - a) The cost of the asset
  - b) The cash flows generated by the asset up to the payback period
  - c) The timing of the first cash inflow
  - d) The total cash flows generated by the asset
- 3. A project would normally be undertaken if its net present value is:
  - a) Zero
  - b) Exactly the same as the NPV of existing projects
  - c) Negative
  - d) Positive
- 4. When internal rate of return (IRR) is used as a discount factor in a net present value (NPV) project appraisal then the NPV will be:
  - a) Positive
  - b) Negative
  - c) Zero
  - d) None of the above

# **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their ability to appraise investment proposals using various investment appraisal methods.

10.1 The directors of Mylo Ltd are currently considering two mutually exclusive investment projects. Both projects are concerned with the purchase of new plant. The following data are available for each project:

	Project 1 £000	Project 2 £000
Cost (immediate outlay)	100	60
Expected annual operating profit (loss):		
Year 1	29	18
2	(1)	(2)
3	2	4
Estimated residual value of the plant after 3 years	7	6

The business has an estimated cost of capital of 10 per cent. It uses the straight-line method of depreciation for all non-current (fixed) assets when calculating operating profit. Neither project would increase the working capital of the business. The business has sufficient funds to meet all investment expenditure requirements.

#### Required:

- (a) Calculate for each project:
  - 1 the net present value;
  - 2 the approximate internal rate of return;
  - 3 the payback period.
- (b) State, with reasons, which, if any, of the two investment projects the directors of Mylo Ltd should accept.



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10.5 The accountant of your business has recently been taken ill through overwork. In his absence, his assistant has prepared some calculations of the profitability of a project, which are to be discussed soon at the board meeting of your business. His workings, which are set out below, include some errors of principle. You can assume that there are no arithmetical errors.

Year	0 £000	1 £000	2 £000	3 £000	4 £000	5 £000
Sales revenue		450	470	470	470	470
Less costs						
Materials		126	132	132	132	132
Labour		90	94	94	94	94
Overheads		45	47	47	47	47
Depreciation		120	120	120	120	120
Working capital	180					
Interest on working capital		27	27	27	27	27
Write-off of development costs		30	30	30		
Total costs	180	438	450	450	420	420
Operating profit/(loss)	(180)	12	20	20	50	50

$$\frac{\text{Total profit (loss)}}{\text{Cost of equipment}} = \frac{(£28,000)}{£600,000} = \text{Return on investment (4.7\%)}$$

You ascertain the following additional information:

- 1 The cost of equipment includes £100,000, being the carrying value of an old machine. If it were not used for this project it would be scrapped with a zero net realisable value. New equipment costing £500,000 will be purchased on 31 December Year 0. You should assume that all other cash flows occur at the end of the year to which they relate.
- 2 The development costs of £90,000 have already been spent.
- 3 Overheads have been costed at 50 per cent of direct labour, which is the business's normal practice. An independent assessment has suggested that incremental overheads are likely to amount to £30,000 a year.
- 4 The business's cost of capital is 12 per cent.

#### Required:

#### Ignoring taxation:

- (a) Prepare a corrected statement of the incremental cash flows arising from the project. Where you have altered the assistant's figures you should attach a brief note explaining your alterations.
- (b) Calculate:
  - 1 the project's payback period;
  - 2 the project's net present value as at 31 December Year 0.
- (c) Write a memo to the board advising on the acceptance or rejection of the project.

# Simulation exercise

The simulation exercise will allow students to value their business based on the five-year cash budget created in the previous lecture.

Based on the five-year cash budget created in the previous lecture value your business using the net present value method. An excel template is provided. For this exercise ignore the value of the business after the five years.

# Recommended study time

Approx. 15 hours

# L11 – Financing a business (Week 11)

# Introduction

The purpose of this week's lecture is to examine various aspects of financing a business. We begin by considering the main sources of finance available and the factors to be taken into account when choosing an appropriate source of finance are also considered.

Following our examination of the main sources of finance, we consider how long-term finance may be raised. We shall take a look at various aspects of the capital markets, including the ways in which share capital may be issued, the role of the Stock Exchange and the financing of smaller businesses.

# **Learning outcomes**

After completing this week's study, you will be able to:

- identify the main sources of finance available to a business and explain the advantages and disadvantages of each;
- outline the ways in which share capital may be issued;
- explain the role and nature of the Stock Exchange; and
- discuss the ways in which smaller businesses may seek to raise finance.

# **Keywords**

security	floating interest rate	offer for sale
fixed charge	fixed interest rate	public issue
floating charge	finance lease	private placing
loan covenant	operating lease	Stock Exchange
term loan	sale-and-leaseback	efficient capital market
loan note	hire purchase	Alternative Investment Market (AIM)
bond	securitisation	venture capital
Eurobond	bank overdraft	business angel
convertible loan note	debt factoring	crowdfunding
financial derivative	invoice discounting	peer-to-peer lending
mortgage	asset-based finance	
	rights issue	

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge in the area of business fiancing.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
 Pearson Education Limited, Chapter 10
 (An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)

 Accounting and finance for non-specialists - University of Central Lancashire (uclan.ac.uk)

#### **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

 Watson D. and Head A. (2019) Corporate finance: principles and practice, 8<sup>th</sup> edn, Pearson Education, Chapters 2, 4, 5
 Corporate finance: principles and practice - Proquest.com

## **Key Journals articles**

- Accountancy Age (register on line free) <a href="http://www.accountancyage.com/">http://www.accountancyage.com/</a>
- British Accounting Review http://www.sciencedirect.com/science/journal/08908389
- Financial Times <a href="http://www.ft.com/home/uk">http://www.ft.com/home/uk</a>

#### Websites

- https://www.icaew.com/
- www.accaglobal.com

# **Self-assessment exercises**

bonds are issued

# Week 11 Test:

This week's test will a	allow students to test the	ir understanding of the to	pics covered by	v the current lecture.

1.		is an example of a money market security.
	a)	Treasury Bills
	b)	Certificate Of Deposit
	c)	Repurchase Agreements
	d)	All the above
2.		is a market where participants can buy, sell, exchange and speculate on currencies.
	a)	Forex market
	b)	Money market
	c)	Equity market
	d)	All the above
3.	Wł	nich of the follow markets specialises in very short-term debt?
	a)	Money market
	b)	Bond Market
	c)	Derivative market
	d)	None of the above
4.	Wł	nat is a Eurobond
	a)	Short term debt borrowing in issued in Euros
	b)	Long term debt borrowing issued in Euros
	c)	Short term debt borrowing issued in n a currency that is not that of the country in which the

d) Long term debt borrowing issued in n a currency that is not that of the country in which the

# **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their ability understand the various forms of business financing.

11.2 H. Brown (Portsmouth) Ltd produces a range of central heating systems for sale to builders' merchants. As a result of increasing demand for the business's products, the directors have decided to expand production. The cost of acquiring new plant and machinery and the increase in working capital requirements are planned to be financed by a mixture of long-term and short-term borrowing.

#### Required:

- (a) Discuss the major factors that should be taken into account when deciding on the appropriate mix of long-term and short-term borrowing necessary to finance the expansion programme.
- (b) Discuss the major factors that a lender should take into account when deciding whether to grant a long-term loan to the business.
- (c) Identify three conditions that might be included in a long-term loan agreement.
- 11.5 Gainsborough Fashions Ltd operates a small chain of fashion shops. In recent months the business has been under pressure from its suppliers to reduce the average credit period taken from three months to one month. As a result, the directors have approached

the bank to ask for an increase in the existing overdraft for one year to be able to comply with the suppliers' demands. The most recent financial statements of the business are as follows:



# ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

# AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



Statement of financial position as at 31 Mag	£000
ASSETS	£000
Non-current assets	
Property, plant and equipment	74
Current assets	_
Inventories at cost	198
Trade receivables	3
	201
Total assets	275
EQUITY AND LIABILITIES	_
Equity	
£1 ordinary shares	20
General reserve	4
Retained earnings	_17
	41
Non-current liabilities	
Borrowings - loan notes repayable in just over one year's time	40
Current liabilities	
Trade payables	162
Accrued expenses	10
Borrowings – bank overdraft	17
Taxation	5
	194
Total equity and liabilities	275
Abbreviated income statement for the year ended	31 May
	£000
Sales revenue	<u>74</u>
Operating profit	38
Interest charges	<u>(5</u> )
Profit before taxation	33
Taxation	( <u>10</u> )
Profit for the year	23
A dividend of £23,000 was paid for the year.	
Notes:	
The loan notes are secured by personal guarantees from the directo	rs.
The current overdraft bears an interest rate of 12 per cent a year.	
Required:	into account before
(a) Identify and discuss the major factors that a bank would take deciding whether to grant an increase in the overdraft of a busi	
(b) State whether, in your opinion, the bank should grant the rec	
overdraft for Gainsborough Fashions Ltd. You should provide	•
overtarant for gameborough rashlons Ltd. Tou should provide	reasoned arguments

# **Simulation exercise**

No simulation exercise for this lecture.

# Recommended study time

Approx. 10 hours

# L12 - Managing Working Capital & Financial Market (Week 12)

# Introduction

This lecture considers the factors to be taken into account when managing the working capital of a business. Each element of working capital is identified and the major issues surrounding them discussed. Working capital often represents a significant investment for businesses and so its proper management can be of vital importance. We saw in lecture 10 that investment in working capital is typically an important aspect of many new investment proposals.

# **Learning outcomes**

After completing this week's study, you will be able:

- identify the main elements of working capital;
- discuss the purpose of working capital and the nature of the working capital cycle;
- explain the importance of establishing policies for the control of working capital; and
- explain the factors that have to be taken into account when managing each element of working capital.

# **Keywords**

working capital	five Cs of credit
lead time	cash discount
ABC system of inventories con	ageing schedule of trade receivables operating cash cycle (OCC)
economic order quantity (EOQ	average settlement period for trade
just-in-time (JIT) inventories m	agement payables ratio

# **Bibliography**

Reference the following bibliography to study in depth this week's material:

#### **Primary material**

This material comprises key textbooks in the area of accounting and finance. They offer comprehensive and complementary to each other material covering all the topics that a student needs to get knowledge about working capital management.

Atrill, P. and McLaney, E. (2022) Accounting and Finance for Non-specialists. 12th ed.
Pearson Education Limited, Chapter 12
(An ebook version is also available via the library search, and exercises will be set from the textbook. All students are expected to have on-going access to this text)
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## **Complementary material**

This material comprises supplementary textbooks in the area of accounting and accounting and finance. They additional to the primary material above, exposure to topics that a student needs to get knowledge about the users of financial and management reports, including attempts at improving financial and management reporting.

 Watson D. and Head A. (2019) Corporate finance: principles and practice, 8<sup>th</sup> edn, Pearson Education, Chapters 3
 Corporate finance: principles and practice - Proquest.com

# **Key Journals articles**

- Accountancy Age (register on line free) <a href="http://www.accountancyage.com/">http://www.accountancyage.com/</a>
- British Accounting Review <a href="http://www.sciencedirect.com/science/journal/08908389">http://www.sciencedirect.com/science/journal/08908389</a>
- Financial Times http://www.ft.com/home/uk

## Websites

- https://www.icaew.com/
- ACCA Working capital management

# **Self-assessment exercises**

# Week 12 Test:

•	This week's test will allow students to test their understanding of the topics covered by the current lecture.
1.	Working capital management in financial management involves managing:  a) Short-term assets and liabilities b) Long-term assets and liabilities c) The company's equity d) The company's budget
2.	a) cash and marketable securities b) accounts receivable (debtors) c) inventory (stock) d) All of the above
3.	The basic current liabilities are  a) accounts payable and bills payable b) bank overdraft c) outstanding expenses. d) All of the above
1.	A net working capital occurs when current liabilities are in excess of current assets.  a) Positive b) Negative c) Excessive d) Zero

# **Practice Question:**

As part of this exercise, students will have the opportunity to self-assess their ability understand working capital management.

12.3 International Electric plc at present offers its customers 30 days' credit. Half of the customers, by value, pay on time. The other half takes an average of 70 days to pay. The business is considering offering a cash discount of 2 per cent to its customers for payment within 30 days.

The credit controller anticipates that half of the customers who now take an average of 70 days to pay (that is, a quarter of all customers) will pay in 30 days. The other half (the final quarter) will still take an average of 70 days to pay. The scheme will also reduce bad debts by £300,000 a year.

Annual sales revenue of £365 million is made evenly throughout the year. At present the business has a large overdraft (£60 million) with its bank at an interest cost of 12 per cent a year.

#### Required:

- (a) Calculate the approximate equivalent annual percentage cost of a discount of 2 per cent, which reduces the time taken by credit customers to pay from 70 days to 30 days. (Hint: This part can be answered without reference to the narrative above.)
- (b) Calculate the value of trade receivables outstanding under both the old and new schemes.
- (c) How much will the scheme cost the business in discounts?
- (d) Should the business go ahead with the scheme? State what other factors, if any, should be taken into account.
- 12.5 Boswell Enterprises Ltd is reviewing its trade credit policy. The business, which sells all of its goods on credit, has estimated that sales revenue for the forthcoming year will be £3 million under the existing policy. Credit customers representing 30 per cent of trade receivables are expected to pay one month after being invoiced and 70 per cent are expected to pay two months after being invoiced. These estimates are in line with previous years' figures.

At present, no cash discounts are offered to customers. However, to encourage prompt payment, the business is considering giving a 2.5 per cent cash discount to credit customers who pay in one month or less. Given this incentive, the business expects credit customers accounting for 60 per cent of trade receivables to pay one month after being invoiced and those accounting for 40 per cent of trade receivables to pay two months after being invoiced. The business believes that the introduction of a cash discount policy will prove attractive to some customers and will lead to a 5 per cent increase in total sales revenue.

Irrespective of the trade credit policy adopted, the gross profit margin of the business will be 20 per cent for the forthcoming year and three months' inventories will be held. Fixed monthly expenses of £15,000 and variable expenses (excluding discounts), equivalent to 10 per cent of sales revenue, will be incurred and will be paid one month in arrears. Trade payables will be paid in arrears and will be equal to two months' cost of sales. The business will hold a fixed cash balance of £140,000 throughout the year, whichever trade credit policy is adopted. Ignore taxation.

#### Required:

Ignoring taxation:

- (a) Calculate the investment in working capital at the end of the forthcoming year under:
  - 1 the existing policy;
  - 2 the proposed policy.
- (b) Calculate the expected profit for the forthcoming year under:
  - 1 the existing policy;
  - 2 the proposed policy.
- (c) Advise the business as to whether it should implement the proposed policy.

(Hint: The investment in working capital will be made up of inventories, trade receivables and cash, less trade payables and any unpaid expenses at the year end.)

# **Simulation exercise**

No simulation exercise for this lecture.

# Recommended study time

Approx. 10 hours

# L13 - Revision (Week 13)

# Introduction

The purpose of this week's session is to offer the students the opportunity to refresh their memories and strengthen their understanding of the material covered as part of the module AC4420 'Financial Management'. The lecture will touch base on a revision of the material covered over the module by way of highlighting the pivotal concepts and issues underpinning each topic, while also offering students the opportunity for a practical overview of the technical and discursive matters that concern problem-solving scenarios and exercises. The material to be covered during the revision includes all topics of concern to the modules, i.e. Users of financial and management reports and their different needs; how are assets and liabilities defined and determined; identification of options for finance and how to utilise it; definition of fixed assets and working capital management; financial statements and their constituent elements; the differences between cash and income and the role of the cash flow statement; the treatment of group accounts in producing group/consolidated financial statements; the role and function of ratio analysis to interpret financial statements; the role of management control and the importance of classifying costs appropriately for that purpose; the role of costs in assisting decision-making the value thereto of cost accumulation systems such as marginal costing as well as of CVP analysis; the importance of budgets as control mechanism in business; and finally, the value and limitations of capital investment appraisal techniques in ranking the investment appeal of competing projects when there is limited capital available for investment.

# **Learning outcomes**

After completing this week's study, you will be able to:

- Exhibit a reinforced understanding and critical appraisal of the material covered in this module with emphasis on the pivotal issues underpinning each topic of the syllabus as outlined above.

# **Keywords**

Financial and management reports, different user information needs, assets, liabilities, sources of finance, utilisation of finance, non-current assets, working capital, statement of financial position (balance sheet), income statement, cash flow statement, group accounts, ratio analysis, management control, cost classification, CVP, marginal costing, budgets, capital investment appraisal.

# **Bibliography**

Students to refer to bibliography indicated per study week to improve their understanding of each week's lecture.

## Self-assessment exercises

Students must review all questions and practice exercises delivered as part of the module and practice on additional exercises available in the primary bibliographic material identified per study week.

During the revision week, additional multiple-choice questions are provided. In addition, the exercises following the MCQs from the previous weeks self-assessment exercises should be reviewed:

MCQ - Week 13 - Revision Test

- **1.** Accounting can best be defined as the:
- a) Financial representation of business activity
- b) Systematic recording and reporting of business transactions
- c) Analysis of financial information for users
- d) Systematic recording, reporting, and analysis of financial transactions
- **2.** The recording of financial transactions, aimed principally at reporting performance to shareholders is the main function of
- a) Bookkeeping
- b) Financial accounting
- c) Management Accounting
- d) Corporate finance

- **3.** The three most important financial statements are the:
- a) Profit & Loss, Balance Sheet and Statement of Changes in Equity
- b) Statement of Financial Position, Income Statement and Statement of Cash Flows
- c) Income Statement, Statement of Cash Flows and Explanatory Notes to the Financial Statements
- d) Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity
- **4.** The principle that financial statements are prepared on the basis that the business will continue in operation is:
- a) Historic cost
- b) Going concern
- c) Conservatism
- d) Consistency
- 5. The Statement of Financial Position comprises the following groups of accounts:
- a) Income, Expenses and Equity
- b) Assets, Liabilities and Equity
- c) Income and Expenses
- d) Assets and Liabilities
- **6.** The matching principle is concerned with matching:
- a) Income earned with expenses incurred in earning that income
- b) Assets acquired with liabilities owed in acquiring those assets
- c) Matching cash received with cash paid
- d) Profits with shareholders' funds
- **7.** Which of the following expresses the accounting equation correctly?:
- a) Net assets = non-current assets less non-current liabilities
- b) Equity = assets plus liabilities
- c) Net assets = total assets less total liabilities
- d) Total assets = liabilities less equity

- **8.** The difference between the cost of buying goods and the income generated from selling those goods is most properly classified as;
- a) Revenue
- b) Cost of sales
- c) Gross profit
- d) Net profit
- 9. A product which costs £125 is sold for £200. The gross margin is
- a) 35%
- b) 37.5%
- c) 60%
- d) 62.5%
- **10.** Given the following information: Sales €500,000; Purchases €325,000; Stock at beginning of period €50,000; Stock at end of period €60,000; the gross profit is:
- a) €185,000
- b) €175,000
- c) €165,000
- d) €155,000

- **11.** The Statement of Cash Flows has three types of cash flow, those from each of:
- a) Profit, financing and cash retained
- b) Operations, investing and financing
- c) Investing, financing and cash equivalents
- d) Operations, profit and depreciation
- 12. Depreciation is added back to net profit in a Statement of Cash Flows because it is:
- a) A non-cash expense
- b) An investing activity
- c) A non-current asset
- d) Not included in net profit

- **13.** Profit is not the same as cash flow because of:
- a) Depreciation and changes in working capital
- b) Purchase and sale of non-current assets
- c) New borrowings or repayments of debt
- d) All of the above

- **14.** The key criterion for the consolidation of the separate financial statements of entities is:
- a) substance over form
- b) the existence of contracts for the supply of goods between the entities
- c) capacity of the accounting systems to facilitate the necessary combination process
- d) control
- **15.** The method adopted in combining the separate sets of financial statements of entities in a group to form a set of consolidated financial statements is:
- a) set-off all assets and liabilities and recognise a single net investment
- b) line-by-line recognition of the elements of financial statements
- c) combine the cash balances of the separate entities into one-line and aggregate the remaining net assets into one item
- d) combine all assets and liabilities into one net assets item and combine all profits and losses into one profit or loss item
- **16.** A group of entities comprised of All Limited, Night Limited and Long Limited have the following cash balances: All Limited £2 000, Night Limited £5 000, Long Limited £10 000. All Limited is the parent entity. The consolidated financial statements show the following amount as the consolidated cash balance:
- a) £2,000
- b) £7,000
- c) £15,000
- d) £17,000

#### WEEK 6

Use the following information to answer questions 17 to 20:

- **17.** The Balance Sheet of MNO Company shows current assets of £1,250,000; current liabilities of £900,000; non-current assets of £2,400,000; and long-term debt of £750,000. Shareholders' funds are:
- a) £3,650,000
- b) £1,650,000
- c) £2,000,000
- d) £1,000,000



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΎΣΗΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



- **18.** The working capital ratio is closest to:
- a) 192%
- b) 139%
- c) 120%
- d) 110%
- **19.** The gearing ratio is closest to:
- a) 45%
- b) 37%
- c) 27%
- d) 20%
- **20.** Total capital employed is:
- a) £1,650,000
- b) £2,000,000
- c) £2,750,000
- d) £3,650,000

- **21.** Fixed costs are costs that:
- a) Never change
- b) Change with increases in business activity
- c) Do not change with increases in business activity
- d) Change when activity reaches a critical level
- 22. Direct costs are:
- a) Readily traceable to particular products/services
- b) Not able to be readily traced to particular products/services
- c) The cost of goods or services produced
- d) Costs relating to the accounting period
- **23.** Prime costs refers to:
- a) Production overhead
- b) Non-production overhead
- c) Direct costs
- d) Indirect costs



**24.** Sales Agencies Ltd have identified three large customers whose profitability is marginal. Each customer requires substantial support which involves dedicated sales and clerical staff. Corporate costs are charged at £3000 to each customer to cover central administration costs. Customer profitability information is shown below:

	Willow	Oak	Cedar	Total
	£	£	£	£
Sales revenue	30000	15000	25000	70000
Variable costs	15000	4500	16250	35750
Fixed customer support costs	8000	7000	9000	24000
Corporate costs	3000	3000	3000	9000

- a) The Cedar customer is unprofitable as it makes a loss of £3250
- b) The Cedar customer is profitable as it makes a contribution of £8750 to fixed costs
- c) The Cedar customer is unprofitable as it makes a negative contribution of £250 to corporate costs
- d) The Cedar customer is profitable because it generates revenue of £25000

# Week 8

- 25. In activity-based costing:
- a) Costs are accumulated in cost centres and allocated based on activity (typically hours or volume) in those cost centres
- b) Costs are accumulated in cost pools and allocated based on cost driver activities in those cost pools
- Costs are accumulated in cost centres and allocated based on cost driver activities in those cost centres
- d) Costs are accumulated in cost pools and allocated based on hours of activity in those cost pools

Use the following information to answer questions 26 to 28: Business Support Services (BSS) is a professional consulting firm that employs three types of consultants, as shown below with their hourly costs:

Direct costs -	Cost p	Cost per hour	
Senior consultants	€	150	
Junior consultants	€	80	
Technical staff	€	25	

BSS also has three types of overhead processes, with the cost pool and cost drivers for each shown below:

Support processes -		Cost pool	Cost driver
IT services	€	100,000	5,000
Research services	€	150,000	2,500
Report preparation	€	75,000	10,000

BSS is quoting a job for Zerox, a new client and estimates the chargeable hours to be worked by the consultants as follows:



# ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΎΣΗΣ

# AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



Estimated direct hours for job -	Hours
Senior consultants	20
Junior consultants	60
Technical staff	40

BSS has also estimated the following activities for the Zerox job:

Estimated driver activity for job -	Activities	
IT services	50	Transactions
Research services	30	Hours
Report preparation	100	Pages

- **26.** The total direct costs for the Xerox job are:
- a) €8,800
- b) €4,800
- c) €3,000
- d) €1,000
- **27.** The activity-based cost driver rate for research services are:
- a) €7.50
- b) €18.57
- c) €20.00
- d) €60.00
- **28.** The total activity-based overhead to be allocated to the Xerox job is closest to:
- a) €3,250
- b) €3,343
- c) €3,550
- d) €3,750

#### Week 9

- **29.** The benefits of budgeting include:
- a) Identifying objectives, forecasting sales, preparing production forecasts, obtaining board approval
- b) Planning, programming, prioritization, rolling forecasting
- c) Demand, technology, competition, resources
- d) Implementing strategy, coordinating activities, motivating managers and evaluating performance



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



Use the following information to answer questions **30 and 31**: Majestic Co has forecast its sales units and overhead expenses for each of the following six months. Selling prices per unit are £12 for the first quarter, increasing to £13 for the second quarter. Variable cost of sales is 45% of selling price.

Sales units (in '000)	100	110	120	120	100	100
Selling & admin expenses (\$'000)	440	410	440	420	550	520

- **30.** The budget net profit for the six months is:
- a) £1,686,000
- b) £2,780,000
- c) £3,654,000
- d) £4,466,000
- **31.** The budget gross profit for Month 3 is:
- a) £352,000
- b) £438,000
- c) £648,000
- d) £792,000
- **32.** Abbco Inc has regular credit sales of £300,000 per month for the year January to December and a cost of sales of 40%. Customers pay Abbco in the month following the month of sale. Abbco holds one month's stock and pays its suppliers on 60 day terms (i.e. in the second month after the sale is made). At the end of December, Abbco's Balance Sheet will show:

Inventory Receiv		Receivables	<u>Payables</u>
a)	300	120	240
b)	120	300	240
c)	120	240	300
d)	240	300	120

# Week 10

- **33.** Which of the following methods of evaluating capital investments are based on cash flow:
- a) Payback and Net Present Value
- b) Accounting Rate of Return and Payback
- c) Accounting Rate of Return and Net Present Value
- d) All of the above



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΎΣΗΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



- **34.** Which of the following methods of evaluating capital investments apply the time value of money:
- a) Accounting Rate of Return
- b) Payback
- c) Net Present Value
- d) All of the above
- **35.** Payback is best described as the number of years it will take for:
- a) The project's profit to recover the initial investment
- b) The project's profit plus depreciation added back to recover the initial investment
- c) The project's cash flow to recover the initial investment
- d) The project's cash flow plus depreciation to recover the initial investment
- **36.** An investment can be approved if the:
- a) The NPV is negative
- b) The NPV is positive
- c) NPV is zero
- d) The IRR is positive
- **37.** The discount rate that produces a net present value of zero is called the:
- a) Internal rate of return
- b) Cash value added
- c) Profitability index
- d) Net present value

- **38.** Which of the following comes under the category of owner's funds:
- a) Equity shares
- b) Retained earnings
- c) Both A and B
- d) None of the above

39.	holders do not receive a fixed amount of dividend, whereas	holders receive a fixed
	amount dividend:	

- a) Equity share; preference share
- b) Preference share; equity share
- c) Debenture; equity shares
- d) Preference shares; debenture



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



- **40.** Who is referred to as 'residual owners':
- a) Preference shareholder
- b) Equity shareholders
- c) Debenture holder
- d) Debtors
- **41.** The \_\_\_\_\_shareholders enjoy a preferential position over \_\_\_\_shareholders:
- a) Equity; preference
- b) Preference; equity
- c) Debenture; equity
- d) None of these
- **42.** Under the factoring arrangement, the factor
- a) Produces and distributes the goods or services
- b) Makes the payment on behalf of the client
- c) Collects the client's debtor account receivables
- d) Transfer the goods from one place to another
- **43.** What are financial derivatives mainly used for?
- a) Earning income
- b) Speculative activities
- c) Creating more risks
- d) Hedging risks

- 44. Taken together, receivables, payables, inventory and bank are often referred to as:
- a) Equity
- b) Cash Flow
- c) Statement of Financial Position
- d) Working Capital
- **45.** \_\_\_\_\_\_ refers to the funds, which an organisation must possess to finance its day to day operations.
- a) Retained earnings
- b) Fixed capital
- c) Working Capital
- d) All of the above

46.	cycle analyses the accounts receivable, inve	entory, and accounts payable cycles in terms of a
	number of days?	
a)	Business	
b)	Current asset	
c)	Operation	
d)	Operating	
<b>47.</b> a)	Operating cycle is also called as Working cycle	
•	- ,	
b)	Business cycle	
۲) c)	Current asset cycle Working capital cycle	
d)	working capital cycle	
Prac	ctice Question:	
	•	
The	following exercises from the previous weeks self-assess	ment exercises should be reviewed:
WF	EK <u>1</u>	
As p	part of this exercise, students will have the opportur	nity to self-assess their understanding of
the	different information needs that financial accounting	ng and its end product, i.e. financial
stat	ements, satisfy.	
Req	uuired: Financial accounting statements are destined t	to be used by users such as the following:
Ch	areholders	
311	arenoiders	
M	anagers	
Cr	editors	
_		
En	nployees	
Go	overnment agencies	
	stermient apendies	
Th	ne general public	

# As part of this exercise, students will have the opportunity to self-assess their ability to prepare a statement of financial position

#### 2.4 The following is a list of the assets and claims of Crafty Engineering as at 30 June last year:

	£000
Trade payables	86
Motor vehicles	38
Long-term borrowing (loan from Industrial Finance	
Company)	260
Equipment and tools	207
Short-term borrowings	116
Inventories	153
Property	320
Trade receivables	185

#### Required:

- (a) Prepare the statement of financial position of the business as at 30 June last year from the information provided, using the standard layout. (Hint: There is a missing item that needs to be deduced and inserted.)
- (b) Discuss the significant features revealed by this financial statement.

As part of this exercise, students will have the opportunity to self-assess their ability to prepare an income statement and a statement of financial position.

During 2017, the following transactions took place:

- 1 The owners withdrew £20,000 of equity as cash.
- 2 Premises continued to be rented at an annual rental of £20,000. During the year, rent of £15,000 was paid to the owner of the premises.
- 3 Rates on the premises £1,300 were paid for the period 1 April 2017 to 31 March 2018.
- 4 A second delivery van was bought on 1 January 2017 for £13,000. This is expected to be used in the business for four years and then to be sold for £3,000.
- 5 Wages totalling £36,700 were paid during the year. At the end of the year, the business owed £860 of wages for the last week of the year.
- 6 Electricity bills for the first three quarters of the year and £620 for the last quarter of the previous year were paid totalling £1,820. After 31 December 2017, but before the financial statements had been finalised for the year, the bill for the last quarter arrived showing a charge of £690.
- 7 Inventories totalling £67,000 were bought on credit.
- 8 Inventories totalling £8,000 were bought for cash.
- 9 Sales revenue on credit totalled £179,000 (cost £89,000).
- 10 Cash sales revenue totalled £54,000 (cost £25,000).
- 11 Receipts from trade receivables totalled £178,000.
- 12 Payments to trade payables totalled £71,000.
- 13 Van running expenses paid totalled £16,200.

The business uses the straight-line method for depreciating non-current assets.

#### Required:

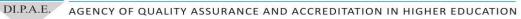
Prepare a statement of financial position as at 31 December 2017 and an income statement for the year to that date.

#### WEEK 4

As part of these exercises, students will have the opportunity to self-assess their knowledge in preparing cash flow statements.



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ





5.4 Chen plc's income statements for the years ended 31 December 2016 and 2017 and the statements of financial position as at 31 December 2016 and 2017 are as follows:

# Income statements for the years ended 31 December 2016 and 2017

	2016	2017
	£m	£m
Revenue	207	153
Cost of sales	(101)	(76)
Gross profit	106	77
Distribution expenses	(22)	(20)
Administrative expenses	(20) 64	(28)
Operating profit	64	29
Interest payable	(4)	(4)
Profit before taxation	60	25
Taxation	(16)	(6)
Profit for the year	44	19

#### Statements of financial position as at 31 December 2016 and 2017

	2016 £m	2017 £m
ASSETS		
Non-current assets		
Property, plant and equipment		
Land and buildings	110	130
Plant and machinery	<u>62</u> 172	<u>56</u> 186
Current assets		_
Inventories	24	25
Trade receivables	26	25
Cash at bank and in hand		50 236
Total assets	241	236
EQUITY AND LIABILITIES	_	
Equity		
Called-up ordinary share capital	100	100
Retained earnings	56	57
	156	157
Non-current liabilities		
Borrowings – Ioan notes (10%)	40	40
Current liabilities		
Borrowings (all bank overdraft)	_	2
Trade payables	37	34
Taxation	<u>8</u> 45	39
Total equity and liabilities	241	236

#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΉΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΉΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΉΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



Included in 'cost of sales', 'distribution expenses' and 'administrative expenses', depreciation was as follows:

	2016	2017
	£m	£m
Land and buildings	6	10
Plant and machinery	10	12

There were no non-current asset disposals in either year. The amount of cash paid for interest equalled the expense in each year. Dividends were paid totalling  $\mathfrak{L}18$  million in each year.

#### Required:

Prepare a statement of cash flows for the business for 2017.

#### WEEK 5

As part of this exercise, students will have the opportunity to self-assess their knowledge in issues related to consolidation accounts.

#### **Question 2**

Summer plc acquired 60% of the equity shares of Winter Ltd on 30 September 20X1 and gained control. At the date of acquisition, the balance of retained earnings of Winter was €35,000.

At 31 December 20X1 the statements of financial position of the two companies were as follows:

ASSETS	Summer	
A33213	€000	€000
Non-current assets		
Property, plant and equipment	200	200
Investment in Winter	141	
Current assets	100	140
Total assets	441	340
EQUITY AND LIABILITIES		
Equity shares	200	180
Retained earnings	161	40
	361	220
Current liabilities	80	120
Total equity and liabilities	<u>441</u>	340

#### Notes:

- 3 The fair value of the non-controlling interest at the date of acquisition was £92,000. The non-con-trolling interest is to be measured using Method 2. The fair values of the identifiable net assets of Winter at the date of acquisition were the same as their book values.
- 4 There have been no movements on share capital since 30/9/20X1.

#### Required:

Prepare a consolidated statement of financial position for Summer plc as at 31 December 20X1.

#### WEEK 6

As part of this exercise, students will have the opportunity to self-assess their knowledge in the calculation and interpretation of ratios.

**6.5** The financial statements for Harridges plc are given below for the two years ended 31 December for each of the last two years. Harridges plc operates a large chain of retail stores.

# Harridges Ltd Income statement for the years ended 31 December

	Year before last £m	Last year £m
Sales revenue		
Sales revenue	2,600	3,500
Cost of sales	( <u>1,560</u> )	(2,350)
Gross profit	1,040	1,150
Wages and salaries	(320)	(350)
Overheads	(260)	(200)
Depreciation	(150)	(250)
Operating profit	310	350
Interest payable	(50)	(50)
Profit before taxation	260	300
Taxation	<u>(105</u> )	(125)
Profit for the year	155	<u>175</u>



#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



#### Statement of financial position as at 31 December

	Year before last £m	Last year £m
ASSETS		
Non-current assets		
Property, plant and equipment	<u>1,265</u>	<u>1,525</u>
Current assets		
Inventories	250	400
Trade receivables	105	145
Cash at bank	380	115
	735	660
Total assets	2,000	2,185
EQUITY AND LIABILITIES		
Equity		
Share capital: £1 shares fully paid	490	490
Share premium	260	260
Retained earnings	350	_450
	1,100	1,200
Non-current liabilities		
Borrowings – 10% loan notes	500	500
Current liabilities		
Trade payables	300	375
Other payables	100	110
	400	485
Total equity and liabilities	2,000	2,185

Dividends were paid on ordinary shares of £65 million and £75 million in respect of the year before last and last year, respectively.

#### Required:

- (a) Choose and calculate eight ratios that would be helpful in assessing the performance of Harridges plc. Use end-of-year values and calculate ratios for both years.
- **(b)** Using the ratios calculated in (a) and any others you consider helpful, comment on the business's performance from the viewpoint of a prospective purchaser of a majority of shares.

#### WEEK 7

#### As part of this exercise, students will have the opportunity to self-assess their knowledge in costing.

7.5 Darmor Ltd has three products, which require the same production facilities. Information about the production cost for one unit of its products is as follows:

		Product		
	X	Υ	Z	
	£	£	£	
Labour: Skilled	6	9	3	
Unskilled	2	4	10	
Materials	12	25	14	
Other variable costs	3	7	7	
Fixed cost	5	10	10	

All labour and materials are variable costs. Skilled labour is paid  $\mathfrak{L}12$  an hour and unskilled labour is paid  $\mathfrak{L}8$  an hour. All references to labour cost above are based on basic rates of pay. Skilled labour is scarce, which means that the business could sell more than the maximum that it is able to make of any of the three products.

Product X is sold in a regulated market and the regulators have set a price of £30 per unit for it.

#### Required:

(a) State, with supporting workings, the price that must be charged for Products Y and Z, such that the business would find it equally profitable to make and sell any of the three products.

#### WEEK 8

As part of this exercise, students will have the opportunity to self-assess their knowledge in costing.



#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



8.3 Athena Ltd is an engineering business doing work for its customers to their particular requirements and specifications. It determines the full cost of each job taking a 'job costing' approach, accounting for overheads on a cost centre (departmental) basis. It bases its prices to customers on this full cost figure. The business has two departments (both of which are cost centres): a Machining Department, where each job starts, and a Fitting Department, which completes all of the jobs. Machining Department overheads are charged to jobs on a machine hour basis and those of the Fitting Department on a direct labour hour basis. The budgeted information for next year is as follows:

Heating and lighting	£25,000	(allocated equally between the two departments)
Machine power	£10,000	(all allocated to the Machining Department)
Direct labour	£200,000	£150,000 allocated to the Fitting
		Department and £50,000 to the Machining
		Department.
		All direct workers are paid £10 an hour)
Indirect labour	£50,000	(apportioned to the departments in
		proportion to the direct labour cost)
Direct materials	£120,000	(all applied to jobs in the Machining
		Department)
Depreciation	£30,000	(all relates to the Machining Department)
Machine time	20,000 hours	(all worked in the Machining Department)

#### Required:

- (a) Prepare a statement showing the budgeted overheads for next year, analysed between the two cost centres. This should be in the form of three columns: one for the total figure for each type of overhead and one column each for the two cost centres, where each type of overhead is analysed between the two cost centres. Each column should also show the total of overheads for the year.
- (b) Derive the appropriate rate for charging the overheads of each cost centre to jobs (that is, a separate rate for each cost centre).
- (c) Athena Ltd has been asked by a customer to specify the price that it will charge for a particular job that will be undertaken early next year, if the job goes ahead. The job is expected to use direct materials costing Athena Ltd £1,200, to need 50 hours of machining time, 10 hours of Machine Department direct labour and 20 hours of Fitting Department direct labour. Athena Ltd charges a profit loading of 20 per cent to the full cost of jobs to determine the selling price.

Show workings to derive the proposed selling price for this job.



#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



#### WEEK 9

As part of this exercise, students will have the opportunity to self-assess their ability to prepare and understand budgets and the budgeting process.

9.5 Daniel Chu Ltd, a new business, will start production on 1 April, but sales will not start until 1 May. Planned sales for the next nine months are as follows:

	Sales units
May	500
June	600
July	700
August	800
September	900
October	900
November	900
December	800
January	700

The selling price of a unit will be a consistent £100 and all sales will be made on one month's credit. It is planned that sufficient finished goods inventories for each month's sales should be available at the end of the previous month.

Raw materials purchases will be such that there will be sufficient raw materials inventories available at the end of each month precisely to meet the following month's planned production. This planned policy will operate from the end of April. Purchases of raw materials will be on one month's credit. The cost of raw material is £40 a unit of finished product.

The direct labour cost, which is variable with the level of production, is planned to be  $\mathfrak{L}20$  a unit of finished production. Production overheads are planned to be  $\mathfrak{L}20,000$  each month, including  $\mathfrak{L}3,000$  for depreciation. Non-production overheads are planned to be  $\mathfrak{L}11,000$  a month, of which  $\mathfrak{L}1,000$  will be depreciation.

Various non-current (fixed) assets costing £250,000 will be bought and paid for during April.

Except where specified, assume that all payments take place in the same month as the cost is incurred.

The business will raise £300,000 in cash from a share issue in April.

#### Required

Draw up the following for the six months ending 30 September:

- (a) A finished inventories budget, showing just physical quantities.
- (b) A raw materials inventories budget showing both physical quantities and financial values.
- (c) A trade payables budget.
- (d) A trade receivables budget.
- (e) A cash budget.

#### **WEEK 10**

As part of this exercise, students will have the opportunity to self-assess their ability to appraise investment proposals using various investment appraisal methods.

10.5 The accountant of your business has recently been taken ill through overwork. In his absence, his assistant has prepared some calculations of the profitability of a project, which are to be discussed soon at the board meeting of your business. His workings, which are set out below, include some errors of principle. You can assume that there are no arithmetical errors.

Year	0 £000	1 £000	2 £000	3 £000	4 £000	5 £000
Sales revenue		450	470	470	470	470
Less costs						
Materials		126	132	132	132	132
Labour		90	94	94	94	94
Overheads		45	47	47	47	47
Depreciation		120	120	120	120	120
Working capital	180					
Interest on working capital		27	27	27	27	27
Write-off of development costs		30	30	30		
Total costs	180	438	450	450	420	420
Operating profit/(loss)	(180)	12	20	20	50	50

$$\frac{\text{Total profit (loss)}}{\text{Cost of equipment}} = \frac{(£28,000)}{£600,000} = \text{Return on investment (4.7\%)}$$

You ascertain the following additional information:

- 1 The cost of equipment includes £100,000, being the carrying value of an old machine. If it were not used for this project it would be scrapped with a zero net realisable value. New equipment costing £500,000 will be purchased on 31 December Year 0. You should assume that all other cash flows occur at the end of the year to which they relate.
- 2 The development costs of £90,000 have already been spent.
- 3 Overheads have been costed at 50 per cent of direct labour, which is the business's normal practice. An independent assessment has suggested that incremental overheads are likely to amount to £30,000 a year.
- 4 The business's cost of capital is 12 per cent.

#### Required:

Ignoring taxation:

- (a) Prepare a corrected statement of the incremental cash flows arising from the project. Where you have altered the assistant's figures you should attach a brief note explaining your alterations.
- (b) Calculate:
  - 1 the project's payback period;
  - 2 the project's net present value as at 31 December Year 0.
- (c) Write a memo to the board advising on the acceptance or rejection of the project.

# **WEEK 11**

As part of this exercise, students will have the opportunity to self-assess their ability understand the various forms of business financing.

Statement of financial position as at 31 May	0000
ASSETS	£000
Non-current assets	
Property, plant and equipment	74
Current assets	
inventories at cost	198
Trade receivables	3
	201
Total assets	275
EQUITY AND LIABILITIES	_
Equity	
E1 ordinary shares	20
General reserve	4
Retained earnings	<u>17</u>
	41
Non-current liabilities	
Borrowings - Ioan notes repayable in just over one year's time	_40
Current liabilities	
Trade payables	162
Accrued expenses	10
Borrowings – bank overdraft	17
Taxation	5
	194
Total equity and liabilities	275
Abbreviated income statement for the year ended 3	1 May
Name of the state	£000
Sales revenue	74
Operating profit	38
nterest charges	<u>(5)</u>
Profit before taxation	33
Taxation	(10)
Profit for the year	23
A dividend of £23,000 was paid for the year.	_
Votes:	
1 The loan notes are secured by personal guarantees from the directors. 2 The current overdraft bears an interest rate of 12 per cent a year.	
2 The current overtrait bears an interest rate of 12 per cent a year.	
Required:	
a) Identify and discuss the major factors that a bank would take in	nto account before
deciding whether to grant an increase in the overdraft of a busine	
b) State whether, in your opinion, the bank should grant the requi	
overdraft for Gainsborough Fashions Ltd. You should provide re	asoned arguments
and supporting calculations where necessary.	

#### Week 12

As part of this exercise, students will have the opportunity to self-assess their ability understand working capital management.

12.3 International Electric plc at present offers its customers 30 days' credit. Half of the customers, by value, pay on time. The other half takes an average of 70 days to pay. The business is considering offering a cash discount of 2 per cent to its customers for payment within 30 days.

The credit controller anticipates that half of the customers who now take an average of 70 days to pay (that is, a quarter of all customers) will pay in 30 days. The other half (the final quarter) will still take an average of 70 days to pay. The scheme will also reduce bad debts by £300,000 a year.

Annual sales revenue of £365 million is made evenly throughout the year. At present the business has a large overdraft (£60 million) with its bank at an interest cost of 12 per cent a year.

#### Required:

- (a) Calculate the approximate equivalent annual percentage cost of a discount of 2 per cent, which reduces the time taken by credit customers to pay from 70 days to 30 days. (Hint: This part can be answered without reference to the narrative above.)
- (b) Calculate the value of trade receivables outstanding under both the old and new schemes.
- (c) How much will the scheme cost the business in discounts?
- (d) Should the business go ahead with the scheme? State what other factors, if any, should be taken into account.

# Recommended study time

Approx. 15 hours

# **EASTER HOLIDAYS / STUDY WEEK (Week 14)**

# **Instructions**

Week 14th is a study week so you can prepare for your forthcoming exam. This week you are expected to do a revision of the following:

- Introduction to accounting and finance (Week1)
- Measuring and reporting financial position (Week 2)
- Measuring and reporting financial performance (Week3)
- Measuring and reporting cash flows (Week 4)
- The concept of groups and group accounts (Week 5)
- Analysing and interpreting financial statements (Week 6)
- The relevance and behaviour of costs (Week 7)
- Full Costing (Week 8)
- Budgeting (Week 9)
- Making capital investment decisions (Week 10)
- Financing a business (Week 11)
- Managing Working Capital & Financial Market (Week 12)

# Recommended study time

Approx. 15 hours

# **FINAL EXAM (Week 15)**

# **Instructions**

The final examination will take place during the examination period as indicated in the Academic Calendar of the current year. The date of the exam will be announced on Blackboard in due course.

# APPENDIX: INDICATIVE ANSWERS FOR SELF-ASSESSMENT EXERCISES AND SIMULATION

#### **LECTURE 1 Introduction to accounting and finance**

(Week 1)

#### Week 1 Test Answers:

- 1. **B** Guide: While finance professionals may provide input on available resources for the marketing budget and assess its effectiveness, direct involvement is more probable for senior management and marketing staff.
- 2. **C** Guide: Accounting is concerned with the collection, measurement, and communication of events in financial terms.
- 3. **A** Guide: The main objective of management accounting and reporting is to provide information for internal decision making.
- 4. **B** Guide: Financial accounting does not involve assessing the potential risks and returns associated with an enterprise.
- 5. **A** Guide: Accounting can be viewed as an integral component of the overall information system within a business.

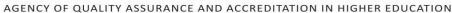
#### **Practice Question Answer:**

Financial accounting statements are destined to be used by users such as the following:

Shareholders	V
Managers	
Creditors	V
Employees	
Government agencies	٧
The general public	٧

#### Simulation exercise: - Week 1: Examples

- A. Company Name: "EcoCraft Creations"
  - Reason: The name reflects our commitment to sustainable and eco-friendly practices in crafting unique products.
  - Objectives:
    - Goal: To establish a reputation as a leading provider of environmentally conscious handmade goods.
    - o Values: Sustainability, creativity, and community engagement.
- B. Company Name: "Health Harmony Wellness"
  - Reason: The name emphasizes our dedication to promoting holistic well-being.
  - Objectives:
    - o Goal: To become a trusted provider of health and wellness services.
    - o Values: Health, balance, and integrity.





#### **LECTURE 2 Measuring and reporting financial position**

#### (Week 2)

#### Week 2 Test Answers:

- 1. A Guide: An asset is expected to generate future benefit.
- 2. **A** Guide: A bank loan payable in 6 months time is an example of a current liability. The rest are non-current liabilities.
- 3. A Guide: A non-current asset is an asset that does not meet the definition of a current asset.
- 4. **A** Guide: Users will need to examine the statement of financial performance to understand how the profit for the period was generated.

#### **Practice Question Answer:**

#### 2.4 Crafty Engineering

(a) Statement of financial position as at 30 June last year

	£000
ASSETS	
Non-current assets	
Property, plant and equipment	
Property	320
Equipment and tools	207
Motor vehicles	38
	565
Current assets	_
Inventories	153
Trade receivables	185
	338
Total assets	903
EQUITY AND LIABILITIES	
Equity (which is the missing figure)	441
Non-current liabilities	
Long-term borrowings (loan from Industrial Finance Company)	260
Current liabilities	
Trade payables	86
Short-term borrowings	116
	202
Total equity and liabilities	903

(b) The statement of financial position reveals a large investment in non-current assets. It represents more than 60 per cent of the total investment in assets (565/903). The nature of the business may require a heavy investment in non-current assets. The current assets exceed the current liabilities by a large amount (approximately 1.7 times). Hence, there is no obvious sign of a liquidity problem. However, the statement of financial position reveals that the business has no cash balance and is therefore dependent on the continuing support of short-term borrowing to meet maturing obligations.

When considering the long-term financing of the business, we can see that about 37 per cent (that is, 260/(260 + 441)) of total long-term finance is supplied by borrowings and about 63 per cent (that is, 441/(260 + 441)) by the owners. This level of long-term borrowing seems high but not excessive. However, we need to know more about the ability of the business to service the borrowing (that is, make interest payments and repayments of the amount borrowed) before a full assessment can be made.

#### Simulation exercise: - Week 2: Statement of Financial Position

#### Task 1:

#### XYZ Ltd Opening Statement of Financial Position

		£
ASSETS		
Non-current assets		
Property, Plant and equipment		
Property		100,000
Equipment and tools		15,000
Motor vehicles		20,000
		135,000
Current assets		
Cash		30,000
		30,000
Total Assets		165,000
<b>EQUITY AND LIABILITIES</b>		
	(balancing	
Equity	figure)	80,000
Non-Current Liabilities		
Bank Loan		85,000
Total equity and Liabilities		165,000

#### Task 2:

# XYZ Ltd Statement of Financial Position as at 31 December 20XX

	£
ASSETS	
Non-current assets	
Property, Plant and equipment	
Property	100,000
Equipment and tools (15,000+£6,000)	21,000
Motor vehicles	20,000
	141,000
Current assets	
Inventories (£35,000 -	
£25,000)	10,000
Trade Receivables	60,000
Cash (£30,000-£18,000-£6,000+£30,000-£12,000)	24,000
	94,000
Total Assets	235,000
EQUITY AND LIABILITIES	
<b>Equity</b> (balancing figure)	145,000
Non-Current Liabilities	
Bank Loan £85,000-£12,000)	73,000
Current Liabilities	
Trade Payables	17,000
Total equity and Liabilities	235,000

#### **LECTURE 3 Measuring and reporting financial performance**

# (Week 3)

#### Week 3 Test Answers:

- 1. **B** Guide: The conventional view of depreciation asserts its necessity as it aligns a portion of the cost of non-current assets with the income they contribute to generating.
- 2. **C** Guide: The profit or loss for a period is equal to the difference between revenues and expenses for that period.
- 3. **C** Guide: Operating profit = Revenue cost of sales distribution and selling costs administration expenses. £252,000 £157,000 £30,000 £25,000 = £40,000
- 4. D- Guide: Rearrange the gross profit calculation to determine the closing inventory. As sales – (opening inventory + purchases – closing inventory) = gross profit, then closing inventory = gross profit + (opening inventory + purchases) – sales. Closing inventory is thus £110,000 (gross profit) + (£20,000 (opening inventory) + £100,000 (purchases)) – £200,000 = £30,000.

#### **Practice Question Answer**

#### TT and Co

Statement of financial position as at 31 December 2020	
ASSETS	£
Delivery van (+9,500 + 13,000 - 5,000)	17,500
Inventories (+65,000 + 67,000 + 8,000 - 89,000 - 25,000)	26,000
Trade receivables (+19,600 + 179,000 – 178,000)	20,600
Cash at bank (+750 - 20,000 - 15,000 - 1,300 - 13,000	
- 36,700 - 1,820 - 8,000 + 54,000 + 178,000 - 71,000	
<b>–</b> 16,200)	49,730
Prepaid expenses (325)	325
Total assets	114,155
EQUITY AND LIABILITIES	£
Equity (+76,900 – 20,000 + 37,705)	94,605
Trade payables (+22,000 + 67,000 – 71,000)	18,000
Accrued expenses (+ 860 + 690)	1,550
Total equity and liabilities	114,155



# AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



#### Income statement for the year ended 31 December 2020

modifie statement for the year chaca or becomber	
	£
Sales revenue (+179,000 + 54,000)	233,000
Cost of goods sold (+89,000 + 25,000)	(114,000)
Gross profit	119,000
Rent (5,000 + 15,000)	(20,000)
Rates (300 + 975)	(1,275)
Wages (-630 + 36,700 + 860)	(36,930)
Electricity (-620 + 1,820 + 690)	(1,890)
Van depreciation (2,500 + 2,500)	(5,000)
Van expenses (16,200)	(16,200)
Profit for the year	37,705

The statement of financial position could now be rewritten in a more stylish form as follows:

#### TT and Co

Statement of financial position as at 31 Decem	nber 2020
	£
ASSETS	
Non-current assets	
Property, plant and equipment	
Motor van at cost	25,000
Accumulated depreciation	(7,500)
	17,500
Current assets	
Inventories	26,000
Trade receivables	20,600
Prepaid expenses	325
Cash	49,730
	96,655
Total assets	<u>114,155</u>
EQUITY AND LIABILITIES	
Equity (owner's capital)	
Closing balance	94,605
Current liabilities	
Trade payables	18,000
Accrued expenses	1,550
	19,550
Total equity and liabilities	114,155

#### Simulation exercise: - Week 3: Income Statement

**Total equity and Liabilities** 

### XYZ Income statement for the year ended 31 December 20XX

	£
Revenue	90,000
Cost of sales	(25,000)
Gross profit	65,000
Operating costs (except depreciation)	(35,000)
Depreciation	(10,000)
Operating profit	20,000
Interest payable	(800)
Profit before taxation	19,200
Taxation (20% of profits)	(3,840)
Net Profit for the year	15,360

XYZ Ltd REVISED Statement of Financial Position as at 31 December 20XX £ **ASSETS** Non-current assets Property, Plant and equipment Property (£100,000 - £5,000) 95,000 Equipment and tools (15,000+£6,000-£2,000) 19,000 Motor vehicles (£20,000-£3,000) 17,000 131,000 **Current assets** Inventories (£35,000 - £25,000) 10,000 **Trade Receivables** 30,000 Cash (£30,000-£18,000-£6,000+£60,000-£12,000-£35,000-£800-£4,840) 14,360 54,360 **Total Assets** 185,360 **EQUITY AND LIABILITIES Equity** 95,360 **Non-Current Liabilities** Bank Loan (£85,000-£12,000) 73,000 **Current Liabilities Trade Payables** 17,000

185,360

# **LECTURE 4 Measuring and reporting cash flows**

# (Week 4)

#### Week 4 Test Answers:

- 1. **B** Guide: An increase in trade payables means you have bought more goods on credit from suppliers but have not paid them. This will increase the amount of cash balance you are still holding.
- 2. **D** Guide: Main headings on the statement of cash flows are cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities.
- 3. **C** Guide: Annual depreciation charge is a non-cash expense. So it has to be added back to the profit before taxation (after interest) when using indirect method to deduce cash flow from operating activities.

#### **Practice Questions Answer**

# Solution to Exercise 5.2

# Juno plc

	£m
Operating profit (for last year)	187
Adjustments for:	
Depreciation	<u>55</u>
	242
Increase in inventories (31 – 27)	(4)
Decrease in trade receivables (24 – 23)	1
Increase in trade payables (17 – 15)	2
Cash generated from operations	<u>241</u>

#### Solution to Exercise 5.4

Bank overdraft

# Chen plc

# Statement of cash flows for the year ended 31 December 2020 £m Cash flows from operating activities Profit before taxation (after interest) (see Note 1 below) 25 Adjustments for: Depreciation (10 + 12) 22 Interest expense (Note 2) \_4 51 (1) Increase in inventories (25 – 24) 1 Decrease in trade receivables (26 – 25) Decrease in trade payables (37 – 34) (3)48 Cash generated from operations Interest paid (4) Taxation paid (Note 3) (11)Dividend paid (18)Net cash from operating activities <u>15</u> Cash flows from investing activities Payments to acquire non-current assets (Note 4) (36)Net cash used in investing activities (36)Cash flows from financing activities Net cash used in financing activities Net decrease in cash and cash equivalents (21)Cash and cash equivalents at 1 January 2020 Cash at bank 19 Cash and cash equivalents at 31 December 2020

(<u>2</u>)



#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



#### Notes:

- 1 This is simply taken from the income statement for the year.
- 2 Interest payable expense must be taken out, by adding it back to the profit before taxation figure. We subsequently deduct the cash paid for interest payable during the year. In this case, the two figures are identical.
- Taxation is paid by companies 50 per cent during their accounting year and the other 50 per cent in the following year. Thus, the 2020 payment would have been half the tax on the 2019 profit (that is, the figure that would have appeared in the current liabilities at the end of 2019), plus half of the 2020 tax charge (that is,  $8 + (\frac{1}{2} \times 6) = 11$ ).
- 4 Since there were no disposals, the depreciation charges must be the difference between the start and end of the year's non-current asset values, adjusted by the cost of any additions.

	£m
Carrying amount, at 1 January 2020	172
Add Additions (balancing figure)	<u>36</u>
	208
Less Depreciation (10 + 12)	22
Carrying amount, at 31 December 2020	<u>186</u>

#### Simulation exercise: - Week 5: Cash Flow Statement

# Statement of cash flows for the year ended 31 December 20XX

	£
Cash flows from operating activities	
Profit before taxation	19,200
Depreciation	10,000
Interest expense	800
	30,000
Increase in inventories	(10,000)
Increase in trade receivables	(30,000)
Increase in trade payables	17,000
Cash generated from operations	7,000
Interest paid	(800)
Taxation paid	(3,840)
Net cash inflow from operating activities	2,360
Cash flows from investing activities	
Acquisition of property, plant and equipment	(6,000)
Net cash outflow from investing activities	(6,000)
Cash flows from financing activities	
Bank loans repaid	(12,000)
Net cash inflow from financing activities	(12,000)
Net decrease in cash and cash equivalents	(15,640)
Cash and cash equivalents at beginning of year	30,000
Cash and cash equivalents at end of year	14,360

# LECTURE 5 The concept of groups and group accounts

# (Week 5)

#### Week 5 Test Answers:

- 1. **D** Guide: Army Ltd is located in a country where a military coup has taken place and Stone Plc has lost control of the investment for the foreseeable future. Consolidation is not appropriate in this case as the parent has lost control.
- 2. **C** Guide: IFRS 3 requires a bargain purchase to be credited to profit or loss as it is an economic gain. If the consideration is higher than the net assets being purchased, that would constitute goodwill (not taking the debit to the profit and loss). By taking the bargain purchase to the profit and loss immediately, IFRS 3 aims to restrict any excess being carried forwards.
- 3. **C** Guide: £10m +£1.5m (£7.5m \* 4/5m shares) = £11.5m £7.5m = £4m
- 4. **B** Guide:

Fair value at acquisition (200,000 \* 30% \* £1.75) £105,000 Share of post – acquisition retained earnings ((750-450) \* 30%)  $\underline{$ £90,000

£195,000

#### **Practice Questions Answer**

Question 6 - Rouge plc

Statement of financial position as at 1 January 20X0

ASSETS		£m
Non-current assets		
Property, plant and equipment	(100 2 60)	160
Goodwill	(132 – 100)	32
Current assets	(80 2 70)	<u>150</u>
		<u>342</u>
Ordinary shares of €1 each		200
Retained earnings		<u>52</u>
Share capital and reserves		252
Current liabilities		90
		<u>342</u>

# Question 2 - Summer plc

# Statement of financial position as at 31 December 20X1

ASSETS		€000	
Non-current assets			
Property, plant and equipment	200 + 200		
		400.0	
Goodwill	W1	18.0	
Current assets	100 + 140	<u>240.0</u>	
		<u>658.0</u>	
Equity shares		200.0	
Retained earnings	161 + 60% (40 – 35)	<u>164</u>	
Share capital and reserves		364.0	
Non-controlling interests	(40% of 220) + 6	94.0	
Current liabilities	80 + 120	200.0	
		<u>658.0</u>	
VAVA G I III			
W1 Goodwill			
Cost of investment		141	
60% of net assets of Winter	at date of acquisition (180 + 35)	129	
			12
Fair value of non-controlling	interest	92	
40% of net assets of Winter		(86)	<u>6</u>
	at tate of dequience.	( <u>55</u> )	
			<u>18</u>

# LECTURE 6 Analysing and interpreting financial statements (Week 6)

#### Week 6 Test Answers:

1. **B** – Guide: 2,520/(1,000+7,100+4,200) = 0.2049 [0.2049 x 100 = 20.49%]

2. **C** – Guide: 2,310/15,390 = 0.1500 [0.1500 x 100 = 15%]

3. **D** – Guide: 2,150x 100 / 2,000+10,700 = 16.93%

#### **Practice Questions Answer**

#### 6.1 Three businesses

A plc operates a supermarket chain. The grocery business is highly competitive and to generate high sales volumes it is usually necessary to accept low operating profit margins. Thus, we can see that the operating profit margin of A plc is the lowest of the three businesses. The inventories' turnover period of supermarket chains also tends to be quite low. They are often very efficient in managing inventories and most supermarket chains have invested heavily in inventories control and logistical systems. The average settlement period for receivables is very low as most sales are for cash. A low inventories turnover period and a low average settlement period for receivables usually mean that the investment in current assets is low. Hence, the current ratio (current assets/current liabilities) is also low.

*B plc* is the holiday tour operator. We can see that the sales to capital employed ratio is the highest of the three businesses. This is because tour operators do not usually require a large investment of capital: they do not need a large asset base in order to conduct their operations. The inventories turnover period ratio does not apply to B plc. It is a service business that does not hold inventories for resale. We can see that the average settlement period for receivables is low. This may be because customers are invoiced near to the holiday date for any amounts outstanding and must pay before going on holiday. The lack of inventories held and low average settlement period for receivables lead to a very low current ratio.

*C plc* is the food manufacturing business. We can see that the sales to capital employed ratio is the lowest of the three businesses. This is because manufacturers tend to invest heavily in both current and non-current assets. The inventories turnover period is the highest of the three businesses. Three different kinds of inventories – raw materials, work in progress and finished goods – are held by manufacturers. The average receivables settlement period is also the highest of the three businesses. Manufacturers tend to sell to other businesses rather than to the public and their customers will normally demand credit. At least a one-month credit period for customers is fairly common for manufacturing businesses, although customers may receive a discount for prompt payment. The relatively high investment in inventories and receivables usually results in a high current ratio.



#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



#### 6.5 Harridges Ltd

(a)

	Year before last	Last year
ROCE	$\frac{310}{1,600} = 19.4\%$	$\frac{350}{1,700} = 20.6\%$
ROSF	$\frac{155}{1,100} = 14.1\%$	$\frac{175}{1,200} = 14.6\%$
Gross profit margin	$\frac{1,040}{2,600} = 40\%$	$\frac{1,150}{3,500} = 32.9\%$
Operating profit margin	$\frac{310}{2,600} = 11.9\%$	$\frac{350}{3,500} = 10\%$
Current ratio	$\frac{735}{400} = 1.8\%$	$\frac{660}{485} = 1.4$
Acid test ratio	$\frac{485}{400} = 1.2\%$	$\frac{260}{485} = 0.5$
Trade receivables settlement period	$\frac{105}{2,600} \times 365 = 15 \text{ days}$	$\frac{145}{3,500} \times 365 = 15 \text{ days}$
Trade payables settlement period	$\frac{300}{1,560^*} \times 365 = 70 \text{ days}$	$\frac{375}{2,350^*} \times 365 = 58 \text{ days}$
Inventories turnover period	$\frac{250}{1,560} \times 365 = 58 \text{ days}$	$\frac{400}{2,350} \times 365 = 62 \text{ days}$
Gearing ratio	$\frac{500}{1,600} = 31.3\%$	$\frac{500}{1,700} = 29.4\%$

<sup>\*</sup> Used because the credit purchases figure is not available.

(b) There has been a considerable decline in the gross profit margin during last year. This fact, combined with the increase in sales revenue by more than one-third, suggests that a price-cutting policy has been adopted in an attempt to stimulate sales. The resulting increase in sales revenue, however, has led to only a small improvement in ROCE and ROSF.

Despite a large cut in the gross profit margin, the operating profit margin has fallen by less than 2 per cent. This suggests that overheads have been tightly controlled during last year. Certainly, overheads have not risen in proportion to sales revenue.

The current ratio has fallen and the acid test ratio has fallen by more than half. Even though liquidity ratios are lower in retailing than in manufacturing, the liquidity of the business should now be a cause for concern. However, this may be a passing problem. The business is investing heavily in non-current assets and is relying on internal funds to finance this growth. When this investment ends, the liquidity position may improve quickly.

The trade receivables period has remained unchanged over the two years, and there has been no significant change in the inventories turnover period during last year. The gearing ratio seems quite low and provides no cause for concern given the profitability of the business.

Overall, the business appears to be financially sound. Although there has been rapid growth during last year, there is no real cause for alarm provided the liquidity of the business can soon be improved. In the absence of information concerning share price, it is not possible to say whether an investment should be made.





# Simulation exercise: - Week 6: Ratio Analysis

l. 1		ty ratios				
	.1. Return o		, sharehol	ders' funds	(ROSF)	
					dividend	x 100
	Ordinary	share car				
	£15,360 £95,360					
	£95,360	= 16%				
	133,300					
1	.2. Return o	n canital e	mnloved	(ROCE)		
	Operatin		mpioyeu	(NOCL)		x 100
			oruge I N	on curror	t liabilitie	
	Silare cap	Jilai + Nes	ei ves + iv	on-currer	it iiabiiitie	5
	£20,0	000				
	£95,360 +	f73.000	= 12%			
		,				
1	.3. Operatir	ng profit m	argin			
	-	g profit				
	Sales Rev					
	Jaies Nev	ciiuc				
	£20,000					
	£20,000 £90,000	= 22%				
	230,000					
	1 Cr	_ f:+ · · ·	_			
1	.4. Gross pr					
	Gross pro		100			
	Sales Rev	enue				
	£65,000					
	£90,000	- 72%				
	£90,000					
	fficiency rati					
2	1 Average	inventori				
	.I. Average		es turnove	r period		
	.i. Average		es turnove	r period		
			ies held			
		inventor				
	Average Cost of s	inventor ales	ies held			
	Average Cost of s	inventor ales	ies held			
	Average	inventor ales	ies held			
	Average Cost of s	inventor ales	ies held			
	Average Cost of s £10,000 £25,000 *	inventor ales 365 = 14	ies held	x 365		
	Average Cost of s	inventor ales $365 = 14$ venue to c	ies held 6 days apital emp	x 365		
	Average Cost of s  £10,000 £25,000 *	inventor ales 365 = 14 venue to c Sales r	ies held  6 days  apital empeyenue	x 365		
	Average Cost of s £10,000 £25,000 *	inventor ales $365 = 14$ venue to c Sales r bital + Res	ies held  6 days  apital empeyenue	x 365	o t liabilitie	3
	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0	inventor ales $365 = 14$ venue to c $Sales r$ bital + Res	ies held  6 days  apital empeyenue	x 365		5
	Average Cost of s £10,000 £25,000 *	inventor ales $365 = 14$ venue to c $Sales r$ bital + Res	ies held  6 days  apital empevenue erves + N	x 365		5
	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0	inventor ales $365 = 14$ venue to c $Sales r$ bital + Res	ies held  6 days  apital empevenue erves + N	x 365		5
2	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0 £95,360 +	venue to c Sales r oital + Res	ies held days apital emperenue erves + N = 0.53	x 365		S
2 2 3. SI	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0 £95,360 +	inventor ales $365 = 14$ venue to c Sales r oital + Res $00$ £73,000	ies held days apital emperenue erves + N = 0.53	x 365		S
2 2 3. SI	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0 £95,360 +	inventor ales  365 = 14  venue to c Sales r oital + Res 00 £73,000 =	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
2 2 3. SI	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0 £95,360 +  nort-Term Li 1. Current Curre	inventor ales  365 = 14  venue to c Sales r oital + Res 100 £73,000 =	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
2 2 3. SI	Average Cost of s £10,000 £25,000 *  2. Sales rev Share cap £90,0 £95,360 +  nort-Term Li 1. Current Curre	inventor ales  365 = 14  venue to c Sales r oital + Res 00 £73,000 =	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		S
2 2 3. SI	Average Cost of s  £10,000 £25,000  *  Share cap £90,0 £95,360 +  *  **Current Li **Current Current Cu	inventor ales  365 = 14  venue to c Sales r oital + Res 100 £73,000 =  quidity Ra ratio	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
2 2 3. SI	Average Cost of s  £10,000 £25,000 *  2. Sales rev £90,0 £95,360 +  hort-Term Li 1. Current Current Current	inventor ales  365 = 14  venue to c Sales r oital + Res 100 £73,000 =  quidity Ra ratio	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
2 2 3. SI	Average Cost of s  £10,000 £25,000 *  2. Sales rev  Share cap £90,0 £95,360 +  current Current Current £54,360	venue to c Sales r oital + Res oo £73,000  quidity Ra ratio ent Assets Liabilities	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
2 2 3. SI	Average Cost of s  £10,000 £25,000 *  2. Sales rev £90,0 £95,360 +  hort-Term Li 1. Current Current Current	venue to c Sales r oital + Res oo £73,000  quidity Ra ratio ent Assets Liabilities	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
<b>2 3.</b> SI 3	Average Cost of s  £10,000 £25,000 *  2. Sales rev £90,0 £95,360 +  hort-Term Li 1. Current Current Current	inventor ales  365 = 14  venue to c Sales r oital + Res oital + Res oital + Res interes r equidity Ra ratio ent Assets Liabilities = 3.20	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
<b>2 3.</b> SI 3	Average Cost of s  £10,000 £25,000  2. Sales rev  Share cap £90,0 £95,360 +  Current Current £54,360 £17,000	inventor ales  365 = 14  venue to c Sales r oital + Res oit int Assets Liabilities = 3.20	ies held  6 days  apital emperenue erves + N  - 0.53	x 365		5
<b>2 3.</b> SI 3	Average Cost of s  £10,000 £25,000  22. Sales rev  £90,0 £95,360 +  hort-Term Li  1. Current Current £54,360 £17,000  2. Quick ra Current	inventor ales  365 = 14  venue to c Sales r oital + Res oit int Assets Liabilities = 3.20	apital emperente evenue erves + N = 0.53	x 365		5
<b>2 3.</b> SI 3	Average Cost of s  £10,000 £25,000 *  2. Sales rev £90,0 £95,360 +  nort-Term Li 1. Current Current £54,360 £17,000  2. Quick ra Current Current Current	venue to c Sales r ital + Res ion ent Assets Liabilities  Assets - Ir Liabilities	apital emperente evenue erves + N = 0.53	x 365		5
<b>2 3.</b> SI 3	Average Cost of s  £10,000 £25,000  22. Sales rev  £90,0 £95,360 +  hort-Term Li  1. Current Current £54,360 £17,000  2. Quick ra Current	venue to c Sales r vital + Res ventio ent Assets Liabilities £10,000 =	apital emperente evenue erves + N = 0.53	x 365		5

# **LECTURE 7 The relevance and behaviour of costs**

(Week 7)

#### Week 7 Test Answers:

- 1. **B**
- 2. **C**
- 3. **B**
- 4. **B**
- 5. **B**

#### **Practice Questions Answers**

# Solution to Exercise 7.3

#### The hotel group

(a) The variable element and, by implication, the fixed element of the hotel's cost can be deduced by comparing any two quarters, for example:

Quarter	Sales revenue	Profit (loss)	Total cost
	£000	£000	£000
1	400	(280)	680*
2	<u>1,200</u>	360	<u>840</u> *
Difference	800		<u>160</u> *

<sup>\*</sup> This is because: Sales revenue – total cost = profit (or loss) So, Sales revenue – profit (or + loss) = total cost

Thus the variable element of the sales price is 20 per cent (that is, (160/800) × 100). Now:

The fixed costs for quarter 1 = Total cost – Variable cost  
= £680,000 – 
$$(20\% \times 400,000)$$
 = £600,000

To check that this calculation is correct and consistent for all four quarters, we can 'predict' the total cost for the other three quarters and then check the predicted results against those that can be deduced from the question, as follows:

Quarter 2	
Total cost	= fixed cost + variable cost
	=£600,000 + (20% × 1,200,000)
	= £840,000 Agrees with the question
Quarter 3	
Total cost	= fixed cost + variable cost
	= £600,000 + (20% × 1,600,000)
	= £920,000 Agrees with the question
Quarter 4	
Total cost	= fixed cost + variable cost
	$=$ £600,000 + (20% $\times$ 800,000)
	= £760,000 Agrees with the question



#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



Had the fixed and variable elements been deduced graphically, the consistency of the fixed and variable cost elements over the four quarters would have been obvious because a straight line would have emerged.

The provisional results for this year are as follows:

	Total	Per guest
		(50,000 guests)
	£000	£
Sales revenue	4,000	80
Variable cost (20% of sales revenue)	(800)	( <u>16</u> )
Contribution	3,200	64
Fixed cost (that is, fixed cost a quarter $\times$ 4)	(2,400)	(48)
Profit	800	<u>16</u>

(b) (1) At the same level of occupancy as for this year and incorporating the increase in variable cost of 10 per cent, the sales revenue for next year will need to be:

	£000
Fixed cost	2,400
Variable cost (800,000 × 110%)	880
Total cost	3,280
Target profit	1,000
Sales revenue target	4,280

Hence, the sales revenue per guest is as given below:

$$\frac{£4,280,000}{50,000}$$
 = £85.60

(2) If the sales revenue per guest remains at the current rate, the contribution per guest will be:

To cover the fixed cost and the target profit, would take:

$$\frac{£2,400,000+1,000,000}{£62,40} \approx 54,487 \text{ visitors}$$

(c) The major assumptions of profit—volume analysis are that cost can be divided between an element that varies with the volume of activity (and with that factor alone) and an element that is totally unaffected by volume changes. Further assumptions are that both variable cost and sales revenue vary at a steady rate (straight-line relationship) with volume. These assumptions are unlikely to be strictly valid in reality. Variable cost is unlikely to vary in a truly straight-line manner relative to volumes. For example, at higher levels of output, there may be economies of scale in purchasing (for example, bulk discounts) or the opportunity to use materials or labour more effectively. On the other hand, the opposite may be the case. At higher levels of output, cost per unit increases because a shortage may be created by the higher output level. Similarly the business may not be able to sell more without reducing the selling price.

#### 7.5 Darmor Ltd

(a) Contribution per hour of skilled labour of Product X is:

$$\frac{\mathfrak{L}(30-6-2-12-3)}{\frac{6}{12}}=\mathfrak{L}14$$

Given the scarcity of skilled labour, if the management is to be indifferent between the products, the contribution per skilled-labour-hour must be the same. Thus for Product Y the selling price must be:

$$\mathfrak{L}((14 \times (9/12)) + 9 + 4 + 25 + 7) = \mathfrak{L}55.50$$

(that is, the contribution plus the variable cost), and for Product Z the selling price must be:

$$\mathfrak{L}((14 \times (3/12)) + 3 + 10 + 14 + 7) = \mathfrak{L}37.50$$

# **LECTURE 8 Full Costing**

(Week 8)

#### **Week 8 Test Answers:**

- 1. **B**
- 2. **B**
- 3. A
- 4. **B**
- 5 B

#### **Practice Questions Answers**

# Solution to Exercise 8.3

#### Athena Ltd

#### (a) Budgeted overheads for next year

	Total	Machining	Finishing	
		Department	Department	
	£	£	£	
Heating and lighting	25,000	12,500	12,500	
Machine power	10,000	10,000	_	
Indirect labour*	50,000	12,500	37,500	
Depreciation	30,000	30,000		
	115,000	65,000	50,000	

<sup>\*</sup> This is divided 50,000:150,000, that is, in proportion to direct labour.

Note that direct labour and materials are not included in this schedule because they are not indirect costs.

# (b) Machining Department

The machine hour rate = £65,000/20,000 = £3.25 per hour

#### Fitting Department

The direct labour hour rate = £50,000/(150,000/10) = £3.33 per hour. (Note that the direct workers are paid £10 an hour, so the hours to be worked are 150,000/10.)

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



# (c) Job price

		£	
Direct materials		1,200	
Direct labour:			
Machining Department	10 hours $\times$ £10	100	
Fitting Department	20 hours $\times$ £10	200	
Overheads:			
Machining Department	50 hours $\times$ £3.25	163	(to the nearest £)
Fitting Department	20 hours $\times$ £3.33	67	(to the nearest £)
		1,730	
Profit loading	20% × £1,730	346	
		£2,076	

Thus, the price will be £2,076.

# Solution to Exercise 8.5

# Lo, Mid and Hi

# (a) (1) Original (traditional) costing method

Calculation of the overhead recovery rate

Total direct-labour hours =  $(20,000 \times 0.5) + (1,000 \times 1) + (10,000 \times 1) = 21,000$ 

Overhead recovery rate = £4,410,000/21,000 = £210 per direct-labour hour.

Unit cost and selling prices

	Lo	Mid	Hi
	£	£	£
Material cost	25	62.5	105
Direct-labour cost (£8 per hour)	4	8	8
Overheads (£210 per DLH)	<u>105</u>	210	210
Full cost per unit	134	280.5	323
Profit margin (20% of FC)	26.8	<u>56.1</u>	64.6
	160.8	336.6	387.6

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



### (2) Activity-based costing method

# Total cost and selling prices

		Lo €	Mid €	Hi £	Total €
Material cost (£/unit × budge	ted production)	500,000	62,500	1,050,000	1,612,500
Direct-labour co	ost	80,000	8,000	80,000	168,000
Overheads:	machining	1,112,000 (40%)	417,000 (15%)	1,251,000 (45%)	2,780,000
	logistics	277,300 (47%)	35,400 (6%)	277,300 (47%)	590,000
	establishment	<u>436,800</u> (42%)	187,200 (18%)	<u>416,000</u> (40%)	1,040,000
Total cost		2,406,100	710,100	3,074,300	6,190,500
Number of unit	s	20,000	1,000	10,000	
Full cost per un	nit	120.3	710.1	307.4	
Profit margin (2	20% of FC)	24.1	<u>142.0</u>	61.5	
		144.4	852.1	368.9	

- (b) The activity-based approach should give us a more focussed basis of charging overheads to production. On the basis of the ABC-derived figures, it is not surprising that the Lo model was overpriced relative to the market price.
  - At present, the Mid model looks to be priced at well below a fair estimation of cost. Its price really should be raised significantly. Hi, like the Lo model, seems overpriced at present.
- (c) The business should consider moving prices towards those derived from the ABC approach. At the same time, competitors' prices should be closely examined. It may well be that the market would not bear the ABC-derived price for the Mid model. Recent volume sales of Mid have not been large, and so it may be that competition is fierce here. On the other hand, the total market may be small. It may be the case that reduced prices for Lo and Hi would expand their sales and the business's total profit. The business should not be too eager to reduce prices if the market will bear higher ones.

#### **LECTURE 9 Budgeting**

(Week 9)

#### **Week 9 Test Answers:**

- 1. **D** Guide: A budget is a planning and control tool, and it is also used as a means of communicating goals to the firm's divisions.
- 2. **D** Guide: All of the above are a part of the cash budget
- 3. **D** Guide: Budgeting process resource information for decision making and a standard for performance evaluation. It also helps in improving communication and coordination within the organization.
- 4. **C** Guide: If beginning inventory in February (ending inventory in January) is 52,000 + 10,000 50,000 = 12,000 and, ending inventory in January is 20% of February sales Then, February sales = 12,000/0.20 = 60,000

#### **Practice Questions Answer**

#### Solution to Exercise 9.1

- (a) A budget is a business plan for a future period, usually expressed in financial terms. A forecast is an assessment/estimation of what is expected to happen in the environment. 'Plan' implies an intention to achieve. Thus, a budget is a plan of what is intended to be achieved during the period of the budget. Relevant forecasts may well be taken into account when budgets are being prepared, but there is a fundamental difference between budgets and forecasts.
  - Though a year is a popular period for detailed budgets to be drawn up, there is no strong reason in principle why they have to be of this length.
- (b) The layout described is generally regarded as a useful approach. Budgets are documents exclusively for the use of managers within the business. For this reason, those managers can use whatever layout best suits their purpose and tastes. In fact, there is no legal requirement that budgets should be prepared at all, let alone that they are prepared in any particular form.
- (c) It is probably true to say that any manager worth employing would not want to work for a business that did not have an effective system of budgeting. Without budgeting, the advantages of:
  - co-ordination
  - motivation
  - focusing on the future
  - provision of the basis of a system of control and
  - providing a system of authorisation would be lost.

Any good system of budgeting would almost certainly have individual managers participating heavily in the preparation of their own budgets and targets. It would also be providing managers with demanding, but rigorous, targets. This would give good managers plenty of scope to show flair and initiative, yet be part of a business that is organised, in control and potentially successful.

(d) Any sensible person would probably start with the budget for the area in which lies the limiting factor – that is, that factor that will, in the end, prevent the business from achieving its objectives to the extent that would have been possible were it not for that factor.

It is true that, in practice, sales demand is often the limiting factor. In those cases, the sales budget is the best place to start. The limiting factor could, for example, be a shortage of suitable labour or materials. In this case, the labour or materials budget would be the sensible place to start.

The reason why the starting point is important is simply that it is easier to start with the factor that is expected to limit the other factors and for those other factors to fit in.

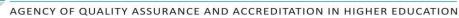
# Solution to Exercise 9.5

#### Daniel Chu Ltd

(a) The finished goods inventories budget for the six months ending 30 September (in units of production):

	April	May	June	July	Aug	Sept
	units	units	units	units	units	units
Opening inventories (note 1)	0	500	600	700	800	900
Production (note 2)	<u>500</u>	600	700	800	900	900
	500	1,100	1,300	1,500	1,700	1,800
Sales (note 3)	_=	<u>(500</u> )	<u>(600</u> )	<u>(700</u> )	<u>(800</u> )	<u>(900</u> )
Closing inventories	<u>500</u>	600	700	800	900	900

# ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΎΣΗΣ





# (b) The raw materials inventories budget for the six months ending 30 September (in units):

	April	May	June	July	Aug	Sept
	units	units	units	units	units	units
Opening inventories (note 1)	0	600	700	800	900	900
Purchases (note 2)	1,100	700	800	900	900	900
	1,100	1,300	1,500	1,700	1,800	1,800
Production (note 4)	(500)	<u>(600</u> )	<u>(700</u> )	(800)	<u>(900</u> )	<u>(900</u> )
Closing inventories	600	700	800	900	900	900

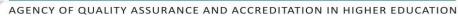
The raw materials inventories budget for the six months ending 30 September (in financial terms):

	April	Мау	June	July	Aug	Sept
	£000	£000	£000	£000	£000	£000
Opening inventories (Note 1)	-	24	28	32	36	36
Purchases (Note 2)	44	28	<u>32</u>	<u>36</u>	<u>36</u>	<u>36</u>
	44	52	60	68	72	72
Production						
(Note 4)	( <u>20</u> )	<u>(24</u> )	<u>(28</u> )	(32)	( <u>36</u> )	(36)
Closing inventories	24	28	32	36	36	36

## (c) The trade payables budget for the six months ending 30 September:

	April	Мау	June	July	Aug	Sept
	£000	£000	£000	£000	£000	£000
Opening balance						
(Note 1)	-	44	28	32	36	36
Purchases						
(Note 5)	44	28	<u>32</u>	<u>36</u>	<u>36</u>	<u>36</u>
	44	72	60	68	72	72
Cash payment		( <u>44</u> )	( <u>28</u> )	( <u>32</u> )	( <u>36</u> )	( <u>36</u> )
Closing balance	44	28	32	<u>36</u>	36	36

## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΎΣΗΣ





# (d) The trade receivables budget for the six months ending 30 September:

	April	May	June	July	Aug	Sept
	£000	£000	£000	£000	£000	£000
Opening balance (Note 1)	-	-	50	60	70	80
Sales (Note 3)	_=	<u>50</u>	60	70	80	90
	-	50	110	130	150	170
Cash received	_=	_=	<u>(50</u> )	<u>(60</u> )	<u>(70</u> )	(80)
Closing balance		<u>50</u>	60	70	80	90

# (e) The cash budget for the six months ending 30 September:

	April	Мау	June	July	Aug	Sept
	£000	£000	£000	£000	£000	£000
Inflows						
Share issue	300					
Receipts – trade receivables						
(Note 6)	_=		<u>50</u>	60	<u>70</u>	_80
	300	_=	<u>50</u>	60	<u>70</u>	_80
Outflows						
Payments to						
trade payables						
(Note 7)	-	44	28	32	36	36
Labour (Note 3)	10	12	14	16	18	18
Overheads:						
Production	17	17	17	17	17	17
Non-production						
(Note 8)	10	10	10	10	10	10
Non-current assets	<u>250</u>	_	_	_	_	
Total outflows	287	<u>83</u>	<u>69</u>	<u>75</u>	<u>81</u>	<u>81</u>
Net inflows						
(outflows)	_13	( <u>83</u> )	( <u>19</u> )	<u>(15</u> )	<u>(11</u> )	<u>(1</u> )
Balance c/f	<u>13</u>	( <u>70</u> )	( <u>89</u> )	( <u>104</u> )	( <u>115</u> )	( <u>116</u> )

#### Notes

- 1. The opening balance is the same as the closing balance from the previous month.
- 2. This is a balancing figure.
- 3. This figure is given in the question.
- 4. This figure derives from the finished inventories budget.
- 5. This figure derives from the raw materials inventories budget.
- This figure derives from the trade receivables budget.
- 7. This figure derives from the trade payables budget.
- 8. This figure is the non-productive overheads less depreciation, which is not a cash expense.

Simulation exercise: - Week 9: Five Year Cash Budget

The budget template will be provided in excel format

XYZ Forecasted Cash Budget for the Five Year Period								
	Budget	Budget	Budget	Budget	Budget			
ACCOUNT NAME	Year 1	Year 2	Year 3	Year 4	Year 5			
Cash In from Sale of Goods/Services								
Collection of Debtors Current Year Sales / Revenue	30,000							
Total Cash In from Goods/Services	30,000	0	0	0	0			
Cash Out on Expenses								
Payment of Creditors	(17,000)							
Purchases								
Operating Expenses (W1)								
Interest paid								
Taxation								
Total Cash Out on Expenses	(17,000)	0	0	0	0			
<b>Total Cash From Operations</b>	13,000	0	0	0	0			

## **Cash Used in Investing**

Capital expenditure

Total Cash Used in Investing	0	0	0	0	0
Cash Used/From Financing					
Existing loan to be repaid	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Loans repaid					
[Other Cash In/Out from Financing eg fund	ing from the owner]				
Total Cash Used/From Financing	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Total Increase/Decrease in Cash	1,000	(12,000)	(12,000)	(12,000)	(12,000)

Workings:

W1

Operating expenses Less: Depreciation

## **LECTURE 10 Making capital investment decisions**

(Week 10)

#### Week 10 Test Answers:

- 1. **B** Guide: Making sure that we have enough money to buy assets/ Making sure that assets pay for themselves as soon as possible / Making sure that we have enough assets to operate
- 2. **D** Guide: Payback calculations stop when the payback is achieved therefore the total cash flows generated by the asset are not taken into account
- 3. **D**
- 4. **C**

## **Practice Questions Answer**

## 10.1 Mylo Ltd

(a) The annual depreciation of the two projects is:

Project 1: 
$$\frac{(\mathfrak{L}100,000 - \mathfrak{L}7,000)}{3} = \mathfrak{L}31,000$$
  
Project 2:  $\frac{(\mathfrak{L}60,000 - \mathfrak{L}6,000)}{3} = \mathfrak{L}18,000$ 

#### Project 1

Net present value

	Year 0	Year 1	Year 2	Year 3
Operating profit (loss) (£000)		29	(1)	2
Depreciation (£000)		31	31	31
Capital cost (£000)	(100)			
Residual value (£000)	_	_	-	7
Net cash flows (£000)	(100)	60	30	40
10% discount factor	1.000	0.909	0.826	0.751
Present value (£000)	(100.00)	54.54	24.78	30.04
Net present value (£000)	(9.36)			

## 2 Internal rate of return

Clearly the IRR lies above 10%; try 15%:

	Year 0	Year 1	Year 2	Year 3
15% discount factor	1.000	0.870	0.756	0.658
Present value (£000)	(100.00)	52.20	22.68	26.32
Net present value (£000)	1.20			

Thus the IRR lies a little above 15%, perhaps around 16%.



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

## AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



#### 3 Payback period

To find the payback period, the cumulative cash flows are calculated:

	Year 0	Year 1	Year 2	Year 3
Cumulative cash flows (£000)	(100)	(40)	(10)	30

Thus the payback will occur after 3 years if we assume year-end cash flows.

## Project 2

## Net present value

	Year 0	Year 1	Year 2	Year 3
Operating profit (loss) (£000)		18	(2)	4
Depreciation (£000)		18	18	18
Capital cost (£000)	(60)			
Residual value (£000)				6
Net cash flows (£000)	(60)	36	16	28
10% discount factor	1.000	0.909	0.826	0.751
Present value (£000)	(60.00)	32.72	13.22	21.03
Net present value (£000)	6.97			

#### 2 Internal rate of return

Clearly the IRR lies above 10%; try 15%:

	Year 0	Year 1	Year 2	Year 3
15% discount factor Present value (£000)	1.000 (60.00)	0.870 31.32	0.756 12.10	0.658 18.42
Net present value (£000)	1.84	31.32	12.10	10.42

Thus the IRR lies a little above 15%; perhaps around 17%.

## 3 Payback period

The cumulative cash flows are:

	Year 0	Year 1	Year 2	Year 3
Cumulative cash flows (£000)	(60)	(24)	(8)	20

Thus, the payback will occur after 3 years (assuming year-end cash flows).

(b) Presuming that Mylo Ltd is pursuing a wealth-enhancement objective, Project 1 is preferable since it has the higher NPV. The difference between the two NPVs is not significant, however.

## Solution to Exercise 10.5

## The accountant

(a)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£000	£000	£000	£000	£000	£000
Sales revenue		450	470	470	470	470
Working capital recovered		_				<u>180</u>
		450	470	470	470	650
Materials		126	132	132	132	132
Labour		90	94	94	94	94
Overheads		30	30	30	30	30
Working capital	180					
New equipment	<u>500</u>	_				
	680	246	256	256	256	256
Incremental cash flows	(680)	204	214	214	214	394

#### Notes:

- Working capital invested in this project at the start will be recovered at the end of the project's life.
- The relevant overheads figure is £30,000 a year additional cost that the project is expected to cause.
- Depreciation is not a cash flow.
- Interest on the working capital investment and on other aspects of this investment is dealt with by discounting.
- The development cost is not a relevant cost, since it has been incurred already and is not affected by the decision to be made.
- The cost of the equipment to start this project is the £500,000 that must be spent. The
  carrying value of the old machine is not relevant since this does not represent an outlay or
  an opportunity cash flow.



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΉΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΉΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΏΤΕΡΗΣ ΕΚΠΑΙΔΕΎΣΗΣ

## AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



(b)

(1) Payback period	Year 0 £000	Year 1 £000	Year 2 £000	Year 3 £000	Year 4 £000	Year 5 £000
Incremental cash flows	(680)	204	214	214	214	394
Cumulative incremental						
cash flows	(680)	(476)	(262)	(48)	166	560

Thus, the payback point occurs in Year 4, that is, after just over three years (assuming cash flows accrue evenly over the year).

(2) NPV	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Incremental cash flows (000)	(680)	204	214	214	214	394
Discount factor	1.000	0.893	0.797	0.712	0.636	0.567
Present values (000)	(680)	182.2	170.6	152.4	136.1	223.4
NPV (000)	184.7					

- (c) A memo to the board might include the following points:
  - The fact that the project has a significant positive NPV, which would increase shareholder wealth.
  - The fact that the project has a relatively short payback period.
  - The figures in the analysis ignore taxation, which should be considered before a final decision is made.
  - The question of risk should be considered before a final decision is made.

## Simulation exercise: - Week 10: Business Valuation

# The business valuation template will be provided in excel format

	Busin	ess Valuation	n Template				
	XY7 - I	nvestmen	t Annrai	sal			
1. Net P	resent Value Appraisal		t / tpp: a.	<u> </u>			
	YEAR		1	2	3	4	5
			€	€	€	€	€
	Cash Inflow						
	Less: Cash outflows (W1)		0	0	0	0	C
	Less: New Net Working Capital						
	Free Cashflow		0	0	0	0	C
	Discount Factor	8.00%	0.93	0.86	0.79	0.74	0.68
	Discounted Cash Flow		0	0	0	0	0
	Net Present Value (NPV)				0		
Working							
	sh outflow from cash budget						
	erest paid		_	_	_	_	
Cash ou	tflows (W1)		0	0	0	0	0
	statement of financial position to fin	nd the increas	se in the ne	et working	capital (i.e	. increse ii	า
	ries, debtors and creditors)						
Why are	we adding the interest paid in this e	exercise?					

#### **LECTURE 11 Financing a business**

(Week 11)

#### Week 11 Test Answers:

- 1. **D** Guide: The money market is a subsection of the fixed income (bonds) market with short maturities. Examples include Treasury Bills, Certificate Of Deposit, Repurchase Agreements.
- 2. **A**
- 3. **A** Guide: Money market specialises in very short-term debt securities (debt that matures in less than one year).
- 4. **D** Guide: Eurobond IS form of long-term borrowing where the finance is raised on an international basis. Eurobonds are issued in a currency that is not that of the country in which the bonds are issued

## **Practice Questions Answer**

#### 11.2 H. Brown (Portsmouth) Ltd

- (a) The main factors to take into account are:
  - Risk. If a business borrows, there is a risk that at the maturity date for the repayment of the funds the business will not have sufficient funds to repay the amount owing and will be unable to find a suitable form of replacement borrowing. With short-term borrowings, the maturity dates will arrive more quickly and the type of risk outlined will occur at more frequent intervals.
  - Matching. A business may wish to match the life of an asset with the maturity date of the borrowing. In other words, long-term assets will be purchased with long-term borrowed funds. A certain level of current assets, which form part of the long-term asset base of the business, may also be funded by long-term borrowing. Those current assets that fluctuate owing to seasonality and so on will be funded by short-term borrowing. This approach to funding assets will help reduce risks for the business.
  - Cost. Interest rates for long-term borrowings may be higher than for short-term ones as investors may seek extra compensation for having their funds locked up for a long period. However, issue costs may be higher for short-term borrowings as there will be a need to refund at more frequent intervals.
  - Flexibility. Short-term borrowings may be more flexible. It may be difficult to repay long-term ones before the maturity period.
- (b) When deciding to grant a loan, a lender should consider the following factors:
  - security;
  - purpose of the loan;
  - ability of the borrower to repay;
  - loan period;
  - availability of funds;
  - character and integrity of the senior managers.
- (c) Loan conditions may include:
  - the need to obtain permission before issuing further loans;
  - the need to maintain a certain level of liquidity during the loan period;
  - a restriction on the level of dividends and directors' pay.

## Solution to Exercise 11.5

## Gainsborough Fashions Ltd

- (a) The major factors that a bank should take into account are as follows:
  - Need Is the overdraft necessary? The statement of financial position shows that the
    business probably has as much as six months' inventories. It seems very likely that
    this level could be reduced, without damaging its ability to meet the needs of its
    customers. This certainly should be looked at first. It does not require the compliance
    of those outside the business. It may also have advantages of saving on storage space
    and, particularly in the fashion trade, the risk of obsolescence.
  - Purpose What is the purpose of the overdraft? Is it to help finance a temporary cash shortage? Will the purpose ensure that the overdraft is self-liquidating? If not, how will the overdraft be repaid?
  - Repayment period When will the overdraft be repaid? Has a cash flow budget been
    prepared, clearly showing the repayment period and financing requirements? Are the
    underlying assumptions of the forecast valid and reliable?
  - Security What assets can be offered as security for the overdraft? Are the assets readily realisable?
  - Financial strength What is the financial position and performance of the business?
     What are the risks involved in the business in which it is engaged? Can the business cope with a downturn in sales volume?
  - Directors What are the ability and character of the directors? Are they managing the business efficiently? Would they make every effort to repay the overdraft when required?
  - Track record Has the business taken out loans before and, if so, did the business comply with the terms of these loans?
- (b) A number of points can be made concerning the business's request for an overdraft:
  - Ability to repay The information available does not indicate how the proposed increase in overdraft might be repaid. To reduce the average credit period taken from suppliers (settlement period) from three months to one month, the finance required will be £108 million (that is, 2/3 × £162 million). This is more than four times the business's current profit for the year (after taxation). It does not seem likely, therefore, that the overdraft, which is meant to be a short-term form of borrowing, could be repaid out of short-term future profits. As the purpose of the overdraft is to repay trade payables, the overdraft will not generate further cash flows for the business and so will not be self-liquidating.
  - Loan repayment It is interesting to note that the loan notes are due for repayment in
    the near future (one year's time). Any repayment of the loan before the overdraft is
    due for repayment is likely to make it even more difficult for the business to repay
    the overdraft.



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

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- *Risk* The purpose of the overdraft is to replace one form of short-term borrowing with another. This will mean that the financing risks will be transferred from the trade payables to the bank. These financing risks are quite high. If the overdraft is granted for one year, the annual interest payments would increase by approximately £13 million (that is, £108 million at 12%). Assuming profits remain constant, this would reduce the interest cover ratio from 7.6 times (that is, 38/5) to 2.1 times (that is, 38/(5 + 13)). The total debt (amount owed) to total asset ratio would remain unchanged by the new financing arrangements. However, the ratio is already high at 85.1% (that is, (194 + 40)/(74 + 201)), and the new arrangements would increase the bank's exposure.
- Security The business's statement of financial position of the business does not
  reveal any assets that the lenders are likely to find particularly attractive as security
  for the loan. Although it is possible that the directors may be able to provide personal
  guarantees, it should be noted that they already offer personal guarantees in respect
  of the loan notes outstanding. (However, if the loan notes are repaid, this would
  release some debt capacity.)
- Undercapitalisation The main problem with the business appears to be one of undercapitalisation. It really requires an injection of long-term finance in order to provide a sounder financial base. Given the business's high level of gearing, lenders are likely to expect a significant proportion of any new long-term finance to be raised through the issue of equity shares. At present, the return to equity shareholders is very high at 56.1% (that is, 23/41) and so raising additional equity finance may not be a problem. An issue of equity shares to raise all the necessary finance would mean that, if operating profit remains constant, the return to equity could still prove attractive to investors.

If inventories levels can be reduced, the problem could be solved without the need for additional external finance. Should inventories reduction not solve the problem, the request for an overdraft is unlikely to prove successful. Instead, the business should attempt to improve its long-term financial structure. It should also review its current-asset management (for example, average inventories turnover period, average settlement period for receivables and so on) to see whether there is scope for improvement.

# LECTURE 12 Managing Working Capital & Financial Market (Week 12)

#### Week 12 Test Answers:

- 1. A
- 2. **D**
- 3. **D**
- 4. B

## **Practice Questions Answer**

# Solution to Exercise 12.3

# International Electric plc

(a) The approximate equivalent annual percentage cost of allowing 2% discount for receiving cash 40 days earlier is as given below:

$$(365/40) \times 2\%$$
 =  $18.25\%$ 

(b) Value of trade receivables outstanding

	Old scheme	New scheme
	£m	£m
Trade receivables owing:		
$0.5\times(£365m\times30/365)$	15.0	15.0
$0.5\times(£365m\times70/365)$	35.0	
$0.25\times(£365m\times30/365)$		7.5
$0.25\times(£365m\times70/365)$		<u>17.5</u>
	<u>50.0</u>	40.0

(c) Cost of discounts allowed =  $(0.75 \times £365m) \times 2\% = £5,475,000$ 



# ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

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(d) Net cost of the discount scheme

£

Cost of discounts 5,475,000

Less

Interest charges saved ((£50m – £40m) @ 10%)

1,000,000

Bad debt savings <u>300,000</u> <u>1,300,000</u>

Net cost 4,175,000

The calculations reveal that the costs of the discounts scheme heavily outweigh the benefits.

## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

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## 12.5 Boswell Enterprises Ltd

	Curren	nt policy	olicy New po	
	£000	£000	£000	£000
Trade receivables				
$[(£3m \times 1/12 \times 30\%) + (£3m \times 2/12 \times 70\%)]$		425.0		
$[(£3.15m \times 1/12 \times 60\%) + (£3.15m \times 2/12 \times 40\%)]$				367.5
Inventories				
$\{[£3m - (£3m \times 20\%)] \times 3/12\}$		600.0		
$\{[£3.15m - (£3.15m \times 20\%)] \times 3/12\}$				630.0
Cash (fixed)		140.0		140.0
		1,165.0		1,137.5
Trade payables				
$[£3m - (£3m \times 20\%)] \times 2/12]$	(400.0)			
$\{[£3.15m - (£3.15m \times 20\%)] \times 2/12\}$			(420.0)	
Accrued variable expenses				
[£3m  imes 1/12  imes 10%]	(25.0)			
$[£3.15m \times 1/12 \times 10\%]$			(26.3)	
Accrued fixed expenses	<u>(15.0)</u>	(440.0)	<u>(15.0)</u>	(461.3
Investment in working capital		725.0		676.2

## (b) The expected profit for the year

	Currer	nt policy	New	policy
	£000	£000	£000	£000
Sales revenue		3,000.0		3,150.0
Cost of goods sold		(2,400.0)		(2,520.0)
Gross profit (20%)		600.0		630.0
Variable expenses (10%)	(300.0)		(315.0)	
Fixed expenses	(180.0)		(180.0)	
Discounts (£3.15m $\times$ 60% $\times$ 2.5%)	_	(480.0)	(47.3)	(542.3)
Profit for the year		120.0		87.7

(c) Under the proposed policy we can see that the investment in working capital will be slightly lower than under the current policy. However, profits will be substantially lower as a result of offering discounts. The increase in sales revenue resulting from the discounts will not be sufficient to offset the additional cost of making the discounts to customers. It seems that the business should, therefore, stick with its current policy.

# LECTURE 13 Revision (Week 13)

## Week 13 MCQ Answers:

1.	D
2.	В
3.	В
4.	В
5.	С
6.	Α
7.	C A C
8.	
9.	В
10.	Α
11.	В
12.	Α
13.	D
14.	D
14. 15.	В
16.	D
17.	С
18.	C B C C C C C B B
19.	С
20.	С
21.	С
22.	A
23.	С
24.	С
25.	
26.	
27.	A D C
28.	С
29.	D
30.	
31.	A D
32.	В
33.	A
34.	A C
35.	С
36.	В
37.	A
38.	С
39.	Α



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

# DI.P.A.E. AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



40.	В
41.	В
42.	С
43.	D
44.	D
45.	С
46.	D
47.	D

ENTYΠO: 200.1.3

# Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

## ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

## ΠΕΡΙΕΧΟΜΕΝΑ:

Academic Institution	UCLan Cyprus		
Programme of Studies	MBA DL		
Module	MD4992 MBA Disserta	ation	
Level	BSc	N	1Sc
			$\boxtimes$
Teaching Language	English		
Delivery Method	Distance Learning	Conve	entional
	$\boxtimes$	[	
Τύπος Μαθήματος	Compulsory	Opt	ional
	$\boxtimes$	[	
Number of lectures	Total: 9	Physical	Online: 9
		presence:	
Number of assignments	1		
Final Mark	Dissertation (10)	0%)	
ECTS		30	

Author:	Dr Anthi Avloniti
Editing:	Dr Loukas Glyptis
Final approval:	Dr Loukas Glyptis, Head of School of Business and Management

# **STUDY GUIDE**

Module Leader: Dr Anthi Avloniti (aavloniti@uclan.ac.uk)

Course Leader: Dr Anthi Avloniti (aavloniti@uclan.ac.uk)

**UCLan Cyprus, Pyla, Cyprus** 

2023-2024

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## **Introduction and Overview**

The Study Guide for MD4992 provides detailed instructions and guidance for the Dissertation project. The MD4992 module is compulsory. It teaches students how to apply theory to practical problems, how to work under supervision and makes students aware of appropriate legal, ethical, and professional issues. The Study Guide is revised and updated at the beginning of each academic year, to include any new content and requirements, which are also uploaded on Blackboard.

The module aims to enable the students to plan and conduct an extended piece of postgraduate business/management research.

There is no specific module content with regard to subject knowledge as each student will be conducting research into a topic of their choice however, the support sessions/workshops will cover:

- Searching and reviewing the literature
- Methodology and methods
- Analysing quantitative and qualitative data
- Writing up the dissertation
- Practical guidance on managing the dissertation project

## **Learning outcomes**

On successful completion of this module the student will be able to:

- 1. Collect, analyse and synthesise data and ideas.
- 2. Present findings and recommendations in writing that confirms their understanding of the business / management issues under investigation.
- 3. Address and satisfy their specific research aims and objectives.
- 4. Operationalize an understanding of key research matters, including, research paradigms, congruent methodologies, execution and communication of the research process and outcomes.
- 5. Manage a personal research project over an extended timescale

#### **Learning & Teaching strategy**

The dissertation is essentially an independent piece of research which requires students to take responsibility for the planning and execution of their chosen research topic. Students will work with their individual supervisor to meet the requirements of the dissertation. Students can submit drafts of the chapters of their dissertation in order to gain feedback before the final submission.

In addition to individual supervision, there will be lectures and workshops which will give students generic, but crucial, advice on the dissertation process and the component parts which typically make up the dissertation.

Each student will select his/her own topic for the dissertation, within the constraints imposed by the MBA DL program. Relevant literature and other sources must be used throughout the project, with thorough use of sources relating to the project question.

The Dissertation Tutor is responsible for the overall co-ordination of dissertations. Each student is allocated a supervisor, who acts in a consultancy role, providing advice and guidance. A second reader is nominated to read and mark the final dissertation.

The Dissertation Tutor/s will deliver live online lectures through MS Team to prepare students to undertake the MBA Dissertation. These sessions will be asynchronous, developed in MS Teams and made available to students in the beginning of each week. Students will be guided to ask questions asynchronously through the Blackboard's discussion blog.

The module tutor will provide appropriate feedback to students. Students will also be provided with relevant further reading, web links and resources for independent study, all of which will be available on blackboard.

Supervision of students will be performed online through MS Teams.

In terms of assessment, the student produces initially a proposal and finally the dissertation (100% assessment weighting) which meets all module learning outcomes.

The following study guide is structured according to weekly topics and each weekly topic includes an introduction and overview, some initial notes, goals, keywords, main concepts, annotated bibliography etc. The study guide cannot replace the material uploaded on Blackboard including the lecture videos, but its purpose is to support the student by support learning of the uploaded material.

## **Assessment strategy**

Number of Assess ments	Form of Assessment	% weighting	Size of Assessment/ Duration/ Wordcount	Category of assessment	Learning Outcomes being assessed
1	Dissertation	100%	12,000	Coursework	1, 2, 3, 4, 5

## Module pass requirements

To pass this module students must achieve a mark of 50% or above

## **Tutor contact details**

	Module leader/tutor	
Name	Dr Anthi Avloniti	
Tel.	+35724694092	
Email	aavloniti@uclan.ac.uk	
Office hours:	Office hours vary per semester.  Consult module's Blackboard space for the tutor's office hours.  You can also email the tutor to arrange an online/in-class meeting at another convenient time.	

## Purpose of this study guide

The purpose of this study guide is to provide guidance to the students with regards to the work needed for the dissertation project and where they need to place their focus while studying, point to study material and provide self-assessment exercises as homework which enable students to progressively and effectively work towards completing their dissertation. The study guide is structured per week, providing a brief description of what is to



be covered in each week, lists keywords, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material. Moreover, the homework tasks are self-assessment exercises per week that students should consider, so they can realize the material, build a critical thinking and skills relevant to the topics of study. With regards to the recommended study time, these include the lecture delivery, the material study, searching for relevant bibliography, working on the self-assessment exercises, etc. It should also be noted that this study guide is to provide guidance to the students while they study and should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

# **1<sup>ST</sup> INTRODUCTORY MEETING**

## Date to be announced

# INTRODUCTION TO THE MODULE TEAM, LEARNING OUTCOMES, PROPOSED STUDY APPROACHES, NEXT STEPS, AND STUDY GUIDE OVERVIEW

# **Guided Independent Study: preparation**

About 5 hours to study the guide

## **Overview of the Dissertation Project**

(WEEK 1)

## **Introduction & Overview**

The MBA DL dissertation is a substantial piece of work that brings together the work done in different modules to demonstrate 'mastering' or 'expertise' in the subject area that has been studied. It relies on a good understanding of the particular Research Methods used in the subject area you have selected. It also relies on a good understanding of the "state of the art" in the subject area you've selected, so that you can take the scientific knowledge one step further. In addition it is important to be able to communicate the results of the research in an appropriate way (may need some statistics or data presentation methods), and to be able to find and critique appropriate literature that supports the methods used and supports or contradicts the results found. A research project cannot be an extended literature review, however; nevertheless, it needs to demonstrate that it takes scientific knowledge one step further.

The dissertation carries one third of the MBA DL course credits, thus, a major contributor to overall grade, and it is compulsory to pass for MBA award. In addition, the MBA dissertation is undertaken across the academic year. In awarding an MBA, this University has evidence that you can work at a masterly level and the dissertation is the evidence that you can do this. The dissertation can also be a useful product. After your MBA, it is a single deliverable that you can take to possible employers to demonstrate/prove your acquired skills/expertise.

This is a supervised project. You are required to meet regularly with your allocated supervisor – failure to do so will result in your work not being marked. Your supervisor is here to help you and guide you, so "take advantage" of that; however, the supervisor will not do the work for you. This is an <u>individual</u> project, not a group activity. You work alone and the work you produce must be your own; and you have to make a declaration to that effect.

In terms of practical aspects of carrying out your dissertation work, you can ask your module tutor for the theoretical components of the dissertation, and, your MBA supervisor will give you detailed advice about the

practical components. You should also discuss with the course leader when you need to complete your dissertation.

During this week, you can focus on reading from different sources or reflecting on your professional career and start formulating ideas (see self-assessment exercise). You should therefore concentrate on **brainstorming** to come up with different research areas or topics or issues you find interesting and you consider are worthy of empirical examination.

## **Research Proposal**

Make sure you go through the uploaded slides for this week's class to note down the submission deadline (week 13) and detailed information about your dissertation research proposal.

Submit a 3000 words proposal incorporating the following:

- Title
- Aims and Objectives of the study
- Literature Review: A brief literature review that describes key theories/ literature/evidence relevant to the chosen topic/field
- Methodology:
  - your approach to researching secondary sources for relevant data
  - Your approach/methods for the collection and analysis of primary data
- Action plan
- Comprehensive in-text references and a bibliography detailing all sources used.

## **FINAL DISSERTATION**

The final dissertation will be submitted in week 36.

A dissertation is a structured piece of writing that develops a clear line of thought (an 'argument') in response to a central question or proposition ('thesis'). It is an extended piece of work, divided into chapters, and containing a significantly more detailed examination of your subject matter. Furthermore, a dissertation provides evidence of your ability to carry out highly independent study and research.

All MBA dissertations must be submitted in a report format. Although the nature of the research project will influence the final format of each dissertation, there are certain rules that **ALL DISSERTATIONS MUST FOLLOW**. These are concerned with chapter, section and sub-section numbering and general presentation. Typically the dissertation will be structured as follows:

- Front page
- Acknowledgement Page
- Abstract/Executive Summary
- Table of contents
- Introduction Chapter
- Literature Review
- Methodology Chapter
- Results and Analysis
- Conclusions
- Personal Reflection
- Reference list
- Appendices.

## Remember this is an indicative structure.

ONLY SUBMISSION VIA BLACKBOARD IS REQUIRED (i.e. NOT HARD COPIES). The dissertation should be typed with 1.5 spacing. You may indicate on the cover page in bold print that your work is confidential and not available for public dissemination.

Your completed MBA dissertation will be assessed and graded independently by two internal assessors, your dissertation supervisor and another member of the university's academic staff, who is your appointed second marker. If they fail to agree on a grade, your work will be referred to a third internal marker who, after assessment, will confer with the two original assessors in an attempt to reach a consensus view on your

performance. Your completed work along with the remarks and the agreed grade of the internal assessors will then be referred to one of the external examiners for their moderation.

The University reserves the right to *viva voce* any MBA candidate. This is an oral examination of the MBA dissertation. The candidate will be questioned by the two internal assessors who will make recommendations to the Assessment Board. However, this is only likely to occur in the instances of a borderline pass/fail or pass/distinction. If this process is used, candidates will be given adequate notice and the *viva* will be held at a mutually convenient time and place (or virtually for the MBA DL case). The objective of a *viva voce* is to explore with the candidate the perceived strengths and/or weaknesses of the research and dissertation, to help the assessors reach an agreed recommendation of grade to put before the final Assessment Board.

## Working with your supervisor and Timetable

Once the topic has been satisfactorily selected and approved by the dissertation tutor you are allocated a personal dissertation supervisor and a second marker from the academic staff. Your supervisor will be able to offer guidance in planning your dissertation and designing your research. Your responsibility is to work in a diligent manner and to seek advice from your supervisor, rather than expecting him/her to be constantly dictating to you what you should be doing. Generally, a close relationship develops between the two, in which each develops a respect for the other's work. It is not the supervisor's responsibility to write your dissertation for you!

Some of you may require closer supervision than others; and it is up to you and your supervisor to agree on a supervision timetable. It is expected however that most will need five to six scheduled meetings with their supervisor, so check and confirm your supervisor's availability during the holiday weeks. Do not leave making contact with your supervisor until the last minute.

Your first task in conjunction with your supervisor should be to formulate a plan for your research including an initial assessment of the work to be done, scheduled over the module period. Inevitably this will change, but a plan is essential in order to effectively monitor your progress. If you have not completed this module, you supervisor will be able to guide you.

Methodology will vary from dissertation to dissertation, but it must be carefully thought out. This should be based on either testing a hypotheses, solving a problem, or satisfying a number of objectives. All these

approaches require careful planning which can be discussed with your supervisor as well as by seeking advice from the module tutor.

The MBA dissertation tutor (i.e. module leader) and your personal dissertation supervisor will help you with general matters relating to managing time throughout the dissertation period, assuming you maintain regular contact.

It is advisable to leave a couple of weeks at the end of the process to edit and proof read your work prior to submission.

## **Use of Literature**

As the University is an academic institution all dissertations must be written in an academic manner. You must refer to writers in the literature who are acknowledged to have described the theories, concepts and models that you are using, and to the writers who have carried out research that you may be using. You must develop your own ideas by building on these works. You must cite the writers in your writing by using the designated referencing system (see blackboard for detailed guides on referencing). It is not acceptable to merely write about these ideas and list a bibliography at the end. You must refer to the literature in your writing by citing authors and show how you have used these works to develop your work. Indeed, copying directly from books and articles without a citation constitutes plagiarism, as it is 'stealing' the ideas of others. Evidence of plagiarism will lead to failure and/or disciplinary action.

To help in your literature search the University Library has computerised data bases covering all the major journals in business and management.

An over-reliance on textbook references is not encouraged. Your assessors will pay particular attention when relevant and recent journal references are cited.

# **Keywords**

Dissertation Proposal	MBA Dissertation	Dissertation Supervision
Dissertation Topic	Research Idea	Management Research

# **Bibliography**

#### **Primary Reading:**

- Eco, U., Mongiat Farina, C. and Farina, G. (2015) How to write a thesis. Cambridge, Massachusetts: The
   MIT Press.
  - https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007131923303821
    Read chapter 2 "Choosing the topic"
- Quinton, S. and Smallbone, T. (2006), Postgraduate Research in Business: A Critical Guide, London: Sage
   https://ebookcentral.proguest.com/lib/uclan-ebooks/reader.action?docID=334493

The authors of this book provide a vital introduction to the research process and the thinking and learning skills needed to successfully complete postgraduate research. In step-by-step terms, the authors detail the practical and the intellectual skills, from research skills and project planning to strategies for reading, writing and presentation. This is essential reading for any student undertaking an MBA. Specific chapters are dedicated for methodologies.

Refer to Chapter 3 on "Mapping Ideas for research projects"

## **Supplementary Reading:**

- John Barnes (2013) 'Why do MBA Students Delay Completing Their Thesis?', AU-GSB E-Journal, 6(2).
   https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/8msr86/cdi proquest journals 2384093067
  - This academic paper investigates one problem universities offering MBA programs encounter with students who choose Plan B (thesis option) as they often delay completing their thesis. Its purpose is to identify the nature of the problem and its impacts on the several parties involved and propose an educational management solution. The delay in students completing their MBA theses has been found to cause difficulties for the students, their advisers and for the Graduate Schools of Business. Managerial approaches for each party to minimize if not mitigate the problem caused by late completion of the thesis

are proposed, including a proposed eight-step solutions. A subsequent paper will investigate this problem more deeply from a research perspective.

• Tsang, Eric W.K. (2016) The Philosophy of Management Research. Taylor and Francis. doi: 10.4324/9781315463216.

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_informaworld\_taylorfrancisbooks 9781315463216

You can refer to **chapter 2**: This chapter focuses on causal explanations, which are central to management research. It discusses the covering law model, which is the best-known account of explanation and introduces mechanismic explanation. Unlike the covering law model that is more than half a century old, mechanisms and mechanism-based explanations have attracted substantial attention from both natural and social scientists during the past two decades. The chapter also discusses contrastive explanation, which specifically accommodates intrinsic essential characteristic of explanation. Changes in the institutional environment, the context within which a causal mechanism operates, shift the comparative costs of markets, hybrids, and hierarchies. The high-powered incentives of the market form of governance impede adaptability among transacting parties, resulting in high transaction costs that are required to monitor exchange behavior and guard against opportunism. Since researchers may mistakenly think that explanations, such as those embedded in theories, are necessarily general, the chapter discusses the generality of explanations.

## **Activity**

## Activity 1.1.

Have a look at possible topics from Blackboard list of available topics. The choice of topic is your responsibility. However, you should discuss your ideas with the dissertation tutor. Later, your supervisor will be able to give you advice on clarifying your aims and objectives.

By reviewing the list of topics and after completing the above reading, submit on a private space in blackboard (not visible to other students), three topics which are of interest to you and reflect on:

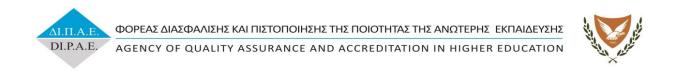
What makes this topic interesting?

- Will it help me in any way in my professional career?
- Why is topic worthy of investigation?
- Can I make any contributions by researching specific aspects of this research area/topic?

The module tutor will provide feedback on the selected topics. You will then revisit your topics and select one.

# **Guided Independent Study**

About 10 hours



## **Dissertation Structure**

(Week 2)

## Introduction & Overview

This week, the emphasis will be placed on understanding the content and structure of a dissertation project. The dissertation structure has been mentioned in the previous section, but will now be considered more carefully, so that students comprehend the nature and volume of work to be completed through the dissertation journey.

There is no real fixed structure on the number of chapters but there are things that must be included. We explore these in the chapter next. Note that your supervisor is there to help you with anything that may be confusing or unclear in terms of what to include in your final dissertation.

#### Title page

Have a look at an example for a "Title Page". This should contain the following information:

- title of the work, full name of author,
- standard wording as shown:

THE IMPACT OF BOARD DIVERSITY ON FINANCIAL PERFORMANCE: AN EXAMINATION UK MULTINATIONAL **COMPANIES** 

By: Anthi Avloniti

**Supervisor: Loukas Glyptis** 

Submitted in partial fulfilment of the requirements of University of Central Lancashire for the degree of the **MBA DL** 

April 2022

Number of words: 12,000

Don't forget to include the month and year of the thesis submission, as well as the number of words.

#### 1. Authorship Declaration

Each dissertation must include an *Authorship Declaration*. It is mandatory to include as the second page of every dissertation a statement confirming that the document and the work presented in it are your own effort. Furthermore, you must sign this page.

## 2. Acknowledgement Page

You can acknowledge anyone who has helped you complete the work, including your supervisor, or anyone who has been supportive of you completing the MBA. Don't let it get like an Oscar speech.

Keep acknowledgements short and business-like but do take care to remember all those who deserve credit. This is especially important where outside agencies are involved or where experimental work has been carried out.

#### 3. Abstract

The abstract should be not more than one page in length. It should allow a reader who is unfamiliar with the work to gain a swift and accurate impression of what the dissertation is about, how it arose and what has been achieved. This should outline the whole of the dissertation including research methods and main findings and conclusions.

#### 4. Table of contents

The table of contents will include page references for chapters and section headings. You should also include a list of tables if appropriate.

#### 5. Introduction

This chapter introduces the reader to the subject area of the dissertation. It can incorporate some or all of the below

- i. **Introduction and Background**: this section will include a general introduction to the research area and topic
- ii. **Research problem or research gap**: this will explain the problem or gap that exists and why it deserves investigation
- iii. Research aims/objectives: this will indicate and briefly discuss the aims of your research
- iv. Research question/s: this will clearly state and justify the research questions hypothesis



- v. **Contribution to research and practice**: this will explain how your research findings can be used in practice (or make some contributions to the existing research findings in this research area. [These could be discussed in the research aims section.]
- vi. **Outline of dissertation**: this section will outline the rest of the chapters

#### 6. Literature Review

This chapter should elaborate on what has been done in this area before, and discuss any similar work already done. The chapter is often used to inform the dissertation design, and to support the need for researching the topic. The works that will be cited in this chapter need to be from quality sources not just a web-based search from Google (normally hint that it is a poor dissertation). Be careful in this chapter with your citations: Plagiarism MUST be avoided!

Therefore, the literature review chapter should be a critical evaluation of what has already been published in the subject area. The literature review is based on secondary data.

Note: it is important to show understanding of the main theories involving the research topic as well as to indicate research into existing findings involving the topic. Towards the end of the chapter you can discuss and again justify your research hypothesis/es (if relevant) or research questions.

### 7. Methodology Chapter:

This chapter will provide a full account of how you carried out the research.

The methodology chapter for a research project, varies depending on research domain. You can discuss possible methods and decide on the most suitable method – justify any decision you present in your dissertation.

Here an indicative list of sections which could be developed. These do not apply to all research designs, therefore select those that are relevant and add more according to the research design selected:

- Ontology, epistemology and methodology: Critically discuss the ontological, epismeological and methodological aspects of your research. Regarding Quantitative / qualitative research, you need to justify the selected method by acknowledging the advantages and disadvantages of your choice for the specific topic under investigation.
- If applying quantitative research, you can discuss the:



#### ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

#### AGENCY OF QUALITY ASSURANCE AND ACCREDITATION IN HIGHER EDUCATION



- a. Data: this will explain how you collected data, from which source/s, for which period, which companies, which country, which participants, which procedures, which sample, any ethical issues etc
- b. Variables: this will include a table of the variables of your research: e.g. ependent variable/s; Independent variable/s; Control variables
- If pursuing qualitative research, you can discuss the:
  - a. Case studies: Which is the case? (e.g. the business; the family in business)
  - b. In-depth interviews: Interview guide; Selection of cases/interviewees (e.g. theoretical sampling)
  - c. Access; ethics
  - d. Analysis (coding; use of software?; configurations)

All of the above are indicative.

#### 8. Results and Discussion

Reporting of findings and analysis of these in relation to the literature.

For a quantitative methodology: The "Results" chapter for a research project, normally starts with descriptive stats e.g. means. Then have any inferential stats and make sure you report these correctly. To make the chapter more readable, you can use Tables and Graphs. The chapter continues with the main analysis e.g. to test hypotheses.

For a Qualitative methodology: you can refer to Coding; Content Analysis/Matrices etc; Within & cross-case analysis; Grounded theory?

Furthermore, the discussion will provide links between your findings and the literature. You can state the aims of research again (or your research questions or your hypotheses) and relate your findings to those of previous studies (Literature Review). If your results are different, discuss why you think this was the case.

#### 9. Conclusion

What you have concluded in relation to you overall aim and objectives? What are the practical implications of your research?

Moreover, discuss any limitations of your study and suggestions for future research

#### 10. Personal Reflections

This chapter will provide your personal reflections of the dissertation research journey

- What you did / found out
- Link back to the aims of the dissertation research
- Critical reflection on the dissertation research
  - What went well
  - What did not go well
  - · What would you do differently?

#### 11. Reference list

A full reference list of all sources used by using the referencing guide available on blackboard.

### 12. Appendices

The Appendices can include things such as

- Documents used or created (e.g. questionnaire)
- Relevant correspondence (e.g. appraisal by external client)
- Data collected
- Evidence of project management (diary, project work schedule (Gantt chart or similar))
- Any other relevant information

## **Keywords**

Development	Research	Literature Review
Aims and Objectives	Analysis	Methods
Methodology	Limitations	Results

## **Bibliography**

 Eco, U., Mongiat Farina, C. and Farina, G. (2015) How to write a thesis. Cambridge, Massachusetts: The MIT Press.

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1j41ga1/alma991007131923303821

Read chapter 5 "Writing the thesis"

• Quinton, S. and Smallbone, T. (2006), Postgraduate Research in Business: A Critical Guide, London: Sage

https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=334493

The authors of this book provide a vital introduction to the research process and the thinking and learning skills needed to successfully complete postgraduate research. In step-by-step terms, the authors detail the practical and the intellectual skills, from research skills and project planning to strategies for reading, writing and presentation. This is essential reading for any student undertaking an MBA.

Read chapter 4 "Making your project manageable"

### **Activities**

#### Activity 2.1. Reflect on the Dissertation Structure

Reconsider your research topic on the basis of the dissertation structure. In essence, pick the structure that is relevant to you and try to finalise it by making these partial decisions. Submit the indicative structure of your topic in the private space on blackboard. **Your module tutor will provide feedback**.

Learning objective: this exercise will help you to identify important aspects of your topic, as well as to appreciate the nature and volume of work which needs to be completed.

#### Activity 2.2. Multiple-Choice Questions

Answer the Multiple-Choice Questions on blackboard to test your understanding of the dissertation structure.

#### Question 1

In the context of acknowledging support and contributions while completing your MBA work, which of the following statements aligns with the recommended approach?

#### Option 1

Deliver acknowledgments like an Oscar acceptance speech, expressing gratitude in a grand manner.

#### Option 2

Acknowledgments are not necessary in an MBA context.

#### Option 3

Acknowledge those who have supported you during your dissertation journey, even if they are not directly involved in your MBA work.

#### Option 4

Keep acknowledgments short and business-like, mentioning only your direct supervisor.

#### Question 2

What are the key elements that should be included in an abstract for a dissertation, according to the provided guidelines?

#### Option 1

A brief summary of the main findings and conclusions.

### Option 2

A one-page explanation of the research methods used in the dissertation and the findings, along with conclusions

#### Option 3

A one-page description of the entire dissertation, including how it arose, research methods, main findings, and conclusions.

#### Option 4

A lengthy description of the background and literature review.

#### **Question 3**

What are the usual components found in the introductory chapter of a dissertation?

### Option 1

Practical implications, conceptual framework, and limitations of the study along with an outline of the rest of the dissertation.

### Option 2

A literature review, detailed methodology description, and presentation of primary research findings.

#### Option 3

Personal background, ethical considerations, research objectives, data analysis methods to be used.

### Option 4

Background, research problem (gap) statement, research aims/objectives, and research questions, implications, outline of dissertation.

#### **Question 4**

In an MBA dissertation, what is the primary purpose of the literature review chapter?

#### Option 1

To synthesize and critique recent MBA research studies related to the topic.

### Option 2

To offer a personal perspective on the topic based on the author's experiences.

### Option 3

To critically evaluate and synthesize existing research in the subject area, inform the dissertation design, and justify the need for the research.

#### Option 4

To present primary data collected from professionals in the field and to clearly indicate the findings of each and how these have shaped the research area.

#### **Question 5**

What is the primary purpose of the methodology chapter in a research project?

#### Option 1

To summarize key research findings and highlight their practical applications.

#### Option 2

To provide a detailed account of how the research was conducted, including the chosen methods and their justification.

### Option 3

To offer a comprehensive overview of the author's personal beliefs and values that guided the research process.

#### Option 4

To present statistical analysis, graphs, and quantitative data collected during the research.

#### **Question 6**

What is the primary focus of the conclusion chapter in a dissertation?

### Option 1

Summarizing the key research findings, discussing their practical implications, addressing potential limitations, and suggesting areas for future research.

#### Option 2

Providing a comprehensive and detailed account of the research methodology, explaining its advantages and disadvantages, and discussing the various steps taken during data collection and analysis.

#### Option 3

Summarizing the entire dissertation, including all chapters and findings.

#### Option 4

Presenting new research questions and hypotheses for future studies in the same research domain, building on the existing findings and extending the research.

#### **Question 7**

When presenting the research findings (in the results and discussion chapter), what is important to include?

#### Option 1

Providing links between your findings and the existing literature.

#### Option 2

A re-justification of the research methodology.

#### Option 3

A detailed explanation of the data collection process.

#### **Question 8**

What is generally NOT included in the appendices of a research project?

#### Option 1

Very detailed descriptions of the research methodology.

#### Option 2

Selective raw data collected during the research.

#### Option 3

Supporting documents, such as questionnaires and project management schedules.

### Option 4

Copies of relevant correspondence, such as emails with research participants.

# **Guided Independent Study**

About 10 hours

#### LITERATURE REVIEW

(Weeks 3, 4 & 5)

### **Overview and Definition**

During weeks 3, 4 and 5 you will concentrate on conducting an initial literature review on your topic.

It is important to clearly understand what a literature review IS and what IS NOT, as well as what the purpose of a literature review is. This week we will further discuss how to start a literature review, and how you can organise sources and notes before writing.

A literature review is: "... a systematic...method for **identifying**, **evaluating and interpreting** the ...work produced by researchers, scholars and practitioners."

FINK, A., 1998. *Conducting literature research reviews: from paper to the internet.* Thousand Oaks, CA: Sage., p.3.

Let's begin by discussing why you should review literature. In fact, it is because,

"...without it you will not acquire an **understanding** of your topic, of what has **already been done** on it, how it has been **researched**, and what the **key issues** are."

HART, E., 1998. *Doing a literature review: releasing the social science research imagination*, by E. Hart and M. Bond. London: Sage., p.1.

### **MORE ON LITERATURE REVIEW**

A literature review organizes literature, evaluates literature (<= higher-order critical thinking), identifies patterns and trends in literature, and, synthesizes literature (<= higher-order critical thinking). Moreover, a literature review is an overview of what we know and of what we do not know about a given topic. It is not necessarily exhaustive, but up-to-date and includes all major work on the topic, and it provides the intellectual context for your original research. Most importantly, the literature review motivates your original research.

A literature review is **NOT** a "list" of everything written on a topic, where each source gets its summary paragraph. It should not lack organization guided by thesis or research questions, or synthesis of literature. It should aim to provide a critical evaluation of literature, and not an annotated bibliography. A scientific literature review should not resemble a literary or book review.

The objective of a literature review is to explain to the reader the reasons why you will do your research! How? The literature review will show what has been done in this area before, and, why your project is worth doing.

The first step to carry out a literature review is to select a topic and formulate a few well-defined research questions. Consider the following example:

- Board Diversity (too broad)
- Board Diversity in Multinational Companies (still broad)
- Age and Gender Board Diversity and the the Performance of Multinational Companies (manageable)

You can achieve a good literature review by working backwards. Firstly, begin with a collection of recent research on a given topic. What authors or papers appear in the texts' introductions, literature reviews, or references sections? This way, you can identify **core literature**, the "classics", by identifying what **authors** or papers researchers keep citing, and, what works do researchers identify as "classic," "landmark," "pioneering," or "path-breaking".

Another way to collect good literature contents, is by looking for "review papers" on the given topic, i.e. papers that discuss the **state of the art**, identify **trends**, pose questions related to remaining **challenges**. You can search out this preceding literature and find the main journals. Which main area in Management does your research area fit into? Proceed by finding the 5-6 main journals in that specific area. Are there some specialist journals that cover your area? If not, what range of journals will cover your area? Similarly, find the main conferences where researchers would publish research results in your research area. Popular steps include find the websites for the conferences and then find any electronic versions of papers or abstracts of papers,

You can also find information by asking lecturers, who are specialists in that area; you can look for journal titles in the Library catalogue; you can look for appropriate conference titles on the Internet; you can look for portal pages on the internet that belong to reputable academics/universities; you can also look at special interest groups pages such as those belonging to BCS, ACM, IEEE etc.

The Library online is a good place to start your search. Use the library online for electronic library searches, i.e. the Library Catalogue.

Remember that you can always ask the librarian for help in doing more efficient/targeted searches at the library.

Regarding journals, you can find journals through the Library catalogue. Go to the electronic version of the journal, search the journal using keywords. Make sure you vary your keywords from wider ones. Regarding books, some books may give an overall view of an area and these may help to explain certain fundamentals, such as searching algorithms for AI.

Regarding searching the wider Internet, try to use scientific engines. For example, you can Use Google Scholar (scholar.google.com), you can customise search (date range, author etc.) as this is a very powerful tool, However it is not exhaustive; some papers are not listed or not available for download. You can use Google to look for wider information – such as to find portal sites for your research area. You can look for pages put up by research groups, and find the top people researching in your field and look at their academic web page. The danger in using the wider Internet is usually too much information rather than too little – so keep filtering the information for quality.

## **Evaluating what you read**

When reading a literature source, keep the following in mind:

- Relevance to your topic
- Intended audience
- Currency of the information (whether it's up to date)
- Coverage of the topic that the information provides
- Accuracy of the information
- Authority of the author or information source
- Level of objectivity of the author

In order to be able to consider the quality of the information you are reading, think about the following:

- Who publishes the information?
  - University



## ΦΟΡΕΑΣ ΔΙΑΣΦΑΛΙΣΗΣ ΚΑΙ ΠΙΣΤΟΠΟΙΗΣΗΣ ΤΗΣ ΠΟΙΟΤΗΤΑΣ ΤΗΣ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ

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- Research group
- Publisher
- Company
- Individual
- Interest Group
- Freely available publication
- Is the information referenced by other publications? (can see that on Google scholar)
- How carefully researched is the work?
- How "scientifically" were the experiments conducted?

You must be critical of any outcome. Be cautious of claims made based on cited sources or authors who only mention others' findings and suggestions. Consider the following examples:

- 1. Based on the findings of Brown (1989) and Jones (1997), Smith (1998) concludes that gender differences are prevalent online.
- 2. The earth is the centre of the universe (Brown, 1974, as cited in McDonald, 1975).

You may identify inconsistencies with a vast number of other sources. These are broad, generalised statements, which are unsubstantiated. You also must think whether there was any omission of counter evidence you are aware of through your review, or omission of alternative explanations for findings.

Adopt an approach of a methodological critique, i.e. have a look at the sample size, the number of randomized trials, and the validity of the results. First and foremost, "filter" your set of sources, Review abstracts, introductions, and conclusions, determine the scope of your literature review, and make sure you clearly know what you will cover and what you will not cover. You also need to be able to prioritize among your sources, i.e. identify "classics" and other studies as more relevant or important. Those warrant closer reading. Some key questions to answer in your reading and note-taking, include:

- What is the source's topic, research questions, methodology, and central results? (Summary)
- How is this source related to my topic, thesis, and research questions? Does it support or contradict my thesis? (Synthesis and Organization)
- What are the strengths and weaknesses of the research in the source? Are there biases or flaws? How important or influential is this source? (Evaluation)

- How is the source related to other research on the same topic? Does it employ a different methodology?
   Does it pertain to a different population, region, time span? Does it work with a different data set?
   (Synthesis and Organization)
- What are the points of agreement or disagreement between the source and other research on the same topic? (Synthesis)
- What are the trends and themes in the literature? What are the points of consensus? What are the points of controversy? Which debates are on-going? Where does my research weigh in?
- Where are the areas on which there is ample research? What are the areas that need further research (often sited by papers in the "future work" or "further challenges" sections)?
- Which studies offer support for my thesis? Which studies contradict my thesis?
- Where does my research fit into the larger literature on the topic?

Finally, you must consider your bibliography and reference list. Note that you need to reference all sources you are citing inside your work. In fact, you need to cite the source at the exact point in you work where you talk about it, so make sure your referencing and citations are done properly.

## **Keywords**

Literature Review	Bibliography	References
Citations	Methodology	Validity
Abstract	Publisher	Sources
State of the Art	Critical Thinking	Critical Writing

## **Bibliography**

White, C. (2018) How to conduct an effective literature review. London: SAGE Publications Ltd.
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007386676303821">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007386676303821</a>
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma9910073867">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma9910073867</a>
 <a href="https://librarysearch



Cameron, S. (2016) The MBA handbook: academic and professional skills for mastering management.
 Eighth edition. New York: Pearson.

A very helpful guide for conducting an MBA research and dissertation. **Check Chapter 16** for insights on literature review:

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1j41ga1/alma991007240649703821

• Eco, U., Mongiat Farina, C. and Farina, G. (2015) How to write a thesis. Cambridge, Massachusetts: The MIT Press.

#### Read chapter 3 "Conducting Research"

The e-book can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007131923303821

O'Brien, A. M. and Mc Guckin, C. (2016) The systematic literature review method: trials and tribulations
of electronic database searching at doctoral level. London: SAGE Publications.

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1j41ga1/alma991007378241003821

### **Activities**

#### **Activity 3.1.** Strengths and Weaknesses in Literature Reviews

Below you can see two examples of very short literature reviews on Leadership. Reflect on the strengths and weaknesses for each. Post your answers in the discussion forum.

#### Example 1

Recent scholarly discussions have shifted towards transformative and servant leadership theories, emphasizing the need for leaders who can inspire and adapt to change while prioritizing the growth and well-being of team members. Autocratic leadership emphasizes centralized decision-making and control by the leader (Lewin, Lippitt, & White, 1939), democratic leadership focuses on participative decision-making involving team members (Gastil, 1994), and laissez-faire leadership adopts a hands-off approach, granting significant autonomy to employees (Bass, 1990). Seminal works by Bass (1985) on transformational leadership and Greenleaf (1977) on servant leadership have set foundational models, which are now being expanded to incorporate considerations for digital transformations and global teams. Studies like Smith et al. (2018) demonstrate how

these theories are effectively implemented in tech industries, leading to improved innovation and employee satisfaction. An exploration into the impact of leadership on organizational culture reveals a strong correlation between adaptive leadership styles and positive workplace environments. Research by Jones and Rowley (2011) suggests that leaders who engage in open communication and foster inclusivity are more likely to cultivate a culture of innovation and commitment. However, the literature also points to potential downsides, such as the risk of over-dependence on charismatic leaders or the challenges in consistently applying servant leadership principles across culturally diverse teams. Emerging trends like virtual leadership necessitate a reevaluation of traditional leadership models, as evidenced by the work of Howell et al. (2020), who explore the dynamics of leading dispersed teams and the importance of emotional intelligence in virtual settings. This body of work collectively underscores the need for a nuanced, context-driven approach to leadership in contemporary organizations.

#### Example 2

Leadership is a multifaceted discipline with various styles influencing organizational outcomes. Autocratic leadership is typified by strong, centralized control, where decisions are made at the top and trickle down through the ranks. This style is noted for its efficiency in decision-making and clarity in direction. However, the literature largely glosses over how this style affects team morale or long-term innovation, merely citing its prevalence in hierarchical organizations. Democratic leadership, alternatively, is characterized by its inclusivity and collaborative decision-making processes. This approach is suggested to improve team satisfaction and collective creativity by involving team members in organizational decisions. The review mentions several organizations where democratic leadership is practiced but fails to analyze the actual impact on organizational performance or employee development. Similarly, laissez-faire leadership is described as a hands-off approach, allowing team members significant autonomy over their work. Renowned historical figures are frequently cited as prototypes of these leadership styles. Queen Elizabeth I is celebrated for her decisive autocratic rule, while President Lincoln is revered for his democratic approach during the civil war, and Steve Jobs is admired for his innovative laissez-faire leadership at Apple. There are numerous leadership style theories, each offering unique insights into how to effectively guide and influence others in various organizational contexts. Understanding the applicability of these leadership theories is crucial, as it enables leaders to adopt the most effective style based on the specific needs of their team and objectives. Recognizing when and how to apply different leadership styles can significantly enhance organizational performance and employee satisfaction.

#### **Activity 5.1.** Literature on your topic

Start searching for material related to areas that you are interested in. *Don't wait, start right away!*By the end of the 3-week period (week 5), you should prepare and submit (private space on bb) the below:

- 1. Identify 4 journal papers which cover similar topics or some of the aspects of your topic.
- 2. Write a short paragraph for each topic explaining their research purpose and findings.

## **Guided Independent Study**

About 40 hours (3 weeks)

## **Understanding Research Philosophies & Approaches**

(Week 6)

### **Introduction & Overview**

This week focuses on students' appreciation that the choice of their research deign is based on, and determined by, a set of philosophical assumptions and approaches. Understanding the philosophical issues while carrying out a piece of research is critical as these issues shape how we formulate our problem and research questions and how we seek information to answer these questions. More specifically, the week focuses on:

- The two major ways of thinking about research philosophy: ontology and epistemology. Ontologically,
  the discussion is centered around the two main stances (objectivism and subjectivism), while
  epistemologically the emphasis is given to the perspectives of positivism and interpretivism.
- The deductive or inductive approaches, thereby attaching them to the different philosophical
  perspectives, with deduction owing more to positivism and induction more to interpretivism. To
  understand the difference between these two main approaches, students will be exposed to the role
  that theory plays in their choices.

Therefore, the aim of this week is that students will be able to:

- Explain the relevance for business and management research of philosophical perspectives.
- Position your own research in one of the main research paradigms.
- Distinguish between the two main research approaches: deductive and inductive

## **Keywords**

Basic Research	Applied Research	Research Philosophy
Inductive Approach	Deductive Approach	Ontology
Epistemology	Objectivism	Subjectivism
Positivism	Interpretivism	Realism

## **Bibliography**

Reference the following bibliography to study in-depth this week's material:

Burrell G. & Morgan G. (1979) Sociological Paradigms and Organizational Analysis. London:
 Heinemann.

This seminal book puts forward that social theory can usefully be conceived in terms of four broad paradigms, based upon different sets of meta-theoretical assumptions with regard to the nature of social science and the nature of society. The four paradigms - Functionalist, Interpretive, Radical Humanist and Radical Structuralist - derive from quite distinct intellectual traditions, and present four mutually exclusive views of the social work. Each stands in its own right, and generates its own distinctive approach to the analysis of social life. It makes a number of important contributions to our understanding of sociology and organisational analysis, and will prove an invaluable guide to theorists, researchers and students in a variety of social science disciplines.

The book can be accessed here:

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/b3qkdh/alma991007252249403821 Refer to chapters 1, 2 and 3.

• Lyon, A. (2017). *Research Paradigms by*. A short video offering an overview of Burrell and Morgan research paradigms and explaining the two main axes in their model.

The video can be accessed here:

https://www.youtube.com/watch?v=eOP7uS-TGZ4&t=1s

#### **Activities**

### **Interactive Activity 6.1**

Below are a few research questions. Based on what you've learned about positivism, interpretivism, realism, and pragmatism, identify which philosophy might be best suited to address each question.

<u>Each one of you</u> is allocated a different research question from a different topic and you need to respond to yours with a comments on which ontology and epistemology could be appropriate. A very small paragraph of 2-3 sentences would suffice.

Example 1:

@student 1: For the topic: "How does the implementation of a digital transformation strategy affect the operational efficiency of multinational corporations?"

Which ontological and epistemological approach would be more appropriate?

Example 2:

@student2: For the topic: "How do CEOs interpret the role of corporate social responsibility in the era of sustainable business practices?

Which ontological and epistemological approach would be appropriate?

Example 3:

@student3: For the topic: "What is the perceived impact of leadership styles on team innovation in tech start-ups?"

Which ontological and epistemological approach would be appropriate?

Example 4:

@student3: For the topic: "Is there a correlation between employee engagement programs and staff retention rates in the finance industry?"

Which ontological and epistemological approach could be appropriate?

You will then respond to 1 of your classmates on your views on the appropriateness of their suggested approach.

### **Activity 6.2**

Determine the research philosophy that you can pursue in your dissertation research to address your research questions. Your answer should be around 150 words max. Post your answer in the private space of bb.

## Recommended study time

Approx. 10 hours

### **Research Design**

(Week 7&8)

### **Introduction & Overview**

The purpose of this week's topic is to delineate the process of selecting a research design. Students will be taught the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. Students will consider which design should be used to study a/their topic. Informing this decision should be the philosophical assumptions that research brings to the study; procedures of inquiry (called strategies); and specific methods of data collection, analysis, and interpretation. The selection of a research design is, of course, based on the nature of the research problem or issue being addressed, the researcher's personal experiences, and the audiences for the study.

## **Suggested Approach**

When beginning to work on a research project, a carefully planned approach needs to be determined. You can follow the following suggested approach:

- Propose a question.
- Frame your research project as the answer to your question.
- Alternatively imagine that your research project is advice, for instance to your line manager or CEO.

Overall, good research is considered research that demonstrates open-mindedness, that undergoes a critical analysis and that it is universal in the sense that it can be applied in a variety of situations. Validate your research to show that it's generalizable!

## Questions to ask at the outset

- What does the research aim to find out? What questions does it aim to answer, or what hypothesis does
  it seek to test?
- What areas of knowledge, subjects and disciplines will the research need to draw on?
- What do we know already that is relevant? Where shall we need to add new knowledge and/or knowhow?
- What are the likely sources for the required information?
- What are the potentially useful ways of doing the research the 'methodological options'?
- What limits must we set to the breadth and depth of the inquiry?
- What obligations do we have to fulfil to the institution in which we are doing the research?

## **Types of Research**

The following is a list of different types of research projects. It is the case, that there are cases where these types may indeed overlap, so always check with your supervisor: Investigation, Survey, Case Study, Action Research, Review etc.

Some additional details on a couple of popular types of research in MBA dissertations is given next:

### Surveys:

- Questionnaire design. There's a lot of existing work on this you need to reference it and justify your decisions, e.g. Likert scale.
- Pilot studies.
- Statistical analysis of the results. Learning about statistical analysis and then applying it to your results is part of this approach.
- Example of stats: statistical relevance, correlation, etc.

### Case Study:

- An in-depth exploration of one situation.
- Situation, Problem, Company or Group of Companies

## **Keywords**

Research Design	Research Strategies	Quantitative
Qualitative	Survey	Experiment
Reliability	Validity	Case study
credibility	Transferability	Dependability

## **Bibliography**

Reference the following bibliography to study in-depth this week's material:

Creswell, W. J. (2009), Research Design. Qualitative, Quantitative, and Mixed Methods Approaches (3<sup>rd</sup> Ed.), London: Sage

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1knpal0/alma991000926519703821

This textbook enables students to compare three approaches to research - qualitative, quantitative and mixed methods. The book presents these three approaches side by side within the context of the process of research from the beginning steps of philosophical assumptions to the writing and presenting of research. This edition presents the preliminary steps of using philosophical assumptions in the beginning of the book. It provides an expanded discussion on ethical issues. It emphasizes new Web-based technologies for literature searches. It offers updated information about mixed-methods research procedures.

Potter, S. (2006), Doing Postgraduate Research (3<sup>rd</sup> edition), London: Sage Publications
 <a href="https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=354894&ppg=1">https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=354894&ppg=1</a>



This volume is designed to address the current and developing concept that a postgraduate degree needs to generate both a piece of research work (a thesis or dissertation) and provide training in the skills required to produce that research work. The aim of *Doing Postgraduate Research* and its associated materials is therefore to provide resources which will enable students to acquire these skills as they proceed through postgraduate programmes.

Quinton, S. and Smallbone, T. (2006), Postgraduate Research in Business: A Critical Guide, London: Sage <a href="https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=334493">https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=334493</a>
 The authors of this book provide a vital introduction to the research process and the thinking and learning skills needed to successfully complete postgraduate research. In step-by-step terms, the authors detail the practical and the intellectual skills, from research skills and project planning to strategies for reading, writing and presentation. This is essential reading for any student undertaking an MBA.

### **Activities**

#### Week 7, Activity 7.1.: Reflect on Research Designs for your research.

From the 4 papers identified in the literature review task, determine the research design approaches used for each. Consider if there are similarities and differences in the research design. Reflect on how the chosen research design might have influenced the results and conclusions drawn. Finally, consider the applicability of these research designs to your own research. Consider aspects such as feasibility, relevance, and potential for generating impactful insights. Summarize the key points from above and share them in the private space on blackboard. Your tutor will provide feedback so that you can complete the next task below.

#### Week 8, Activity 8.1.: Select your Research Design.

Create a draft of your research design addressing your dissertation research topic. Following the research onion framework, create a draft of your research design, reflecting on your dissertation topic, explaining the rationale for each choice. Max 400 words. Submit your answer to the individual submission space on blackboard.

# **Guided Independent Study**

About 20 hours (2 weeks)

#### RESEARCH METHODOLOGY

(Weeks 9-12)

### **Overview of Qualitative and Quantitative Research Methodologies**

In the previous two weeks, you have created a draft of your research design. At this stage, the most appropriate methodologies for answering the questions you want to investigate should be considered.

There are two different generic approaches to achieving this. On the one hand you may be trying to get the basics of statistics and how to conduct statistical tests, which is known as quantitative research, or you may be trying to understand qualitative data, e.g. interviews, using a software like NVivo, whis is known as qualitative research. There are situations where you may consider combining both quantitative and qualitative approaches.

## **Research Impact and Communication**

Impact deals with the stakeholders that may benefit from your research project. You can integrate additional activities to increase the impact of your dissertation to those stakeholders. Demonstrating the societal impact of your research is important as many times this may even influencing public policy. Moreover, communicating your research to the public and to key stakeholders effectively is a valuable tool for achieving societal and economic impact.

## Quantitative Research – Weeks 9 & 10

In weeks 9 & 10, the purpose is to become familiar with basic principles and characteristics of quantitative research. This sessions focus on preparing students to be able to:

- The main steps of quantitative research, which are presented as a linear succession of stages
- The importance of concepts in quantitative research and the ways in which measures may be devised for concepts
- The procedures for checking the reliability and validity of the measurement process
- The main concerns of quantitative research, which are described in terms of four features: measurement, causality, generalization and replication
- Some criticisms that are frequently related with quantitative research
- The related ideas of a representative sample and a probability sample
- Potential sources of error in survey research
- The reasons why the structured interview is a prominent research method in survey research and the different contexts of interviewing
- The advantages and disadvantages of the questionnaire in comparison to the structured interviews
- How to address the potential problem of poor response rates

After these sessions, you will be in a position to evaluate if quantitative research is more appropriate in investigating your topic and if yes, compare between different quantitative methods to select the most appropriate for your research.

### Qualitative Research - Weeks 11 & 12

In weeks 11 & 12, the purpose is to become familiar with basic principles and characteristics of qualitative research and focuses on preparing students to being able to:

- Critically discuss the key characteristics of qualitative research
- Design a qualitative study
- Compare and contrast the five most common qualitative approaches
- Decide which of the five approaches is more appropriate for the topic you want to pursue research about
- Identify the main challenges associated with analysing qualitative data
- Follow a general analytical procedure for qualitative data
- Use specific software programmes for analysing qualitative data

Analyse a (one-page long) interview data extract through coding

After these sessions, you will be in a position to evaluate if quantitative research is more appropriate in investigating your topic and if yes, compare between different quantitative methods to select the most appropriate for your research.

## **Keywords in Quantitative Research**

Quantitative research strategy	Validity	Deductive Approach
Indicator	Measurement	Generalization
Reliability	Causality	Replication
Probability Sample	Cluster Sampling	Structured Questionnaire
Sample Size	Strata	Interviews
Representative Sample	Convenience Sampling	Close and Open Questions

## **Keywords in Qualitative Research**

Qualitative study	Narrative research	Phenomenology
Grounded theory	Ethnography	Case study
Coding	Clusters	Themes
Template analysis	QSR Nvivo; Atlas.ti	Cognitive map

# **Bibliography**

 Quinton, S. and Smallbone, T. (2006), Postgraduate Research in Business: A Critical Guide, London: Sage https://ebookcentral.proquest.com/lib/uclan-ebooks/reader.action?docID=334493. Chapters 5 & 9



The authors of this book provide a vital introduction to the research process and the thinking and learning skills needed to successfully complete postgraduate research. In step-by-step terms, the authors detail the practical and the intellectual skills, from research skills and project planning to strategies for reading, writing and presentation. This is essential reading for any student undertaking an MBA. Specific chapter are dedicated for methodologies.

• Balnaves, M., and Capouti, M. (2001). Introduction to Quantitative Research Methods: An investigative approach. SAGE Publications. **Chapters 2 – 6.** 

https://librarysearch.uclan.ac.uk/permalink/44UOCL INST/1j41ga1/alma991007386694503821

For Quantitative Research Projects you can use this book with extensive instructions on how to collect and statistically analyse data.

 Gupta, R. K. and Awasthy, R. (2015) Qualitative research in management: methods and experiences. Los Angeles, [California: Sage Publications. Chapters 3 – 12.

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007237376103821

For Qualitative Research Projects you can use this book as a guide.

#### **Activities for weeks 9-12**

Further than the lecture <u>training activities</u> on becoming familiar and using quantitative and qualitative research methods, you should engage with the following activities which will help you to determine the appropriate research methodology to address your research questions.

#### **Quantitative Research Methodology Activities**

Week 9, Activity 9.1.: Address the below questions:

- A. In what ways do you expect the quantitative methodology to facilitate a broad, generalizable understanding of trends or patterns related to your research topic?
- B. What types of validity and reliability issues might arise in survey-based research processes, and what strategies can be employed to mitigate or overcome these challenges?



- C. Check the below hypotheses. Identify the independent and dependent variables reflected in the hypotheses below:
  - Democratic leadership has a positive influence on employee job satisfaction.
  - Employee organisational commitment increases with increased levels of managerial emotional intelligence.

Post your answers in the discussion forum.

#### Week 10, Activity 10.1:

Open "Organic Foods Survey" database (SPSS file) and run the following analyses via SPSS:

#### Frequencies for:

Q3: Where do you normally get/shop organics?

Q8: District of Tenancy

#### **Descriptives for:**

Q2: How frequently do you buy organic products?

Q5: Importance of quality on purchases?

#### Run t-test for:

Q9: Gender (1=Male; 2=Female) (independent) Vs Q6: How much more will you pay as premium for organics? (dependent)

Post your answers in the private space on blackboard. The tutor will provide feedback.

### **Quantitative Research Methodology Activities**

Week 11, Activity 11.1: Reflect on the following quote and answer the below question:

A. "Interviews can be differentiated according to the standardisation and structure of questioning, the mode adopted to conduct them, and medium through which they are operationalised". (Saunders et al., 2023, p.494).

Post your answers in the discussion forum.

B. As you consider selecting a qualitative research methodology for your dissertation, reflect on how the in-depth, narrative-driven nature of qualitative data might enrich your understanding of the research topic and provide valuable context. What are your expectations for how this approach will allow you to explore the complexities and subtleties of your research question/s?

Post your answers in the discussion forum.

Week 12, Activity 12.1.: Interview transcript

Check the interview transcript on "family business successor learning".

Based on the question "How do family business successors learn in the family business?", code the data following the steps below.

#### Step 1:

Open code the text

List the codes (and their description) in a master file.

#### Step 2

Go through the master file and do Axial Coding (2 rounds) to categorize these codes into subthemes and themes.

#### Step 3:

Check your master file of codes, sub-themes, and themes and create a visual diagram that connects your themes together to answer your research question.

Post your answers in the private space on blackboard. Tutor will provide feedback.

#### Week 12, Activity 12.2.: Select your Research Methodology

Having explored both the quantitative and qualitative research strategies, you should now carefully consider which is more appropriate for your research topic. Create a draft explaining the methodology selected and the specific method/s which will be employed. Justify this on the basis of achieving your research aims and addressing your research questions along with indicate critical thinking in your selection in relation to other potential methodologies which could have been selected. Submit this on the private space on blackboard. Module tutors will provide individual feedback.

## **Guided Independent Study**

About 60 hours (4 weeks)

## **Research Proposal Submission**

(Week 13)

# **Guided Independent Study**

During this week, you will bring together the tasks completed in the previous 12 weeks and develop your research proposal. You will need also to work on developing an action plan with regard to the completion of your dissertation by week 36.

The proposal needs to be approximately 3,000 words incorporating the following:

- A title
- The aims and objectives of your research
- A brief literature review that describes key theories/ literature/evidence relevant to the chosen topic/field
- Methodology section describing:
- your approach to researching secondary sources for relevant data
- Your approach/methods for the collection and analysis of primary data
- Action plan
- Comprehensive in-text references and a bibliography detailing all sources used.

The proposal will be submitted to the module tutor and dissertation supervisor. Feedback will be provided by the supervisor via MS Teams and explained during a follow-up meeting. During this meeting, emphasis will also be placed on the proposed action plan, so that both the student and the supervisor can agree on the schedule to be followed.

## **STUDENT BREAK AND STUDY WEEKS**

(Weeks 14 & 15)

# **Guided Independent Study**

Do a follow up meeting with your module tutor and thesis supervisor to discuss further, if needed.

#### **ETHICS**

(Week 16)

## What are the ethical issues surrounding different types of research projects?

Students must consider issues related to gaining access and research ethics. As such, emphasis is given on the reasons why acting ethically is essential, as well as on issues that are likely to occur at the various stages of a research project both in relation to the use of particular data collection techniques and in reporting findings.

Overall, consider the ethical issues of privacy, data protection, equality, information and power asymmetries, need for consent, accessibility, discrimination, dignity, inclusion, emotional vulnerability, transparency, trust, and many others. Ethical issues need to be identified at this stage so that they can be addressed in your thesis. You must identify ethical concerns and demonstrate that you are working ethically.

# Keywords

Data protection	Privacy	Ethical issues
Data processing & storage		
Consent form	Transparency	Trust

# **Bibliography**

Denscombe, M. (2017) The good research guide: for small-scale social research projects. 6th ed.
 Maidenhead: McGraw-Hill Education.

https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/1j41ga1/alma991007313735803821

Review chapter 18 for guidance on research ethics.

Kjellström, S., Ross, S. N. and Fridlund, B. (2010) 'Research ethics in dissertations: ethical issues and complexity of reasoning', Journal of medical ethics, 36(7), pp. 425–430. doi: 10.1136/jme.2009.034561.
 <a href="https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_miscellaneous\_7336">https://librarysearch.uclan.ac.uk/permalink/44UOCL\_INST/8msr86/cdi\_proquest\_miscellaneous\_7336</a>
 42680

Conducting ethically sound research is a fundamental principle of scientific inquiry. Recent research has indicated that ethical concerns are insufficiently dealt with in dissertations.

## **Activity**

#### Activity 16.1.

Find articles on ethical issues on methodologies and data collection. Reflect on the specific ethical issues with regard to your chosen methodology. Communicate these to your supervisor and discuss how you can address these and which processes should be followed during the collection of your data (quantitative or qualitative) to ensure transparency.

## **Guided Independent Study**

About 10 hours

# **Dissertation Writing Up**

(Week 17)

# Introduction

You need to write a Final Dissertation. You are undertaking research in your discipline. The final dissertation is a report on the work that you have done.

The dissertation is important because it is 100% of your mark. The mark will be given after the submission of the final dissertation.

A good dissertation shows that you can investigate, analyse, design and plan, critically review the tools and methods used, critically review the work undertaken and communicate your findings.

Make sure you show draft copies of the dissertation to your supervisor - get feedback, advice, etc. Do not leave it until the last moment. You should always aim for a professional standard, in terms of presentation, organisation, as well as academic content.

# Who reads the dissertation?

Your dissertation is read by your supervisor, who knows about the problem and the methods used, and who is familiar with the dissertation research progress. Then, a second marker reads the dissertation. You can assume that the second marker has an understanding of the particular scientific area and can assess your understanding & skills. Thirdly, the External Examiner will also read your dissertation.

A detailed document indicating the assessment criteria and the rubric of marking is available on blackboard. Study this document carefully, to understand the requirements and expectations regarding the quality of work to be produced, as well as details of the criteria and how the criteria will be applied for the marking by your supervisor, second marker and external examiner.

# Keep your readers in mind

You are writing for your readers. Not yourself. Make it easy for the reader. Assume that they have a specialist background, however, you are familiar with your research project, the reader is not. Therefore, provide *navigation* aids for all (including the external).

You also need to demonstrate your understanding to the markers/readers of your dissertation. This is more evident in the evaluation section so pay particular attention to it.

In terms of academic writing and presentation style:

- Be matter-of-fact
- Use correct English: grammar, spelling + words
- Be concise and clear
- Break it into meaningful sections + subsections
- Use headings
- Try to make it interesting
- Use appropriate references and quotations from articles/books
- Make sure your dissertation has a logical flow

On the contrary, try not to be familiar or jokey, and don't use words you don't understand, or, words your readers won't understand. Avoid copying whole sections from other sources, and certainly do not copy someone else's research. Finally, try not to use an inappropriate style. Your dissertation is akin to a journal article rather than magazine article.

# Structure of the dissertation

There are a range of different research projects. You do not have to conform to this pattern, but what is suggested in this section is a reasonable structure. Your course leader's comment override the following suggestions.

Nevertheless, here are the main chapters suggested:

- Cover page (Title; Author, Supervisory; Name of degree; date of submission, number of words)
- Acknowledgements



- Table of Contents, List of Tables/ Figures
- Chapter 1: Introduction
- Chapter 2: Literature Review
- Chapter 3: Research Methodology
- Chapter 4: Results & Analysis
- Chapter 5: Discussion
- Chapter 6: Conclusions
- Chapter 7: Personal Reflection
- Reference List
- Appendices

# **General requirements for the dissertation**

Finally, the next few comments are generally addressing dissertation requirements that are more generic, such as length and referencing style. Have a look at the following points and contact your module tutor for any further clarifications.

- Length should be 12,000 words
- Use 1 ½ line spacing and margins of 2.5 cm all round
- Main text should use Calibri, Times Roman or Garamond font in 12 point size Divide the dissertation into sections
- · Headings should be formatted clearly and numbered appropriately
- Tables and Figures should all be labelled and numbered appropriately
- · Use Harvard referencing
- Include a footer on every page that gives at least the page number
- Appendices should be used to include details not included in the text such as questionnaires, full sets of design diagrams, User needs analysis etc.

You can find more details on each specific chapter and dissertation requirements in the lecture slides and you may seek any additional information from your module tutor.

# **Keywords**

Dissertation	Thesis	Harvard style
Structure	Acknowledgements	Abstract
Appendices	Introduction	Literature Review
Research Methodology	Results	Analysis
Conclusion	Personal Reflection	References

# **Bibliography**

No reading material this week – make sure you use the notes in this study guide to create your own template for the structure of your thesis. More in the homework section.

# **Activity**

Create a template with the structure for your dissertation. The template has to be customised to your own dissertation research. Discuss your template with your supervisor and try to reach an agreement so you can begin writing the dissertation as the dissertation moves along. This will eventually turn into your complete dissertation thesis.

# **Guided Independent Study**

About 15 hours

# DISSERTATION WORK/MEETINGS WITH SUPERVISOR/FINAL SUBMISSION

(Weeks 18 - 36)

# **Independent Guided Study**

Full time work on the dissertation should be undertaken during this period to complete the full dissertation in collaboration with the supervisor, who will guide students to work efficiently and effectively. Further details will be announced on Blackboard.

# MD4992 - MBA DISSERTATION

Due to the nature of the dissertation module and project, some of the activities are not shared in the module discussion blog, rather they are privately shared with the module tutor and dissertation supervisor for individual feedback. These individual activities will contribute towards the development of the Dissertation Proposal, as such, students submit them at the end of each relevant week. Once the dissertation proposal is submitted, students work with their supervisors to conduct their research and complete their dissertation project.

# Overview of the Dissertation Project (WEEK 1) 1. Reflecting on Topic of Interest

Have a look at possible topics from Blackboard list of available topics. The choice of topic is your responsibility. However, you should discuss your ideas with the dissertation tutor. Later, your supervisor will be able to give you advice on clarifying your aims and objectives.

By reviewing the list of topics and after completing the above reading, submit on a private space in blackboard (not visible to other students), three topics which are of interest to you and reflect on:

- What makes this topic interesting?
- Will it help me in any way in my professional career?
- Why is topic worthy of investigation?
- Can I make any contributions by researching specific aspects of this research area/topic?

<u>The module tutor will provide feedback on the selected topics</u>. You will then revisit your topics and select one.

# **Dissertation Structure**

(Week 2)

# 1. Reflecting on the Dissertation Structure and Volume of Work

Reconsider your research topic on the basis of the dissertation structure. In essence, pick the structure that is relevant to you and try to finalise it by making these partial decisions. Submit the indicative structure of your topic in the private space on blackboard. **Your module tutor will provide feedback**.

Learning objective: this exercise will help you to identify important aspects of your topic, as well as to appreciate the nature and volume of work which needs to be completed.

#### 2. Multiple-Choice Questions

Answer the below Multiple-Choice Questions to test your understanding of the dissertation structure.

#### Question 1

In the context of acknowledging support and contributions while completing your MBA work, which of the following statements aligns with the recommended approach?

#### Option 1

Deliver acknowledgments like an Oscar acceptance speech, expressing gratitude in a grand manner.

# Option 2

Acknowledgments are not necessary in an MBA context.

#### Option 3

Acknowledge those who have supported you during your dissertation journey, even if they are not directly involved in your MBA work.

# Option 4

Keep acknowledgments short and business-like, mentioning only your direct supervisor.

#### Question 2

What are the key elements that should be included in an abstract for a dissertation, according to the provided guidelines?

#### Option 1

A brief summary of the main findings and conclusions.

# Option 2

A one-page explanation of the research methods used in the dissertation and the findings, along with conclusions.

# Option 3

A one-page description of the entire dissertation, including how it arose, research methods, main findings, and conclusions.

# Option 4

A lengthy description of the background and literature review.

#### **Question 3**

What are the usual components found in the introductory chapter of a dissertation?

# Option 1

Practical implications, conceptual framework, and limitations of the study along with an outline of the rest of the dissertation.

# Option 2

A literature review, detailed methodology description, and presentation of primary research findings.

# Option 3

Personal background, ethical considerations, research objectives, data analysis methods to be used.

# Option 4

Background, research problem (gap) statement, research aims/objectives, and research questions, implications, outline of dissertation.

#### **Question 4**

In an MBA dissertation, what is the primary purpose of the literature review chapter?

#### Option 1

To synthesize and critique recent MBA research studies related to the topic.

# Option 2

To offer a personal perspective on the topic based on the author's experiences.

# Option 3

To critically evaluate and synthesize existing research in the subject area, inform the dissertation design, and justify the need for the research.

# Option 4

To present primary data collected from professionals in the field and to clearly indicate the findings of each and how these have shaped the research area.

#### **Question 5**

What is the primary purpose of the methodology chapter in a research project?

#### Option 1

To summarize key research findings and highlight their practical applications.

# Option 2

To provide a detailed account of how the research was conducted, including the chosen methods and their justification.

# Option 3

To offer a comprehensive overview of the author's personal beliefs and values that guided the research process.

# Option 4

To present statistical analysis, graphs, and quantitative data collected during the research.

# **Question 6**

What is the primary focus of the conclusion chapter in a dissertation?

# Option 1

Summarizing the key research findings, discussing their practical implications, addressing potential limitations, and suggesting areas for future research.

# Option 2

Providing a comprehensive and detailed account of the research methodology, explaining its advantages and disadvantages, and discussing the various steps taken during data collection and analysis.

# Option 3

Summarizing the entire dissertation, including all chapters and findings.

# Option 4

Presenting new research questions and hypotheses for future studies in the same research domain, building on the existing findings and extending the research.

# **Question 7**

When presenting the research findings (in the results and discussion chapter), what is important to include?

# Option 1

Providing links between your findings and the existing literature.

# Option 2

A re-justification of the research methodology.

# Option 3

A detailed explanation of the data collection process.

# **Question 8**

What is generally NOT included in the appendices of a research project?

# Option 1

Very detailed descriptions of the research methodology.

# Option 2

Selective raw data collected during the research.

# Option 3

Supporting documents, such as questionnaires and project management schedules.

# Option 4

Copies of relevant correspondence, such as emails with research participants.

# LITERATURE REVIEW

(Weeks 3, 4 & 5)

1. Interactive Activity: Identify Strengths and Weaknesses in Literature Review Examples

Below you can see two examples of very short literature reviews on Leadership. **Reflect on the strengths and weaknesses for each.** Post your answers in the discussion forum.

#### Example 1

Recent scholarly discussions have shifted towards transformative and servant leadership theories, emphasizing the need for leaders who can inspire and adapt to change while prioritizing the growth and well-being of team members. Autocratic leadership emphasizes centralized decision-making and control by the leader (Lewin, Lippitt, & White, 1939), democratic leadership focuses on participative decision-making involving team members (Gastil, 1994), and laissez-faire leadership adopts a handsoff approach, granting significant autonomy to employees (Bass, 1990). Seminal works by Bass (1985) on transformational leadership and Greenleaf (1977) on servant leadership have set foundational models, which are now being expanded to incorporate considerations for digital transformations and global teams. Studies like Smith et al. (2018) demonstrate how these theories are effectively implemented in tech industries, leading to improved innovation and employee satisfaction. An exploration into the impact of leadership on organizational culture reveals a strong correlation between adaptive leadership styles and positive workplace environments. Research by Jones and Rowley (2011) suggests that leaders who engage in open communication and foster inclusivity are more likely to cultivate a culture of innovation and commitment. However, the literature also points to potential downsides, such as the risk of over-dependence on charismatic leaders or the challenges in consistently applying servant leadership principles across culturally diverse teams. Emerging trends like virtual leadership necessitate a revaluation of traditional leadership models, as evidenced by the work of Howell et al. (2020), who explore the dynamics of leading dispersed teams and the importance of emotional intelligence in virtual settings. This body of work collectively underscores the need for a nuanced, context-driven approach to leadership in contemporary organizations.

# **Example 2**

Leadership is a multifaceted discipline with various styles influencing organizational outcomes. Autocratic leadership is typified by strong, centralized control, where decisions are made at the top and trickle down through the ranks. This style is noted for its efficiency in decision-making and clarity in direction. However, the literature largely glosses over how this style affects team morale or longterm innovation, merely citing its prevalence in hierarchical organizations. Democratic leadership, alternatively, is characterized by its inclusivity and collaborative decision-making processes. This approach is suggested to improve team satisfaction and collective creativity by involving team members in organizational decisions. The review mentions several organizations where democratic leadership is practiced but fails to analyze the actual impact on organizational performance or employee development. Similarly, laissez-faire leadership is described as a hands-off approach, allowing team members significant autonomy over their work. Renowned historical figures are frequently cited as prototypes of these leadership styles. Queen Elizabeth I is celebrated for her decisive autocratic rule, while President Lincoln is revered for his democratic approach during the civil war, and Steve Jobs is admired for his innovative laissez-faire leadership at Apple. There are numerous leadership style theories, each offering unique insights into how to effectively guide and influence others in various organizational contexts. Understanding the applicability of these leadership theories is crucial, as it enables leaders to adopt the most effective style based on the specific needs of their team and objectives. Recognizing when and how to apply different leadership styles can significantly enhance organizational performance and employee satisfaction.

# 2. Conduct a short Literature Review

Start searching for material related to areas that you are interested in. *Don't wait, start right away!*By the end of the 3-week period (week 5), you should prepare and submit (private space on bb) the below:

- 1. Identify 4 journal papers which cover similar topics to yours or some of the aspects of your topic.
- 2. Write a short paragraph for each topic explaining their research purpose and findings.

3. Conclude with your research questions.

tech start-ups?"

Understanding Research Philosophies & Approaches	
(Week	6)
1. Interactive Activity: Identifying Paradigms.	
Below are a few research questions. Based on what you've learned about positivism, interpretivism realism, and pragmatism, identify which philosophy might be best suited to address each question.	,
<u>Each one of you</u> is allocated a different research question from a different topic and you need to respond to yours with a comments on which ontology and epistemology could be appropriate. A very small paragraph of 2-3 sentences would suffice.	
Example 1:	
@student 1: For the topic: "How does the implementation of a digital transformation strategy affect the operational efficiency of multinational corporations?"	
Which ontological and epistemological approach would be more appropriate?	
Example 2:	
@student2: For the topic: "How do CEOs interpret the role of corporate social responsibility in the era of sustainable business practices?	<b>;</b>
Which ontological and epistemological approach would be appropriate?	
Example 3:	
@student3: For the topic: "What is the perceived impact of leadership styles on team innovation is	n

Which ontological and epistemological approach would be appropriate?

# Example 4:

@student3: For the topic: "Is there a correlation between employee engagement programs and staff retention rates in the finance industry?"

Which ontological and epistemological approach could be appropriate?

You will then respond to 1 of your classmates on your views on the appropriateness of their suggested approach.

# 2. Select your Paradigm.

Determine the research philosophy that you can pursue in your dissertation research to address your research questions. Your answer should be around 150 words max. Post your answer in the private space of bb.

# **Research Design**

(Week 7&8)

1. Reflect on research designs for your research.

#### Week 7:

From the 4 papers identified in the literature review task, <u>determine the research design approaches</u> <u>for each</u>. Consider if there are similarities and differences in the research design. Reflect on how the chosen research design might have influenced the results and conclusions drawn. Finally, consider the applicability of these research designs to your own research. Consider aspects such as feasibility, relevance, and potential for generating impactful insights. Summarize the key points from above and share them in the private space on blackboard. Your tutor will provide feedback so that you can complete the next task below.

# 2. Select your Research Design.

#### Week 8:

Create a draft of your research design in addressing your dissertation research topic. Following the research onion framework, create a draft of your research design, reflecting on your dissertation topic, explaining the rationale for each choice. Max of 400 words. Submit your answer to the individual submission space on blackboard.

# RESEARCH METHODOLOGY

(Weeks 9-12)

Further than the lecture <u>training activities</u> on becoming familiar and using quantitative and qualitative research methods, you should engage with the following activities which will help you to determine the appropriate research methodology to address your research questions.

1. Quantitative Research Methodology Activities

# Week 9: Address the below questions:

- A. In what ways do you expect the quantitative methodology to facilitate a broad, generalizable understanding of trends or patterns related to your research topic?
- B. What types of validity and reliability issues might arise in survey-based research processes, and what strategies can be employed to mitigate or overcome these challenges?
- C. Check the below hypotheses. Identify the independent and dependent variables reflected in the hypotheses below:
  - Democratic leadership has a positive influence on employee job satisfaction.
  - Employee organisational commitment increases with increased levels of managerial emotional intelligence.

Post your answers in the discussion forum.

#### Week 10:

Open "Organic Foods Survey" database (SPSS file) and run the following analyses via SPSS:

# Frequencies for:

Q3: Where do you normally get/shop organics?

Q8: District of Tenancy

#### **Descriptives for:**

Q2: How frequently do you buy organic products?

Q5: Importance of quality on purchases?

#### Run t-test for:

Q9: Gender (1=Male; 2=Female) (independent) Vs Q6: How much more will you pay as premium for organics? (dependent)

Post your answers in the private space on blackboard. Tutors will provide feedback.

2. Quantitative Research Methodology Activities

# Week 11: Reflect on the following quote and answer the below question:

A. "Interviews can be differentiated according to the standardisation and structure of questioning, the mode adopted to conduct them, and medium through which they are operationalised". (Saunders et al., 2023, p.494).

Post your answers in the discussion forum.

B. As you consider selecting a qualitative research methodology for your dissertation, reflect on how the in-depth, narrative-driven nature of qualitative data might enrich your understanding of the research topic and provide valuable context. What are your expectations for how this approach will allow you to explore the complexities and subtleties of your research question/s?

Post your answers in the discussion forum.

#### Week 12: Interview transcript

Check the interview transcript on "family business successor learning".

Based on the question "How do family business successors learn in the family business?", code the data following the steps below.

Step 1:

Open code the text

List the codes (and their description) in a master file.

Step 2:

Go through the master file and do Axial Coding (2 rounds) to categorize these codes into subthemes and themes.

Step 3:

Check your master file of codes, sub-themes, and themes and create a visual diagram that connects your themes together to answer your research question.

Post your answers in the private space on blackboard. Tutors will provide feedback.

# 3. Select your Research Methodology.

Having explored both the quantitative and qualitative research strategies, you should now carefully consider which is more appropriate for your research topic. Create a draft explaining the methodology selected and the specific method/s which will be employed. Justify this on the basis of achieving your research aims and addressing your research questions along with indicate critical thinking in your selection in relation to other potential methodologies which could have been selected. Submit this on the private space on blackboard. Module tutors will provide individual feedback.

# **Research Proposal Submission**

(Week 13)

1. Bring together all activities to create and submit the Dissertation Proposal

During this week, you will bring together the tasks completed in the previous 12 weeks and develop your research proposal. You will need also to work on developing an action plan with regard to the completion of your dissertation by week 36.

The proposal needs to be approximately 3,000 words incorporating the following:

- A title
- The aims and objectives of your research

- A brief literature review that describes key theories/ literature/evidence relevant to the chosen topic/field
- Methodology section describing:
- your approach to researching secondary sources for relevant data
- Your approach/methods for the collection and analysis of primary data
- Action plan
- Comprehensive in-text references and a bibliography detailing all sources used.

The proposal will be submitted to the module tutor and dissertation supervisor. Feedback will be provided by the supervisor via MS Teams and explained during a follow-up meeting. During this meeting, emphasis will also be placed on the proposed action plan, so that both the student and the supervisor can agree on the schedule to be followed.

# STUDENT BREAK AND STUDY WEEKS

(Weeks 14 & 15)

No activities

#### **ETHICS**

(Week 16)

1. Consider the ethical aspects of your research.

Find articles on ethical issues on methodologies and data collection. Reflect on the specific ethical issues regarding your chosen methodology. Communicate these to your supervisor and discuss how you can address these, and which processes should be followed during the collection of your data (quantitative or qualitative) to ensure transparency.

# **Dissertation Writing Up**

(Week 17)

# 1. Create the structure template and consult your supervisor.

Create a template with the structure for your dissertation. The template must be customised to your own dissertation research. Discuss your template with your supervisor and try to reach an agreement so you can begin writing the dissertation as the dissertation moves along. This will eventually turn into your complete dissertation thesis.

# DISSERTATION WORK/MEETINGS WITH SUPERVISOR/FINAL SUBMISSION

(Weeks 18 - 36)

# 1. Dissertation completion

Full time work on the dissertation should be undertaken during this period to complete the full dissertation in collaboration with the supervisor, who will guide students to work efficiently and effectively. Further details will be announced on Blackboard.

ENTYIO: 200.1.3

# Συμπληρωματικό Έντυπο για την Υποβολή Προγράμματος Σπουδών που Προσφέρεται Εξ Αποστάσεως

#### ΟΔΗΓΙΕΣ:

Το παρόν ΕΝΤΥΠΟ με αρ. 200.1.3 αποτελεί αναπόσπαστο μέρος της αίτησης για αξιολόγηση πιστοποίηση προγράμματος σπουδών που προσφέρεται εξ αποστάσεως (έντυπο με αρ. 200.1).

Το παρόν έγγραφο έχει καταρτιστεί στο πλαίσιο των αρμοδιοτήτων του Φορέα Διασφάλισης και Πιστοποίησης της Ποιότητας, στη βάση των προνοιών των «περί της Διασφάλισης και Πιστοποίησης της Ποιότητας της Ανώτερης Εκπαίδευσης και της Ίδρυσης και Λειτουργίας Φορέα για Συναφή Θέματα Νόμων του 2015 και 2016 [Ν. 136 (Ι)/2015 και 47(Ι)/2016].

Το έγγραφο αποτελεί Πρότυπο Οδηγού Μελέτης ο οποίος περιλαμβάνει:

- 1. Σαφώς διατυπωμένους στόχους και προσδοκώμενα αποτελέσματα του προγράμματος, των ενοτήτων και των δραστηριοτήτων, κατά τρόπο οργανωμένο και συνεκτικό.
- 2. Παρουσίαση της ύλης, κατά εβδομάδα, με ποικίλους τρόπους και μέσα ( πχ., έντυπο υλικό, ηλεκτρονικό υλικό, τηλεδιασκέψεις, πολυμέσα),
- 3. Εβδομαδιαία παρουσίαση των δραστηριοτήτων και ασκήσεων και σαφείς οδηγίες για την ανάρτηση, συζήτηση και ανατροφοδότηση.
- 4. Ασκήσεις αυτοαξιολόγησης και οδηγό αυτοδιόρθωσης.
- 5. Βιβλιογραφικές αναφορές και προτάσεις για περαιτέρω μελέτη.
- 6. Αριθμό και θέματα Εργασιών, οδηγίες εκπόνησής τους, μαζί με συμπληρωματικό υλικό μελέτης.
- 7. Σύνοψη.

Academic Institution	UCLan Cyprus	
Programme of Studies	MSc Data Analytics	
Module	CO4761 Business	Intelligence and Data
	Analytics	
Level	BSc	MSc
Teaching Language	English	
Delivery Method	Distance Learning	Conventional
Τύπος Μαθήματος	Compulsory Optional	
Number of lectures	Total: 12	Physical Online:
		presence: 12
Number of assignments	ONE ASSIGNMENT AND ONE FINAL EXAM	
Final Mark	Coursework (50%)	
	• Exam (50%)	
ECTS	10	

Author:	Zach Anthis, Module Leader CO4671
Editing:	Panayiotis Andreou, Course Leader MSc Data Analytics
Final approval:	Prof. Irene Polycarpou, Chair of the Academic Standards and Quality Assurance Committee for School of Sciences

# **STUDY GUIDE**

# **AUTHORS**

Zach Anthis

# **SUPERVISION**

Dr. Panayiotis Andreou

Course Leader MSc Data Analytics

2022-2023

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# Introduction

CO4761 Business Intelligence and Data Analytics aims to provide a comprehensive, up-to-date guide to modern management support system technologies, and showcase how they can be used for better decision-making. It includes a mixture of theoretical sessions, tutorials and practical labs that provide an in-depth knowledge of the use of descriptive, diagnostic, predictive and prescriptive analytics in enterprises and show how these can be used to support decision making.

# **Learning objectives**

The learning objectives of the module are the following:

- Provide an in-depth knowledge of the use of enterprise systems
- Study the type of data that the enterprise systems generate
- Study how that data might be used to support decision making within an enterprise

# **Learning outcomes**

With the completion of this module, the students are expected to be able to:

- Identify and evaluate the role of enterprise systems in an organisation.
- Discuss and apply a range of predictive and prescriptive analytical techniques to business scenarios.
- Query relevant data from an enterprise system for analysis purposes.
- Critically evaluate the range of relevant business intelligence tools available in the marketplace.

#### **Learning & Teaching strategy**

The module tutor will deliver live online lectures through MS Teams. During the live lectures the participating students will have the opportunity to engage in discussions, present their views and ask questions. The lecture sessions will be recorded and made available to the students through Blackboard. Students who cannot participate in a live lecture will have the opportunity to answer and reflect on guided questions in the subsequent live lectures or participate asynchronously on discussion boards. The module tutor will provide appropriate feedback to students' comments, as a result of the discussions. Tutor feedback will primarily be provided in an asynchronous manner through Blackboard and emails, but when the need arises, the module tutor will schedule live sessions to provide further feedback. Where appropriate, students will be also provided with relevant further reading, web links and resources for independent study. Speakers from leading

organizations will be invited, where possible, to deliver invited talks and enhance the students' experience.

Students will also be provided with weekly self-assessment quizzes so that they can reflect on their progress.

Students will be provided with access to specialized software/datasets/scripts/programs through which they will be able to complete the practical components of the module. The students will obtain the practical sheets from Blackboard and they are expected to follow the instructions included in the practical sheets to complete the lab work. If students have difficulties with a particular exercise, they are expected to contact the module tutor or post a question on the discussion forum, where the module tutor and/or their peers can provide feedback. Different means of communication will be utilized by the tutor to offer support to the students based on the reported issue (i.e., email, dedicated module page in MS Teams, Blackboard discussion board, etc.).

# **Assessment Strategy**

The module will be assessed using 2 components of assessed work as outlined below:

#### Assessed work 1: Coursework Portfolio

The coursework will be composed of two components:

- Assignment: The assignment requires the students to: use specialized software to prepare a dataset for analysis purposes; explore the data and understand the dataset and its main dimensions by highlighting key findings; analyse the data using a range of descriptive, predictive and prescriptive analytical techniques to reveal important insights and perhaps hidden patterns; create an interactive dashboard for informing managers of different departments about key findings; create a comprehensive business report that encompasses the key findings of all aforementioned parts. This assessed work is worth 40% of the final grade.
- Weekly quizzes: Ten (10) weekly quizzes worth 1%, accounting for 10% of the final grade.

# - Assessed work 2: Examination

A 2-hour unseen examination will be held during the examination period at the end of the semester. This assessed work is worth 50% of the final grade.

# Module pass requirements

The final grade for the module is the weighted average of the overall coursework portfolio mark (50%) and examination mark (50%). To pass, a student must achieve an overall weighted average of 50%, aggregated across all assessments.

#### **Tutor contact details**

	Module leader/tutor
Name:	Zach Anthis
Tel:	24694000
Email:	zanthis@uclan.ac.uk
MS Teams	zanthis@uclan.ac.uk, CO4761 MS Team space
Office hours:	Office hours vary per semester. Consult module's Blackboard space for the tutor's office hours. You can also email the tutor to arrange an online meeting at a convenient time.

# Purpose of this study guide

The purpose of this study guide is to provide guidance to the students with regards to the topics to be covered in the module and where they need to place their focus while studying, point to study material and provide self-assessment exercises to enhance students' knowledge and skills. The study guide is structured per week, providing a brief description of what is to be covered in each week and the expected learning outcomes, lists key terms, specifies recommended study material and recommends the time of study that students should devote to investigate the recommended study material. Moreover, there are self-assessment exercises per week that students should consider, so they can realize the material, build a critical thinking and skills relevant to the topics of study. The Appendix includes indicative solutions for the self-assessment exercises. With regards to the recommended study time, these include the lecture participation, the material study, searching

for relevant bibliography, working on the self-assessment exercises and the exercises that contribute to the module's final mark, etc. It should also be noted that this study guide is to provide guidance to the students while they study and should be used in conjunction with the module's educational material that is uploaded on Blackboard. Students are expected to study the module's educational material in depth so that they can comprehend the taught topics and successfully meet the requirements of the module.

# PROGRAMME INDUCTION

(Specific date before the semester starts)

# **Induction Activities**

The induction activities commence typically 1-2 weeks before the semester starts. Induction for this programme in the afternoon to allow better turnup for working professionals. We allocate two days for remote induction via MS Teams. Remote students are added into a MS Teams folder so that they can participate in the induction.

The induction includes the following parts:

- IT team: will run students through the basics of using account management, email, remote access and use of the physical infrastructure (if required) (e.g., remote desktop). The IT team will also provide information on how to setup and/or use specialized software (e.g., SAS enterprise Miner, SAS Enterprise Guide, R, Python) that are used by various course modules. Students who do not attend this session will have the opportunity to set a meeting with the IT team to download and setup the software remotely.
- **Library**: will demonstrate how to access blackboard, introduce and show students how to access library resources and inform about other available services.
- **Administration team:** will provide an introduction of who they are, the services they offer, and when and how they should be contacted.
- **Student Support Services**: will provide an introduction of who they are, the services they offer, and when and how they should be contacted.
- **WISER:** will provide an introduction of who they are, the services they offer, and when and how they should be contacted.
- Course Leader presentation: will provide an overview of the programme and important parts, such as module overview, timetable, course handbook, assessment handbook, academic regulations, etc.

# **Recommended Study/Setup Time**

(Induction is outside the module scheduled timings)

Approximately 2 hours to read the handbooks

Approximately 2 hours to download and install the software

## **INTRODUCTION TO CO4761**

# An Overview of Business Intelligence, Analytics, and Decision Support

(WEEK 1)

# Introduction

The business environment is constantly changing, and it is becoming more and more complex. It is important to understand that in today's turbulent business environment analytics can survive and excel. In this introduction we understand the need for computerized support for managerial decision making, learn the conceptual foundations of the decision support systems (DSS) methodology and describe the business intelligence methodology and concepts and relate them to DSS. Finally, we discuss the major categories of analytics and show how these can be used to boost the efficiency and effectiveness of an organization in various case studies.

The session is divided into three parts:

- The first part includes an overview of the module syllabus, including the module's objectives, assessment methods, module outline and reading list.
- The second part includes an introduction for computer-supported decision making, decision support systems and discusses the main types of analytics utilized in modern enterprises.
- The third part introduces students to the SAS Visual Analytics software and its environment and basic visual analytics concepts. Additionally, it provides an overview of the basic principles of Visual Perception and discuss how to make the most of them, via appropriate marks and channels, to visualize data effectively.

# **Learning Outcomes**

After completing this week's study, the students will be able to:

- Identify and evaluate the role of enterprise systems in an organisation.

- Study the type of data that the enterprise systems generate
- Study how that data might be used to support decision making within an enterprise
- Discuss a range of descriptive, predictive and prescriptive analytical techniques to business scenarios.
- Critically evaluate the range of relevant business intelligence tools available in the marketplace.

# **Key Terms**

- business intelligence (BI)
- dashboard
- data mining
- decision (or normative) analytics
- decision support system (DSS)
- descriptive (or reporting) analytics
- diagnostic analytics
- predictive analytics
- prescriptive analytics
- semi structured problem
- structured problem
- unstructured problem

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

# **Primary material**

- Chapter 1 Business Intelligence and Data Analytics: Systems for Decision Support, 10th
   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
   ISBN-10: 0133050904.
- Application Cases Week 1

- Lecture Slides/ Videos
- Lab Slides/Videos

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# **Self-assessment Exercises**

# Quiz Week 1

Assessment of material taught during week 1. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 1.

# **Recommended Study Time**

Approximately 10 hours

# **Foundations and Technologies for Decision Making**

(WEEK 2)

# Introduction

In this week we describe conceptual foundations of decision making, including Simon's four phases of decision making: intelligence, design, choice, and implementation. We then provide the essential definitions for each concept encompassed in decision support systems (DSS) and understand different types of DSS classifications and the support they provide.

The session is divided into two parts:

- The first part includes an overview of the theoretical foundations of decision making and its
  phases. It also describes decision support systems, their main components and how they
  interact.
- The second part demonstrates the data exploration and reporting processes in SAS Visual Analytics.

# **Learning Outcomes**

After completing this week's study, the students will be able to:

- Understand the conceptual foundations of decision making
- Study Simon's phases of decision making: intelligence, design, choice, and implementation
- Infer the different types of decision support systems (DSS) classifications
- Learn the capabilities and limitations of DSS in supporting managerial decisions
- Recognize how DSS support for decision making can be provided in practice
- Understand the essential definition of decision support systems (DSS)
- Understand DSS components and how they integrate

# **Key Terms**

- ad hoc DSS
- algorithm
   analytical techniques
- business intelligence (BI)
- choice phase
- data warehouse
- database management system (DBMS)
- decision making
- decision style
- decision variable
- descriptive model
- design phase
- DSS application
- effectiveness
- efficiency
- implementation phase
- institutional DSS
- intelligence phase
- model base management
- system (MBMS)
- normative model
- optimization
- organizational knowledge base
- principle of choice
- problem ownership
- problem solving
- satisficing
- scenario
- sensitivity analysis

- simulation
- suboptimization
- user interface
- what-if analysis

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

# **Primary material**

- Chapter 2 Business Intelligence and Data Analytics: Systems for Decision Support, 10th Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905, ISBN-10: 0133050904.
- Application Cases Week 2
- Lecture Slides/ Videos
- Lab Slides/Videos

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### **Self-assessment Exercises**

Tutorial 1: explores aspects of the SAS Visual Analytics environment

**Tutorial 2:** demonstrates how reports can be viewed in SAS Visual Analytics

**Quiz Week 2:** Assessment of material taught during week 2. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 2.

# **Recommended Study Time**

Approximately 10 hours

### **Data Warehousing**

(WEEK 3)

### Introduction

A data warehouse is technically a database, which is primarily used for decision support and provides improved analytical capabilities. In this session, we provide the basic definitions and concepts of data warehouses (DWs) and enterprise DWs (EDWs) and explore the different types of DW architectures, their comparative advantages and disadvantages. Then we describe the processes used in developing and managing DWs, explain their operations and their role of DWs in decision support. Finally, we explain data integration and the extraction, transformation, and load (ETL) processes.

The session is divided into two parts:

- The first part includes an overview of data warehouses technologies, systems and their applications.
- In the second part, we use SAS Visual Analytics Explorer to extract, transform and load data.
   We then explore the data interactively using appropriate visualizations.

## **Learning Outcomes**

- Visit basic definitions and concepts of data warehouses (DWs) and enterprise DWs (EDWs)
- Learn different types of DW architectures; their comparative advantages and disadvantages
- Explain DWs operations and highlight the role of DWs in decision support
- Explain data integration; and the extraction, transformation, and load (ETL) processes
- Describe real-time (a.k.a. right-time and/or active) Data Warehousing
- Describe the processes used in developing and managing DWs
- Understand DW administration and security issues

## **Key Terms**

- active data warehousing (ADW)
- cube
- data integration
- data mart
- data warehouse (DW)
- dependent data mart
- dimensional modeling
- dimension table
- drill down
- enterprise application integration (EAI)
- enterprise data warehouse (EDW)
- enterprise information integration (Ell)
- extraction, transformation, and load (ETL)
- independent data mart metadata
- OLTP
- operational data store (ODS)
- real-time data warehousing (RDW)
- snowflake schema
- star schema

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

### **Primary material**

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   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
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#### **Self-assessment Exercises**

Tutorial 1: demonstrates the mechanisms that visualize data in SAS Data Explorer

Tutorial 2: provides practice on how to create simple visualizations using SAS Data Explorer

**Tutorial 3:** provides practice on how to create more complex visualizations using SAS Data Explorer

**Quiz Week 3:** Assessment of material taught during week 3. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 3.

# **Recommended Study Time**

Approximately 15 hours

## **Business Performance Management**

(WEEK 4)

### Introduction

Busines performance measurement (BPM) refers to the business processes, methodologies, metrics, and technologies used by enterprises to measure, monitor, and manage business performance. We start our discussion with business reporting and show how information visualization fits. We indicate the value that visual analytics brings to BI/BA and understand the capabilities and limitations of dashboards. Finally, we learn the nature of business performance management (BPM) and discuss the closed-loop BPM methodology and balanced scorecards.

The session is divided into two parts:

- The first part includes an overview of descriptive data analytics and visualizations, and demonstrate their applicability in the area of business performance management.
- In the second part, we finish our data exploration journey with SAS Visual Analytics. In particular, we learn how to create visualizations and explorations and also how to perform data analysis and manage explorations.

## **Learning Outcomes**

- Define business reporting and understand its historical evolution
- Recognize the need for and the power of business reporting
- Learn different types of visualization techniques
- Appreciate the value that visual analytics brings to BI/BA
- Know the capabilities and limitations of dashboards
- Understand the importance of data/information visualization
- Understand business performance management (BPM) and its closed-loop methodology

Describe the basic elements of balanced scorecards

# **Key Terms**

- business report
   balanced scorecard (BSC)
- business performance management (BPM)
- dashboards
- data visualization
- DMAIC
- high-performance
- key performance indicator (KPI)
- learning
- performance measurement systems
- report
- Six Sigma
- visual analytics

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The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

### **Primary material**

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### **Self-assessment Exercises**

**Tutorial 1:** Performing Data Analysis and Managing Explorations.

**Quiz Week 4:** Assessment of material taught during week 4. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 4.

# **Recommended Study Time**

Approximately 10 hours

## **Data Mining**

(WEEK 5)

### Introduction

In this session we discuss what Data Mining is and how it is an enabling technology for BI. We learn the standardized data mining processes: CRISP-DM, SEMMA and KDD and understand the steps involved in data pre-processing for data mining.

The session is divided into two parts:

- The first part includes an overview of data mining, its main processes and predominant algorithms.
- In the second part, we examine the SAS Visual Analytics Designer interface and start to create and/or edit simple reports and dashboards.

# **Learning Outcomes**

- Define data mining as an enabling technology for BI
- Understand the objectives and benefits of business analytics and data mining
- Recognize the wide range of applications of data mining
- Learn the standardized data mining processes (CRISP-DM, SEMMA, KDD)
- Understand the steps involved in data pre-processing for data mining
- Describe the processes used in developing and managing DWs
- Learn different methods and algorithms of data mining
- Build awareness of the existing data mining software tools
- Understand the pitfalls and myths of data mining

# **Key Terms**

- Apriori algorithm
- ROC curve
- association
- bootstrapping
- categorical data
- classification
- clustering
- confidence
- CRISP-DM
- data mining
- decision tree
- distance measure
- entropy
- Gini index
- information gain
- interval data
- k-fold cross-validation
- knowledge discovery in databases (KDD)
- lift
- link analysis
- nominal data
- numeric data
- ordinal data
- prediction
- ratio data
- regression
- sequence mining
- support

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

### **Primary material**

- Chapter 5 Business Intelligence and Data Analytics: Systems for Decision Support, 10th
   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
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# **Self-assessment Exercises**

**Tutorial 1:** Designing a Report using SAS Report Designer.

**Quiz Week 5:** Assessment of material taught during week 5. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 5.

# **Recommended Study Time**

Approximately 15 hours

## **Predictive Modeling**

(WEEK 6)

### Introduction

In this session, we investigate techniques for Predictive Modeling. In particular, we learn about Artificial Neural Networks (ANNs), Support Vector Machines (SVMs) and the k-nearest neighbor algorithm (kNN). We also discuss about the advantages and disadvantages of each technique and learn when to use which.

The session is divided into two parts:

- The first part includes an overview of predominant classification and clustering algorithms, including artificial neural networks, support vector machines and k-nearest neighbors.
- In the second part, we conclude SAS Visual Analytics Report Designer.

# **Learning Outcomes**

- Understand the concept and definitions of artificial neural networks (ANN)
- Visit the different types of ANN and know how learning happens
- Understand the sensitivity analysis in ANN
- Understand the concept and structure of support vector machines (SVM)
- Learn the advantages and disadvantages of SVM compared to ANN
- Become familiar with ANN applications
- Understand the concept and formulation of k-nearest neighbors algorithm (kNN)
- Learn the advantages and disadvantages of kNN compared to ANN and SVM

# **Key Terms**

- artificial neural network (ANN)
- backpropagation
- connection weight
- hidden layer
- k-nearest neighbor
- Kohonen's self-organizing feature map
- neural computing
- neural network
- neuron
- parallel processing
- pattern recognition
- perceptron
- sigmoid (logical activation) function
- summation function
- supervised learning
- transformation (transfer) function

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

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   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
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# **Self-assessment Exercises**

Tutorial 1: Displaying Information using SAS Report Designer

Tutorial 2: Establishing Interactions using SAS Report Designer (part I)

Tutorial 3: Establishing Interactions using SAS Report Designer (part II)

**Quiz Week 6:** Assessment of material taught during week 6. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 6.

## **Recommended Study Time**

Approximately 10 hours

## **Text Analytics, Text Mining and Sentiment Analysis**

(WEEK 7)

### Introduction

This session introduces Text Analytics. In particular, we start by introducing text mining and understand the need for text mining and its different application areas. We then differentiate between text mining, Web mining, and data mining and study the process of carrying out a text mining project. We also understand the different methods that introduce structure to text- based data. Finally, we study sentiment analysis and learn some of the common methods for sentiment analysis.

The session is divided into two parts:

- The first part includes an overview of text analytics concepts and techniques.
- In the second part, we provide an introduction to clustering using SAS Enterprise Miner.

## **Learning Outcomes**

- Describe text mining and understand the need for text mining
- Differentiate between text mining, Web mining, and data mining
- Know the process of carrying out a text mining project
- Understand the different methods to introduce structure to text-based data
- Describe sentiment analysis (SA) and familiarize with popular applications
- Understand the different application areas for text mining
- Learn the common methods for SA
- Become familiar with speech analytics as it relates to SA

# **Key Terms**

- association
- classification
- clustering
- corpus
- customer experience management (CEM)
- deception detection
- inverse document frequency
- natural language processing (NLP)
- part-of-speech tagging
- polarity identification
- polyseme
- sentiment
- sentiment analysis
- SentiWordNet
- sequence discovery
- singular value decomposition (SVD)
- speech analytics stemming
- stop words
- term-document matrix (TDM)
- text mining
- tokenizing
- trend analysis
- unstructured data
- voice of customer (VOC)
- voice of the market
- WordNet

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

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   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
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### **Self-assessment Exercises**

**Tutorial 1:** Pattern Discovery using SAS Enterprise Miner

**Quiz Week 7:** Assessment of material taught during week 7. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 7.

# **Recommended Study Time**

Approximately 10 hours

### Web Analytics, Web Mining, and Social Analytics

(WEEK 8)

### Introduction

In this session, we discuss web mining, web analytics and social analytics. We define Web mining and understand its taxonomy and its application areas. We differentiate between Web content mining, Web structure mining and Web Usage mining. We dig into the internal operations of Web search engines, and we correlate with search engine optimization (SEO). We also provide a Web analytics maturity model. Finally, we discuss social networks and social analytics and their practical applications for better customer engagement.

The session is divided into two parts:

- The first part includes an overview of web mining, web and social analytics concepts and techniques.
- In the second part, provide an introduction to association and sequence analysis using a market basket example in SAS Enterprise Miner.

### **Learning Outcomes**

- Define Web mining and understand its taxonomy and its application areas
- Differentiate between Web content mining and Web structure mining
- Learn the details about search engine optimization (SEO)
- Define Web usage mining and learn its business application
- Describe the Web analytics maturity model and its use cases
- Understand the internals of Web search engines
- Understand social networks and social analytics and their practical applications
- Define social network analysis and become familiar with its application areas

- Understand social media analytics and its use for better customer engagement

# **Key Terms**

- authoritative pages
- clickstream analysis
- customer experience management (CEM)
- hyperlink-induced topic search (HITS)
- search engine
- social network
- spiders
- voice of customer (VOC)
- Web analytics
- Web content mining
- Web crawler
- Web mining
- Web structure mining
- Web usage mining

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

### **Primary material**

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   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
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# **Self-assessment Exercises**

**Tutorial 1:** Pattern Discovery using SAS Enterprise Miner

**Quiz Week 8:** Assessment of material taught during week 8. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 8.

# **Recommended Study Time**

Approximately 10 hours

## **Model-based Decision Making**

(WEEK 9)

### Introduction

In this session, we present an overview of Prescriptive Analytics and we start with model-based decision making. We provide an introduction of analytical decision modeling and describe how prescriptive models interact with the data and the user. We study well-known model classes and describe why spreadsheets can be used for analytical modeling and solution. We also explain the basic concepts of optimization, such as linear programming and how to use it. Finally, we describe multi-criteria decision making techniques.

The session is divided into two parts:

- The first part includes an overview of prescriptive analytics and analytical decision making.
- In the second part, we explore the capabilities of Excel for model-based decision making (scenario, goal seeking and solver) and also provide an introduction to the data analysis toolkit using regression as the example.

### **Learning Outcomes**

- Understand the basic concepts of analytical decision modeling
- Describe how prescriptive models interact with data and the user
- Understand how to structure decision making with a few alternatives
- Describe how spreadsheets can be used for analytical modeling and solution
- Explain the basic concepts of optimization and when to use them
- Understand some different, well-known model classes
- Describe how to structure a linear programming model
- Describe how to handle multiple goals

- Explain what is meant by sensitivity analysis, what-if analysis, and goal seeking
- Describe the key issues of multi-criteria decision making

# **Key Terms**

- analytic hierarchy process (AHP)
- certainty
- decision analysis
- decision table
- decision tree
- decision variable
- dynamic models
- environmental scanning and analysis
- forecasting
- goal seeking
- influence diagram
- intermediate result variable
- linear programming (LP)
- mathematical (quantitative) model
- mathematical programming
- multidimensional analysis (modeling)
- multiple goals
- optimal solution
- risk analysis
- sensitivity analysis
- static models
- uncertainty
- uncontrollable variable
- what-if analysis

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

### **Primary material**

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- Application Cases Week 9
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# **Self-assessment Exercises**

**Tutorial 1:** Excel Scenario Analysis example

**Tutorial 2:** Excel Goal Seek Analysis example

**Tutorial 3:** Excel Regression Analysis example

**Tutorial 4:** Excel Solver Analysis example

**Tutorial 5:** Excel Programming example

**Quiz Week 9:** Assessment of material taught during week 9. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 9.

# **Recommended Study Time**

Approximately 10 hours

#### **Heuristic Search Methods and Simulation**

## **Automated Decision Systems and Expert Systems**

(WEEK 10)

### Introduction

In this session, we explain the basic concepts of simulation and heuristics, automated decision support and expert systems and when to use them. We explore how search methods are used to solve some decision support models. We also provide a brief introduction on genetic algorithms and their applications. Then we understand the concepts and applications of different types of simulation and explain what is meant by system dynamics, agent-based modeling, Monte Carlo, and discrete event simulation. We then switch to automated rule-based decision systems and understand the importance of knowledge in decision support. We also describe the concept and evolution of rule-based expert systems (ES) and learn the knowledge engineering process used to build such systems.

The session is divided into two parts:

- The first part includes an overview of simulation and heuristics, automated decision support and expert systems and when to use them.
- In the second part, we revisit the principles of model-based design and dive into practical applications for Financial Planning (Portfolio Optimization).

### **Learning Outcomes**

- Understand the basic concepts of analytical decision modeling
- Describe how prescriptive models interact with data and the user
- Understand how to structure decision making with a few alternatives

- Describe how spreadsheets can be used for analytical modeling and solution
- Explain the basic concepts of optimization and when to use them
- Understand some different, well-known model classes
- Describe how to structure a linear programming model
- Describe how to handle multiple goals
- Explain what is meant by sensitivity analysis, what-if analysis, and goal seeking
- Describe the key issues of multi-criteria decision making

# **Key Terms**

- agent-based models
- causal loops
   discrete event simulation
- chromosome
- crossover
- elitism
   evolutionary algorithm
- genetic algorithm
- heuristic programming
- heuristics
- Monte Carlo simulation
- mutation
- reproduction
- simulation
- system dynamics
- visual interactive modeling (VIM)
- visual interactive simulation (VIS)
- artificial intelligence (AI)
- automated decision systems (ADS)
- backward chaining
- certainty factors (CF)
- decision automation systems

- expert system (ES)
- forward chaining
- inference engine
- inference rules
- knowledge base
- knowledge engineering
- production rules
- rule-based systems

# **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

### **Primary material**

- Chapter 10 and 11- Business Intelligence and Data Analytics: Systems for Decision Support,
   10th Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13:
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- Application Cases Week 10
- Lecture Slides/ Videos
- Lab Slides/Videos

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### **Self-assessment Exercises**

**Tutorial 1:** Modeling a System using Matlab & Simulink (Self Study)

Tutorial 2: Portfolio Optimization using MS Excel

**Quiz Week 10:** Assessment of material taught during week 10. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 10.

# **Recommended Study Time**

Approximately 15 hours

## **Big Data**

(WEEK 11)

### Introduction

In this session, we learn what Big Data is and how it is changing the world of analytics. We become familiar with the wide range of enabling technologies for Big Data analytics such as Hadoop, MapReduce, and NoSQL as they relate to Big Data analytics. We also compare and contrast the complementary uses of data warehousing and Big Data and become familiar with the vendors of Big Data tools and services. Finally, we understand the need for and appreciate the capabilities of stream analytics and learn about their applications.

The session is divided into two parts:

- The first part includes an overview of big data technologies and big data analytics.
- In the second part, a short introduction to Tableau and its visualization.

### **Learning Outcomes**

- Learn what Big Data is and how it is changing the world of analytics
- Understand the motivation for and business drivers of Big Data analytics
- Learn about Hadoop, MapReduce, and NoSQL as they relate to Big Data analytics
- Understand the role of and capabilities/ skills for data scientist as a new analytics profession
- Explain the basic concepts of optimization and when to use them
- Become familiar with the wide range of enabling technologies for Big Data analytics
- Compare and contrast the complementary uses of data warehousing and Big Data
- Become familiar with the vendors of Big Data tools and services

- Understand the need for and appreciate the capabilities of stream analytics
- Learn about the applications of stream analytics

## **Key Terms**

- Big Data
- Big Data analytics
- critical event processing
- data scientist
- data stream mining
- Hadoop
- Hadoop Distributed File System (HDFS)
- Hive
- MapReduce
- NoSQL
- perpetual analytics
- Pig
- stream analytics
- social media

### **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

#### **Primary material**

- Chapter 13- Business Intelligence and Data Analytics: Systems for Decision Support, 10th
   Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905,
   ISBN-10: 0133050904.
- Application Cases Week 11
- Lecture Slides/ Videos
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#### **Bibliography**

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#### **Self-assessment Exercises**

**Tutorial 1:** Introduction to Tableau

**Quiz Week 11:** Assessment of material taught during week 11. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 11.

# **Recommended Study Time**

Approximately 10 hours

#### **Business Analytics: Emerging Trends and Future Impacts**

(WEEK 12)

#### Introduction

In this session, we explore some of the emerging technologies that may impact analytics, BI, and decision support such as geo-spatial and location-based analytics. We also provide cases of how analytics are powering consumer applications and creating a new opportunity for entrepreneurship for analytics, and we briefly describe the potential of cloud computing in business intelligence. Finally, we list and describe the major ethical and legal issues of analytics implementation and understand the analytics ecosystem to get a sense of the various types of players in the analytics industry and how one can work in a variety of roles.

The session is divided into two parts:

- The first part includes an overview of emerging trends and technologies in business analytics.
- In the second part, we provide a detailed walk-through of how to create advanced interactive control charts in Tableau, and explore FOSS integration capabilities.

#### **Learning Outcomes**

After completing this week's study, the students will be able to:

- Explore some of the emerging technologies that may impact analytics, BI, and decision support
- Describe how geospatial and location-based analytics are assisting organizations
- Describe the potential of cloud computing in business intelligence
- Understand Web 2.0 and its characteristics as related to analytics
- Describe the organizational impacts of analytics applications
- Describe how analytics are powering consumer applications and creating a new opportunity

- List and describe the major ethical and legal issues of analytics implementation
- Understand the analytics ecosystem
- Get a sense of the various types of players in the analytics industry and how one can work in a variety of roles

### **Key Terms**

- business process reengineering (BPR)
- cloud computing
- location analytics
- mobile social networking
- privacy
- reality mining

### **Bibliography**

The students should study the primary material and also explore the following bibliography to study in-depth this week's material:

#### **Primary material**

- Chapter 14- Business Intelligence and Data Analytics: Systems for Decision Support, 10th Edition, Ramesh Sharda, Dursun Delen, Efraim Turban, Pearson, ISBN-13: 9780133050905, ISBN-10: 0133050904.
- Application Cases Week 12
- Lecture Slides/ Videos
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#### **Bibliography**

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#### **Self-assessment Exercises**

**Tutorial 1:** Advanced Analytics with Tableau

**Quiz Week 12:** Assessment of material taught during week 12. Quiz is generated from pool of questions (multiple-choice, true/false, fill in the blank) for week 12.

### **Recommended Study Time**

Approximately 10 hours

#### **Revision**

(WEEK 13)

#### Introduction

The purpose of this week's lecture is to make a revision to the students about the material of the course. Through this lecture students will have the chance to refresh the most important topics covered in this course.

#### **Learning outcomes**

After completing this week's study, you will be able to:

- Review Business Intelligence, Analytics, and Decision Support
- Review Descriptive, Predictive and Prescriptive Analytics
- Evaluate the range of relevant BI tools available in the marketplace
- Understand the area of Big Data and Future Directions for Business Analytics

### **Bibliography**

Reference the following bibliography to study in depth this week's material:

All the material covered through the previous weeks

#### Recommended study time

Approx. 10 hours

### STUDENT ASSIGNMENT PRESENTATION

(Assessment period)

### **Instructions**

The student assignment presentations will take place during the scheduled assessment period. The date is announced when the exam timetable is finalized (typically between week 15-17).

### **FINAL EXAM**

(Assessment period)

### **Instructions**

The final examination will take place during the scheduled assessment period. The date of the exam is announced when the exam timetable is finalized (typically between week 15-17).

#### APPENDIX: SELF-ASSESSMENT EXERCISES

Self-assessment exercises are generated from a pool of multiple-choice, true or false and fill in the blank questions. The pool is partitioned by the weekly topics presented in the previous sections.

**▼** Question Completion Status:

# Preview rest. All quiz questions

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tructions		
ltiple Attempts Not allowed. This Test can only be taken once.		
ce Completion This Test can be saved and resumed later.		
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Spreadsheets are the second most popular tool for modeling.  O True		
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QUESTION 2 is far and away the most popular search engine.  QUESTION 3  ALERTTHIS QUESTION COULD NOT BE FORMATTED FOR ON DISPLAY. THIS TEXT WAS INSERTED TO MAINTAIN NUMBER SEQUENCING WITH THE PRINTED TEST ITEM FILE. DO NOT US	10 points	
QUESTION 2 is far and away the most popular search engine.  QUESTION 3  ALERTTHIS QUESTION COULD NOT BE FORMATTED FOR ON DISPLAY. THIS TEXT WAS INSERTED TO MAINTAIN NUMBER SEQUENCING WITH THE PRINTED TEST ITEM FILE. DO NOT US	10 points	

**▼** Question Completion Status: **QUESTION 5** 10 points Save Answer is a connections metric for social networks that measures the ties that actors in a network have with others that are geographically close. **QUESTION 6** 10 points Save Answer Web crawlers or spiders collect information from Web pages in an automated or semi-automated way. Only the text of Web pages is collected by crawlers. ○ True **QUESTION 7** 10 points Save Answer Knowledge management systems are little help to companies when experts leave and take their knowledge with them. ○ True False **QUESTION 8** 10 points Save Answer Time compression in a simulation allows managers to test certain strategies with less risk. ○ True ○ False **QUESTION 9** 10 points Save Answer modeling uses rules to determine solutions that are good enough. **QUESTION 10** 10 points Save Answer Knowledge acquisition from experts is a complex task that requires

	10 points	Save Answer
n the Fletcher Allen Health Care case, the used to find a feasible solution to the assignment		
QUESTION 12	10 points	Save Answer
n the eBay use case study, load helped the Big Data needs with the extremely fast data handle availability requirements.		
QUESTION 13	10 points	Save Answer
organizations. Which of the following is an indirec warehouses?	efits to using t benefit of data	
organizations. Which of the following is an indirec	efits to using t benefit of data	
organizations. Which of the following is an indirect warehouses?  better and more timely information extensive new analyses performed by users simplified access to data	efits to using t benefit of data  10 points	Save Answer
<ul> <li>extensive new analyses performed by users</li> <li>simplified access to data</li> <li>improved customer service</li> </ul>	t benefit of data  10 points  knowledge and its	Save Answer
organizations. Which of the following is an indirect warehouses?  better and more timely information extensive new analyses performed by users simplified access to data improved customer service  QUESTION 14  The ability of human experts to analyze their own effectiveness, learn from it, and improve on it for any area.	t benefit of data  10 points  knowledge and its	Save Answer
organizations. Which of the following is an indirect warehouses?  better and more timely information extensive new analyses performed by users simplified access to data improved customer service  QUESTION 14  The ability of human experts to analyze their own effectiveness, learn from it, and improve on it for any area.	t benefit of data  10 points  knowledge and its	Save Answer  Save Answer

<ul><li>inconsistency</li><li>variability</li></ul>		
QUESTION 17	10 points Save Answe	r
Compared to the human brain, artificial neumore neurons.  True	ural networks have many	
○ False		
QUESTION 18	10 points Save Answe	r
Group collaboration software has proved gomproving decision-making.  True  False	enerally ineffective at	
QUESTION 19 focuses on listening to social media opinions that can damage or boost your rep	<b>10 points</b> Save Answe a where anyone can post putation.	r
focuses on listening to social media opinions that can damage or boost your rep	a where anyone can post putation.	
focuses on listening to social media opinions that can damage or boost your reposition and the opening vignette, the high accuracy of the outcomes of complex medical procedures.	a where anyone can post putation.  10 points Save Answer of the models in predicting res showed that data	
focuses on listening to social media opinions that can damage or boost your reposition and the opening vignette, the high accuracy of the outcomes of complex medical procedure mining tools are ready to replace experts in	a where anyone can post putation.  10 points Save Answer of the models in predicting res showed that data	
focuses on listening to social media opinions that can damage or boost your report of the opening vignette, the high accuracy of the outcomes of complex medical procedure mining tools are ready to replace experts in True	a where anyone can post putation.  10 points Save Answer of the models in predicting res showed that data	r

Because the term-document matrix is often very last sparse, an important optimization step is to reduct matrix.		
QUESTION 23	10 points	Save Answer
Firms such as Nielsen provide data collect and distribution mechanisms and typically focus o sector.		
QUESTION 24	10 points	Save Answer
balanced scorecard-type reports		
<ul><li>balanced scorecard-type reports.</li><li>dashboard-type reports.</li><li>visual reports.</li></ul>		
O dashboard-type reports.	10 points	Save Answer
<ul><li>dashboard-type reports.</li><li>visual reports.</li></ul>	petition is strong, N sales demand will	Save Answer
<ul> <li>✓ dashboard-type reports.</li> <li>✓ visual reports.</li> <li>QUESTION 25</li> <li>Using certainty factors, a rule declares that IF com CF = 70 AND margins are above 15% CF = 100 THE decline. If both conditions are true, what is the CF 100%</li> <li>✓ 70%</li> <li>✓ 30%</li> </ul>	petition is strong, N sales demand will of the conclusion?	Save Answer  Save Answer

<ul><li>misunderstandings.</li></ul>		
O group failure.		
QUESTION 28	10 points	Save Answer
analytics help managers understand probable f	future	
outcomes.		
OUESTION 20	40	
QUESTION 29	10 points	Save Answer
n text mining, tokenizing is the process of  categorizing a block of text in a sentence.		
reducing multiple words to their base or root.		
transforming the term-by-document matrix to a ma	anageable size.	
<ul><li>creating new branches or stems of recorded paragr</li></ul>	•	
QUESTION 30	10 points	Save Answer
A(n) is a typically mathematically based model t	:hat describes	
things as they are or as they are believed to be.		
QUESTION 31	10 points	Save Answer
Using modeling for decision support can currently achie	eve all of the	
following EXCEPT  output enhance the decision making process.		
<ul> <li>enable organizations to see likely results of their de</li> </ul>	ecisions.	
oreplace strategy formulation at top levels of the org	ganization.	
oreduce the costs of providing services to customers	5.	
	10 points	Save Answer
QUESTION 32		
QUESTION 32  The data scientist is a profession for a field that is still ladefined.	argely being	

Geographical Information Systems (GIS) can be readily integranther, more traditional components and tools for impolecision making.		
QUESTION 34	10 points	Save Answer
Social media analytics companies provide integrated support helpful to many parts of a business, not only the Sales and Mafunctions.  True		
○ False		
QUESTION 35	10 points	Save Answer
<ul><li>immersive environments for consuming data.</li><li>new forms of computation of business logic.</li></ul>		
new forms of computation of business logic.	10 points	Save Answer
<ul><li>new forms of computation of business logic.</li><li>new graphics displays through PC displays.</li></ul>	_	Save Answer
<ul> <li>new forms of computation of business logic.</li> <li>new graphics displays through PC displays.</li> <li>QUESTION 36</li> </ul> The three main types of data warehouses are data marts, ope	_	Save Answer  Save Answer
<ul> <li>new forms of computation of business logic.</li> <li>new graphics displays through PC displays.</li> <li>QUESTION 36</li> <li>The three main types of data warehouses are data marts, ope, and enterprise data warehouses.</li> </ul>	rational  10 points	

QUESTION 39	10 points	Save Answer
Because of its successful application to retail bessociation rule mining is commonly called	ousiness problems,	
OUESTION 40	40	
QUESTION 40	10 points	Save Answer
Hadoop was designed to handle petabytes and distributed over multiple nodes in parallel. True	d extabytes of data	
○ False		
QUESTION 41  .arge companies, especially those with revenu	10 points ue upwards of \$500	Save Answer
	ue upwards of \$500	Save Answer
arge companies, especially those with revenunillion consistently reap substantial cost savinosted data warehouses.  True	ue upwards of \$500	Save Answer
arge companies, especially those with revenunillion consistently reap substantial cost savinosted data warehouses.  True	ue upwards of \$500	Save Answer  Save Answer
Large companies, especially those with revenue in the consistently reap substantial cost saving the saving saving the saving saving the saving	ue upwards of \$500 gs through the use of	
Large companies, especially those with revenue million consistently reap substantial cost saving the saving th	ne upwards of \$500 ags through the use of  10 points  10 g algorithm for	
Large companies, especially those with revenue million consistently reap substantial cost saving the warehouses.  True  False  QUESTION 42  Using the k-nearest neighbor machine learning classification, larger values of k  sharpen the distinction between classes.  reduce the effect of noise on the classification.	ne upwards of \$500 ags through the use of  10 points ag algorithm for	
Large companies, especially those with revenue million consistently reap substantial cost saving the data warehouses.  True  False  QUESTION 42  Using the k-nearest neighbor machine learning classification, larger values of k  sharpen the distinction between classes.  reduce the effect of noise on the classification increase the effect of noise on the classification.	ne upwards of \$500 ags through the use of  10 points ag algorithm for ation. cation.	
Large companies, especially those with revenue million consistently reap substantial cost saving the warehouses.  True  False  QUESTION 42  Using the k-nearest neighbor machine learning classification, larger values of k  sharpen the distinction between classes.  reduce the effect of noise on the classification.	ne upwards of \$500 ags through the use of  10 points ag algorithm for ation. cation.	
Large companies, especially those with revenue million consistently reap substantial cost saving the data warehouses.  True  False  QUESTION 42  Using the k-nearest neighbor machine learning classification, larger values of k  sharpen the distinction between classes.  reduce the effect of noise on the classification increase the effect of noise on the classification.	ne upwards of \$500 ags through the use of  10 points ag algorithm for ation. cation.	

<b>QUESTION 45</b> When new analytics applications are introduced and affect mult	10 points	
When new analytics applications are introduced and affect mult	10 points	
When new analytics applications are introduced and affect mult	10 points	
		Save Answer
related processes and departments, the organization is best ser utilizing  business flow management.  multi-department analysis.  process flow analysis.		
business process reengineering.		
QUESTION 46	10 points	Save Answer
	To points	Save Aliswei
DSS applications have been classified in several different waysdriven DSS rely on knowledge coding, analysis, search, retrieval for decision support.	and	
QUESTION 47	10 points	Save Answer
Search engine optimization (SEO) is a means by which  Web site developers can negotiate better deals for paid ads		
<ul><li>Web site developers can increase Web site search rankings.</li><li>Web site developers index their Web sites for search engine</li></ul>		
<ul> <li>Web site developers index their Web sites for search engine</li> <li>Web site developers optimize the artistic features of their V sites.</li> </ul>		
QUESTION 48	10 points	Save Answer
n the Luxottica case study, what technique did the company us gain visibility into its customers?	e to	
=		
<ul><li>visibility analytics</li></ul>		
O data integration		
<ul><li>data integration</li><li>focus on growth</li></ul>		
O data integration		

QUESTION 50	10 points	Save Answer
Hybrid knowledge management approaches that combine the process and practice approaches are unworkable for most organizations that must choose between one and the other.  True		
○ False		
QUESTION 51	10 points	Savo Answer
	_	Save Answer
Who are automated decision systems (ADS) primarily designed strategic level managers making long-term, wide-ranging decisions	for?	
<ul> <li>mid-level managers making tactical decision</li> </ul>		
O frontline workers who must make decisions rapidly		
<ul> <li>operational managers who make shop floor decisions</li> </ul>		
QUESTION 52	10 points	Save Answer
In which stage of extraction, transformation, and load (ETL) into warehouse are data aggregated?	o a data	
<ul><li>transformation</li><li>extraction</li></ul>		
Oload		
cleanse		
OUESTIONES	10 points	Save Answer
OUESTION 53		Jave Allswei
QUESTION 53	e	
The desire by a customer to customize a product falls under th category of business environment factors.		
َ The desire by a customer to customize a product falls under th		
َ The desire by a customer to customize a product falls under th	10 points	Save Answer

QUESTION 55	10 points	Save Answer
LERTTHIS QUESTION COULD NOT BE FORMATT DISPLAY. THIS TEXT WAS INSERTED TO MAINTAIN N EQUENCING WITH THE PRINTED TEST ITEM FILE. D QUESTION WHEN CREATING AN ASSESSMENT.	NUMBER	
QUESTION 56	10 points	Save Answer
<ul> <li>Which of the following statements about cognitive organizational decision makers is true?</li> <li>Only top managers make decisions where cognitive strained.</li> <li>The most talented and effective managers do relimitations.</li> <li>All organizational decision-making requires data cognitive limits.</li> <li>Cognitive limits affect both the recall and use of makers.</li> </ul>	nitive limits are not have cognitive ta beyond human	
QUESTION 57	10 points	Save Answer
<b>QUESTION 57</b> The <i>k</i> -nearest neighbor algorithm is overly comple o artificial neural networks and support vector ma	x when compared	Save Answer
	x when compared	Save Answer
<b>QUESTION 57</b> The <i>k</i> -nearest neighbor algorithm is overly comple o artificial neural networks and support vector ma  True	x when compared	Save Answer  Save Answer
QUESTION 57  The k-nearest neighbor algorithm is overly comple o artificial neural networks and support vector ma  True  False  QUESTION 58  While Microsoft Excel can be an efficient tool for decompared to using a programming language like C-	x when compared schines.  10 points eveloping a DSS,	
QUESTION 57  The k-nearest neighbor algorithm is overly comple o artificial neural networks and support vector ma  True  False  QUESTION 58  While Microsoft Excel can be an efficient tool for decompared to using a programming language like Conferced is	10 points eveloping a DSS, ++, a shortcoming um sized problems.	
QUESTION 57  The k-nearest neighbor algorithm is overly comple o artificial neural networks and support vector ma  True  False  While Microsoft Excel can be an efficient tool for decompared to using a programming language like Coff Excel is  it cannot be used effectively for small or medical Excel is not widely understood compared to a least open and the compar	10 points eveloping a DSS, ++, a shortcoming um sized problems. language like C++.	

QUESTION 60	10 points	Save Answer
In the IGN case, IGN Entertainment used search engine optim to increase their search engine rankings and thereby their search engine traffic.	nization	
QUESTION 61	10 points	Save Answer
Another name for result variables is independent variables.  True		
○ False		
QUESTION 62	10 points	Save Answer
CF = 70 OR margins are above 15% CF = 100 THEN sales demodecline. If both conditions are true, what is the CF of the conditions of 100%  70% 30%	and will	
CF = 70 OR margins are above 15% CF = 100 THEN sales demodecline. If both conditions are true, what is the CF of the conditions of 100%  70%	and will	
CF = 70 OR margins are above 15% CF = 100 THEN sales demodecline. If both conditions are true, what is the CF of the conditions of 100%  70% 30%	and will	Save Answer
CF = 70 OR margins are above 15% CF = 100 THEN sales demodecline. If both conditions are true, what is the CF of the conditions are true, what is the CF of the conditions are true, what is the CF of the conditions are true, what is the CF of the conditions what is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of t	and will dusion?  10 points  priate for	Save Answer
CF = 70 OR margins are above 15% CF = 100 THEN sales demodecline. If both conditions are true, what is the CF of the conditions are true, which is the CF of the conditions are true, which is the CF of the conditions are true, where the conditions are true, which is the CF of the con	and will dusion?  10 points  priate for	Save Answer  Save Answer
<ul> <li>70%</li> <li>30%</li> <li>21%</li> </ul> QUESTION 63 Using expected value (EV) with decision trees is totally appropriate appropria	10 points  oriate for sofor the  10 points	

QUESTION 66	10 points Save Answe	er
A search for alternatives occurs in which phase of the	e decision	
making/action model?		
the design phase		
the intelligence phase		
<ul><li>the choice phase</li><li>the implementation phase</li></ul>		
Citie implementation phase		
QUESTION 67	10 points Save Answe	er
The surge in location-enabled services has resulted i	n mining,	
the analytics of massive databases of historical and r		
streaming location information.		
QUESTION 68	10 points Save Answe	er
In the Gorry and Scott-Morton framework of structurestructured, and unstructured decisions, computerize support can bring benefits to unstructured decisions  True  False	d decision	
QUESTION 69	10 points Save Answe	 er
	_	
One comparison typically made when data is presen intelligence systems is a comparison against historical True	ed in business al values.	
○ False		
QUESTION 70	10 points Save Answe	er
QUESTION 70  All the following statements about how an expert systrue EXCEPT		er

▼ Question Completion Status: **QUESTION 71** 10 points Save Answer file system and lacks capabilities Hadoop is primarily a(n) we'd associate with a DBMS, such as indexing, random access to data. and support for SQL. **QUESTION 72** 10 points Save Answer In the health sciences, the largest potential source of Big Data comes from accounting systems. human resources. patient monitoring. O research administration. **QUESTION 73** 10 points Save Answer In the Finnish Air Force case, the simulation had to take account of a finite number of possibilities relating to task times, material handling delays, etc. ○ True **QUESTION 74** 10 points Save Answer Which of these applications will derive the LEAST benefit from text mining? O patients' medical files patent description files sales transaction files O customer comment files **QUESTION 75** 10 points Save Answer In the student retention case study, which of the following variables was MOST important in determining whether a student dropped out of college? high school GPA and SAT high score math college and major completed credit hours and hours enrolled

The use of simulation models is des solved in one pass, without incurring True  False	irable because they can usually be g the time and cost of iterations.
QUESTION 77	10 points Save Answer
dentifying a model's (e.g., crelationships is very important in cre	
QUESTION 78	10 points Save Answer
n the energy industry, grids applications of stream analytics.	s are one of the most impactful
summarized data to its underlying o	
When querying a dimensional datab summarized data to its underlying o this purpose is dice. slice. roll-up.	pase, a user went from
When querying a dimensional datable summarized data to its underlying of this purpose is dice.  slice.  roll-up. drill down.	pase, a user went from details. The function that served  10 points Save Answer environment of an expert system

 ${\it Click Save \ and \ Submit \ to \ save \ and \ submit. \ Click \ Save \ All \ Answers \ to \ save \ all \ answers.}$ 

QUESTION 82	10 points	Save Answer
the design phase of decision making, selecting a princi	iple of choice	
$\bigcirc$ if an objective model is used with hard data, all decis	sion makers	
will make the same choice.  risk acceptability is a subjective concept and plays lit	ttle nart in	
modeling.	the part in	
$\bigcirc$ using well-designed models guarantees you success	s in real life.	
<ul> <li>optimality is not the only criterion for acceptable sol</li> </ul>	lutions.	
QUESTION 83	10 points	Save Answer
Neb pages contain both unstructured information and _	, which	
are connections to other Web pages.		
QUESTION 84	10 points	
QUESTION 64		
	To points	Save Answer
	isplay systems	Save Answer  Save Answer
that evolve over time, and the evolution is represented by QUESTION 85	isplay systems by animation.  10 points	
that evolve over time, and the evolution is represented by QUESTION 85  A(n) architecture is used to build a scalable and r	isplay systems by animation.  10 points  maintainable	
Chat evolve over time, and the evolution is represented by QUESTION 85  A(n) architecture is used to build a scalable and represented by the control of the control	isplay systems by animation.  10 points  maintainable	
QUESTION 85  A(n) architecture is used to build a scalable and refrastructure that includes a centralized data warehouse.	isplay systems by animation.  10 points  maintainable	
that evolve over time, and the evolution is represented by QUESTION 85  A(n) architecture is used to build a scalable and reinfrastructure that includes a centralized data warehouse	isplay systems by animation.  10 points  maintainable	
In a visual interactive simulation (VIS), models disthat evolve over time, and the evolution is represented by QUESTION 85  A(n) architecture is used to build a scalable and reinfrastructure that includes a centralized data warehoused dependent data marts.	isplay systems by animation.  10 points  maintainable	
QUESTION 85  A(n) architecture is used to build a scalable and rinfrastructure that includes a centralized data warehousedependent data marts.	10 points maintainable se and several	
that evolve over time, and the evolution is represented by QUESTION 85  A(n) architecture is used to build a scalable and reinfrastructure that includes a centralized data warehouse	isplay systems by animation.  10 points  maintainable	
QUESTION 85  A(n) architecture is used to build a scalable and rinfrastructure that includes a centralized data warehousedependent data marts.	10 points maintainable te and several	Save Answer
QUESTION 85  A(n) architecture is used to build a scalable and rinfrastructure that includes a centralized data warehousedependent data marts.  QUESTION 86  All of the following are challenges associated with natura	10 points maintainable te and several	Save Answer
QUESTION 85  A(n) architecture is used to build a scalable and rinfrastructure that includes a centralized data warehousedependent data marts.  QUESTION 86  All of the following are challenges associated with natura processing EXCEPT	10 points maintainable te and several  10 points al language	Save Answer
QUESTION 85  A(n) architecture is used to build a scalable and rinfrastructure that includes a centralized data warehousedependent data marts.  QUESTION 86  All of the following are challenges associated with natural processing EXCEPT  O dividing up a text into individual words in English.	10 points maintainable e and several  10 points al language id. one meaning.	Save Answer

QUESTION 88	10 points	Save Answer
Generally speaking, support vector machin prediction method than other approaches neural networks.  True  False		
QUESTION 89	10 points	Save Answer
likely to be in different locations.		
QUESTION 90	10 points	Save Answer
Possibly the biggest recent growth in analy analytics, as many statistical software com SPSS embraced it early on.		
QUESTION 91	10 points	Save Answer
In the Canadian pandemic case study, the modeled aggregates of a population that n pandemic.  True  False		
QUESTION 92	10 points	Save Answer
In modern organizations, the information t knowledge management is less important		

In the 2degrees case study, the main effectiveness of the new analytics system was in dissuading potential churners from lethe company.  True		
○ False		
QUESTION 94	10 points	Save Answer
Visualization differs from traditional charts and graphs in conor of data sets and use of multiple dimensions and measures.  True  False	nplexity	
QUESTION 95	10 points	Save Answer
Genetic algorithms belong to the family of methods in the optimization area.  complete enumeration family of methods. artificial intelligence area. non-computer based (human) solutions area.		
QUESTION 96	10 points	Save Answer
Data mining requires specialized data analysts to ask ad hoc questions and obtain answers quickly from the system.  True  False		
QUESTION 97	10 points	Save Answer
In which stage of the simulation methodology do you determ variables and gather data?  defining the problem designing the experiment	ine the	
testing and validating the model constructing the simulation model		

<ul> <li>academic providers and certification industries</li> </ul>		
QUESTION 99	10 points	Save Answer
describe the structure and meaning of the data, to their effective use.	, contributing	
QUESTION 100	10 points	Save Answer
A normative model examines all the possible alternative prove that the one selected is the best.  True	es in order to	
○ False		
OUESTION 404	40 mainta	
		Save Answer
A job is a node in a Hadoop cluster that initiates	and	Save Answer
QUESTION 101 A job is a node in a Hadoop cluster that initiates coordinates MapReduce jobs, or the processing of the d	and	Save Answer  Save Answer
A job is a node in a Hadoop cluster that initiates coordinates MapReduce jobs, or the processing of the d  QUESTION 102  Linear programming belongs to a family of tools called	s and ata.	
A job is a node in a Hadoop cluster that initiates coordinates MapReduce jobs, or the processing of the decision tree models.	s and ata.	
A job is a node in a Hadoop cluster that initiates coordinates MapReduce jobs, or the processing of the d  QUESTION 102  Linear programming belongs to a family of tools called	s and ata.	
A job is a node in a Hadoop cluster that initiates coordinates MapReduce jobs, or the processing of the d  QUESTION 102  Linear programming belongs to a family of tools called  Odecision tree models.  Oqualitative models.	s and ata.	
A job is a node in a Hadoop cluster that initiates coordinates MapReduce jobs, or the processing of the december of the	s and ata.	
QUESTION 102 Linear programming belongs to a family of tools called decision tree models. Qualitative models. Mathematical programming models. Meuristic programming models.  QUESTION 103  Cor how long do SVM models continue to be accurate an	10 points	Save Answer
QUESTION 102  Linear programming belongs to a family of tools called decision tree models.  Qualitative models.  mathematical programming models.  heuristic programming models.	10 points  10 points  and actionable?	Save Answer

QUESTION 105	<b>10 points</b> Save Answer	
In the formulation of the traffic accident study in the t study, the five-class prediction problem was decomponumber of models in order to obtain the graninformation needed.	sed into a	
QUESTION 106	<b>10 points</b> Save Answer	
charts are useful in displaying nominal data o that splits nicely into different categories so you can quickly see compa and trends.		
QUESTION 107	<b>10 points</b> Save Answer	
Today, most smartphones are equipped with various measure jerk, orientation, and sense motion. One of t instruments is an accelerometer, and the other is a(n)	hese	
<ul><li>potentiometer.</li><li>gyroscope.</li></ul>		
○ microscope.		
oscilloscope.		
QUESTION 108	<b>10 points</b> Save Answer	
Which of the following is NOT an example that falls wi major categories of business environment factors for organizations?		
globalization		
<ul><li>increased pool of customers</li><li>fewer government regulations</li></ul>		
increased competition		

QUESTION 110	10 points	Save Answer
The analytic hierarchy process incorporates both qua quantitative decision making criteria.  ○ True	alitative and	
○ False		
QUESTION 111	10 points	Save Answer
	_	Jave Aliswei
Server software available at a Web site that allows us create and edit Web page content through a Web bro		
as a		
QUESTION 112	10 points	Save Answer
	vrithms) combine	
to produce offspring in each algorithmic iteration. Alc offspring, some of the best solutions are also migrate generation in order to preserve the best solution ach	ong with the ed to the next	
Candidate solutions (or chromosomes in genetic algo to produce offspring in each algorithmic iteration. Alcoffspring, some of the best solutions are also migrate generation in order to preserve the best solution ach the current iteration. This concept is called	ong with the ed to the next	Save Answer
to produce offspring in each algorithmic iteration. Alcoffspring, some of the best solutions are also migrate generation in order to preserve the best solution ach the current iteration. This concept is called  QUESTION 113  What is the fundamental challenge of dashboard des	ong with the ed to the next ieved up until  10 points	Save Answer
to produce offspring in each algorithmic iteration. Alcoffspring, some of the best solutions are also migrate generation in order to preserve the best solution ach the current iteration. This concept is called  QUESTION 113  What is the fundamental challenge of dashboard des ensuring that users across the organization have ensuring that the organization has the appropria	ang with the ed to the next ieved up until  10 points  ign?	Save Answer
to produce offspring in each algorithmic iteration. Alcoffspring, some of the best solutions are also migrate generation in order to preserve the best solution ach the current iteration. This concept is called  QUESTION 113  What is the fundamental challenge of dashboard des ensuring that users across the organization have	ang with the ed to the next ieved up until  10 points  ign?  access to it  ite hardware	Save Answer
to produce offspring in each algorithmic iteration. Alcoffspring, some of the best solutions are also migrate generation in order to preserve the best solution ach the current iteration. This concept is called  QUESTION 113  What is the fundamental challenge of dashboard des ensuring that users across the organization have ensuring that the organization has the appropria onsite to support it  ensuring that the organization has access to the	10 points  ign? access to it ite hardware latest web	Save Answer

implementation.	decision	
QUESTION 115	10 points	Save Answer
An agent-based modeling approach focuses on mod "" property rather than "optimizing" nature.	eling a(n)	
QUESTION 116	10 points	Save Answer
When using support vector machines, in which stage transform the data?	do you	
<ul><li>preprocessing the data</li></ul>		
<ul> <li>developing the model</li> </ul>		
<ul><li>experimentation</li></ul>		
deploying the model		
QUESTION 117	10 points	Save Answer
A Web site contains links that send traffic dir site.	ectly to your Web	
OUESTION 118	10 noints	Save Approx
QUESTION 118	10 points	Save Answer
Which of the following statements about the analytic	-	Save Answer
Which of the following statements about the analytic process (AHP) is true?	-	Save Answer
Which of the following statements about the analytic process (AHP) is true?  It is really not a decision model at all.	-	Save Answer
Which of the following statements about the analytic process (AHP) is true?  It is really not a decision model at all.  It can handle multiple criteria and goals.	-	Save Answer
Which of the following statements about the analytic process (AHP) is true?  It is really not a decision model at all.	hierarchy	Save Answer
Which of the following statements about the analytic process (AHP) is true?  It is really not a decision model at all.  It can handle multiple criteria and goals.  It is based entirely on quantitative data.	hierarchy	Save Answer  Save Answer

Current use of sentiment analysis in voice of the customer applications allows companies to change their products or so real time in response to customer sentiment.  True	ervices in	
○ False		
QUESTION 121	10 points	Save Answer
Inference rules and knowledge rules are both used to solve pin a rule-based expert system.  True  False	problems	
QUESTION 122	10 points	Save Answer
are of particular interest to modeling highly nonlineactomplex problems, systems, and processes and use hyperpleseparate output classes in training data.	ar, anes to	
QUESTION 123	10 points	Save Answer
Despite their potential, many current NoSQL tools lack matu management and monitoring tools. True	re	
○ False		
QUESTION 124	10 points	Save Answer
Utility is a modeling method for handling multiple go	oals.	
QUESTION 125	10 points	Save Answer

 ${\it Click Save \ and \ Submit \ to \ save \ and \ submit. \ Click \ Save \ All \ Answers \ to \ save \ all \ answers.}$ 

QUESTION 126	10 points	Save Answer
statistics help you understand whether your specific marketing objective for a Web page is being achieved.		
QUESTION 127	10 points	Save Answer
The complexity of today's business environment creates man challenges for organizations, such as global competition, but few new opportunities in return.  True  False		
QUESTION 128	10 points	Save Answer
In machina laarning tha is a mathod for converting a		
classifier algorithm into a nonlinear one by using a nonlinear	function	
classifier algorithm into a nonlinear one by using a nonlinear	function	Save Answer
classifier algorithm into a nonlinear one by using a nonlinear to map the original observations into a higher-dimensional spot of the original observations in the original observation of the original observations in the original observation of the original observations in the original observation of the original observation observations in the original observation observation observation observations in the original observation obse	function pace.	Save Answer
classifier algorithm into a nonlinear one by using a nonlinear to map the original observations into a higher-dimensional spont of the original observations into a higher-dimensional spont of the original observations into a higher-dimensional spont of the original observations are semistructured or unstructured decisions the focus of support?  There are many more unstructured and semistructured or the original observations.	function pace.  10 points  ne main	Save Answer
QUESTION 129  For DSS, why are semistructured or unstructured decisions the focus of support?  There are many more unstructured and semistructured in organizations.  MIS staff prefer to work on solving unstructured and	function pace.  10 points  ne main	Save Answer
For DSS, why are semistructured or unstructured decisions the focus of support?  There are many more unstructured and semistructured of than structured in organizations.  MIS staff prefer to work on solving unstructured and semistructured decisions.	function pace.  10 points  ne main  decisions	Save Answer
<ul> <li>QUESTION 129</li> <li>For DSS, why are semistructured or unstructured decisions the focus of support?</li> <li>There are many more unstructured and semistructured in organizations.</li> <li>MIS staff prefer to work on solving unstructured and semistructured decisions.</li> <li>Unstructured and semistructured decisions are the easie solve.</li> </ul>	function pace.  10 points  ie main  decisions	Save Answer
<ul> <li>Classifier algorithm into a nonlinear one by using a nonlinear to map the original observations into a higher-dimensional specific properties.</li> <li>QUESTION 129</li> <li>For DSS, why are semistructured or unstructured decisions the focus of support?</li> <li>There are many more unstructured and semistructured of than structured in organizations.</li> <li>MIS staff prefer to work on solving unstructured and semistructured decisions.</li> <li>Unstructured and semistructured decisions are the easie</li> </ul>	function pace.  10 points  ie main  decisions	Save Answer
<ul> <li>QUESTION 129</li> <li>For DSS, why are semistructured or unstructured decisions the focus of support?</li> <li>There are many more unstructured and semistructured in organizations.</li> <li>MIS staff prefer to work on solving unstructured and semistructured decisions.</li> <li>Unstructured and semistructured decisions are the easie solve.</li> </ul>	function pace.  10 points  ie main  decisions	Save Answer  Save Answer
Classifier algorithm into a nonlinear one by using a nonlinear to map the original observations into a higher-dimensional space of the original observations into a higher-dimensional space of DSS, why are semistructured or unstructured decisions the focus of support?  There are many more unstructured and semistructured or than structured in organizations.  MIS staff prefer to work on solving unstructured and semistructured decisions.  Unstructured and semistructured decisions are the easier solve.  They include human judgment, which is incorporated into	10 points  The main decisions  The points of	

	ften lacking in	
and not explicitly expressed.		
QUESTION 132	<b>10 points</b> Save Answ	/er
In the Army expertise transfer system case, know interviewees needed no further vetting before us  True  False		
QUESTION 133	<b>10 points</b> Save Answ	/er
simulation refers to building a model of a interaction between different entities is studied.	a system where the	
interaction between different chities is studied.		
OUESTION 134	10 points Save Answ	/Ar
QUESTION 134	<b>10 points</b> Save Answ	/er
In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?	most likely to click	ver
In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?	most likely to click	ver
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In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?	most likely to click	
In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?  — customer profitability — propensity to buy — customer attrition — channel optimization  QUESTION 135	most likely to click are most likely to use	
In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?  Customer profitability propensity to buy customer attrition channel optimization	most likely to click are most likely to use  10 points Save Answ	
In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?  Customer profitability propensity to buy customer attrition channel optimization  QUESTION 135  How does blind search differ from optimization? Blind search cannot result in optimal solution	most likely to click are most likely to use  10 points Save Answ	
In answering the question "Which customers are on my online ads and purchase my goods?", you which of the following analytic applications?  Customer profitability propensity to buy customer attrition channel optimization  QUESTION 135  How does blind search differ from optimization? Blind search cannot result in optimal solution optimization methods do. Blind search usually does not conclude in one	most likely to click are most likely to use  10 points Save Answ  ns whereas e step like some	

QUESTION 137	10 points	Save Answer
Which module is missing from most expert systems?		
user interface subsystem		
<ul><li>knowledge base subsystem</li></ul>		
inference engine		
<ul> <li>knowledge refinement subsystem</li> </ul>		
QUESTION 138	10 points	Save Answer
Sentiment classification usually covers all the following iss classes of sentiment (e.g., positive versus negative).  range of polarity (e.g., star ratings for hotels and for reference to the content of the content o		
range in strength of opinion.		
<ul> <li>biometric identification of the consumer expressing the sentiment.</li> </ul>	he	
QUESTION 139	10 points	Save Answer
QUESTION 139  Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True	d into formal	Save Answer
Qualitative elements of a problem cannot be incorporated control of the control o	d into formal	Save Answer
Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True	d into formal	Save Answer  Save Answer
Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True  False  QUESTION 140  n the research literature case study, the researchers analy	d into formal mpact.  10 points  yzing	
Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True  False  QUESTION 140  In the research literature case study, the researchers analysecademic papers extracted information from which source	d into formal mpact.  10 points  yzing	
Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True  False  QUESTION 140  In the research literature case study, the researchers analysecademic papers extracted information from which source the paper abstract	d into formal mpact.  10 points  yzing	
Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True  False  QUESTION 140  In the research literature case study, the researchers analysecademic papers extracted information from which source the paper abstract  the paper keywords	d into formal mpact.  10 points  yzing	
Qualitative elements of a problem cannot be incorporated decision models, so one can only seek to minimize their in True  False  QUESTION 140  In the research literature case study, the researchers analystacademic papers extracted information from which source the paper abstract	d into formal mpact.  10 points  yzing	

**▼** Question Completion Status: **QUESTION 142** 10 points Save Answer Web analytics refers to measurement and analysis of data relating to your company that takes place outside your Web site. **QUESTION 143** 10 points Save Answer In developing an artificial neural network, all of the following are important reasons to pre-select the network architecture and learning method EXCEPT osome configurations have better success than others with specific problems. O development personnel may be more experienced with certain architectures. o most neural networks need special purpose hardware, which may be absent. o some neural network software may not be available in the organization. **QUESTION 144** 10 points Save Answer Oklahoma Gas & Electric employs a two-layer information architecture involving data warehouse and improved and expanded integration. ○ True False **QUESTION 145** 10 points Save Answer Analytics integration with other organizational systems makes it harder to identify its impact on the organization. ○ True ○ False **QUESTION 146** 10 points Save Answer Which component of service-oriented DSS can be described as a subset of a data warehouse that supports specific decision and analytical needs and provides business units more flexibility, control, and responsibility?

**▼** Question Completion Status: **QUESTION 147** 10 points Save Answer The ETL process in data warehousing usually takes up a small portion of the time in a data-centric project. ○ True ○ False **QUESTION 148** 10 points Save Answer In a decision making environment, continuous change always validates the assumptions of the decision makers. ○ True ○ False **QUESTION 149** 10 points Save Answer Big Data uses commodity hardware, which is expensive, specialized hardware that is custom built for a client or application. ○ True False **QUESTION 150** 10 points Save Answer The number of users of free/open source data mining software now exceeds that of users of commercial software versions. ○ True ○ False **QUESTION 151** 10 points Save Answer Since little can be done about visitor Web site abandonment rates, organizations have to focus their efforts on increasing the number of new visitors. ○ True False OHECTION 452

QUESTION 153	10 points	Save Answer
/hich of the following is NOT an attribute of knowledge?		
Knowledge is not subject to diminishing returns.		
Knowledge fragments as it grows.		
<ul> <li>There is a need to refresh knowledge periodically for com advantage.</li> </ul>	pentive	
<ul> <li>The value of knowledge is easily quantified.</li> </ul>		
<u> </u>		
QUESTION 154	10 points	Save Answer
The question "What will total earnings be if we reduce our involved tocking costs by 10%?" is a type of	entory	
goal-seeking analysis.		
○ what-if analysis.		
o sensitivity analysis.		
<ul> <li>utility modeling.</li> </ul>		
QUESTION 155	10 points	Save Answer
		344674134461
The linguistic approach to speech handles processes elements is intensity, pitch and jitter from speech recorded on audio.  True	s such	
○ False		
QUESTION 156	10 points	Save Answer
, which stands for Asynchronous JavaScript and XML, is affective and efficient Web development technique for creating teractive Web applications.		
QUESTION 157	10 points	Save Answer
QUESTION 157  In general, what is the best kind of Web traffic to a Web site?  © European Web traffic	10 points	Save Answer
n general, what is the best kind of Web traffic to a Web site?	10 points	Save Answer

<ul> <li>organization-oriented geospatia</li> </ul>	al static approach		
$\bigcirc$ organization-oriented location-			
oconsumer-oriented geospatial s	• •		
oconsumer-oriented location-ba	sed dynamic approach		
QUESTION 159		10 points	Save Answer
Groupthink in a decision-making en O group members all use the sam choice.		ving a	
<ul> <li>group members accept the sam without complaining.</li> </ul>	ne timeframe for problem s	olving	
<ul> <li>group members all accept a couthemselves.</li> </ul>	urse of action without thinki	ing for	
group members are all working	together for the firm's succ	cess.	
		40	
OUESTION 160		10 points	Save Answer
QUESTION 160		10 points	Save Answer
Most data warehouses are built usii		<u> </u>	Save Answer
-		<u> </u>	Save Answer
Most data warehouses are built usii		<u> </u>	Save Answer
Most data warehouses are built usii		<u> </u>	Save Answer
Most data warehouses are built usii		<u> </u>	Save Answer
Most data warehouses are built usii		<u> </u>	Save Answer  Save Answer
Most data warehouses are built using systems to control and manage the	data.	gement  10 points	
Most data warehouses are built using systems to control and manage the  QUESTION 161  A well-designed data warehouse menot have to change as business nee	data.	gement  10 points	
Most data warehouses are built using systems to control and manage the Guestion 161  A well-designed data warehouse menot have to change as business need True	data.	gement  10 points	
Most data warehouses are built using systems to control and manage the systems to control and manage the QUESTION 161  A well-designed data warehouse menot have to change as business needof True  False	eans that user requirements ds change.	10 points s do	Save Answer
Most data warehouses are built using systems to control and manage the systems to control and manage the QUESTION 161  A well-designed data warehouse menot have to change as business need True  False  QUESTION 162  Big Data simplifies data governance	eans that user requirements ds change.	10 points s do	Save Answer

**▼** Question Completion Status:

 ${\it Click Save \ and \ Submit\ to\ save\ and\ submit.\ Click\ Save\ All\ Answers\ to\ save\ all\ answers.}$ 

organization does.	l than the	
QUESTION 164	10 points	Save Answer
What does the robustness of a data mining metho its ability to predict the outcome of a previous set accurately	ly unknown data	
<ul> <li>its speed of computation and computational c mode</li> </ul>		
<ul> <li>its ability to construct a prediction model efficient</li> <li>amount of data</li> </ul>	iently given a large	
its ability to overcome noisy data to make som predictions	newhat accurate	
QUESTION 165	10 points	Save Answer
Knowledge can be best described as  facts, measurements, and statistics.		
<ul><li>an organized collection or set of facts.</li></ul>		
<ul><li> an organized collection or set of facts.</li><li> facts, measurements, and statistics that are value</li></ul>	alidated.	
$\bigcirc$ an organized collection or set of facts.	alidated.	
<ul><li> an organized collection or set of facts.</li><li> facts, measurements, and statistics that are value</li></ul>	alidated.  10 points	Save Answer
<ul> <li>an organized collection or set of facts.</li> <li>facts, measurements, and statistics that are value organized facts set in context and actionable.</li> <li>QUESTION 166</li> <li>In the world of Big Data, aids organization analyzing large volumes of multi-structured data.</li> </ul>	10 points s in processing and	Save Answer
<ul> <li>an organized collection or set of facts.</li> <li>facts, measurements, and statistics that are value organized facts set in context and actionable.</li> <li>QUESTION 166</li> <li>In the world of Big Data, aids organization analyzing large volumes of multi-structured data.</li> </ul>	10 points s in processing and	Save Answer
<ul> <li>an organized collection or set of facts.</li> <li>facts, measurements, and statistics that are value organized facts set in context and actionable.</li> <li>QUESTION 166</li> <li>In the world of Big Data, aids organization analyzing large volumes of multi-structured data.</li> </ul>	10 points s in processing and	Save Answer  Save Answer
<ul> <li>an organized collection or set of facts.</li> <li>facts, measurements, and statistics that are value organized facts set in context and actionable.</li> <li>QUESTION 166</li> <li>In the world of Big Data, aids organization analyzing large volumes of multi-structured data. Eindexing and search, graph analysis, etc.</li> </ul>	10 points s in processing and Examples include  10 points orm uses machine	
<ul> <li>an organized collection or set of facts.</li> <li>facts, measurements, and statistics that are value organized facts set in context and actionable.</li> <li>QUESTION 166</li> <li>In the world of Big Data, aids organization analyzing large volumes of multi-structured data. Eindexing and search, graph analysis, etc.</li> <li>QUESTION 167</li> <li>The Watson Question Answering computing platform</li> </ul>	10 points s in processing and Examples include  10 points orm uses machine	

QUESTION 169	10 points	Save Answer
Which tool would be best to use when there is a need to very rand cheaply develop a rule-based expert system?  LISP or Prolog languages  ASP.NET  an ES shell	apidly	
○ C++		
QUESTION 170	10 points	Save Answer
A British company called Path Intelligence has developed a sys that ascertains how people move within a city or even within a What is this system called?  Pathfinder	tem	
O PathMiner		
<ul><li>Footpath</li><li>Pathdata</li></ul>		
QUESTION 171	10 points	Save Answer
<ul> <li>What new geometric data type in Teradata's data warehouse contents</li> <li>NAVTEQ</li> <li>ST_GEOMETRY</li> <li>GIS</li> <li>SQL/MM</li> </ul>	aptures	
QUESTION 172	10 points	Save Answer
Dashboards can be presented at all the following levels EXCEP the visual dashboard level.	T	
the static report level.		
A CONTRACTOR OF THE VEH.		
·		
○ the visual cube level.		
·		
○ the visual cube level.	10 points	Save Answer

Question Completion Status:		
Which component of a reporting system contains steps detailing recorded transactions are converted into metrics, scorecards, dashboards?  — data supply — business logic		
extract, transform and load		
assurance		
⊕ assurance		
QUESTION 175	10 points	Save Answer
The key benefit of knowledge management systems is not have reinvent the wheel for repetitive problems.  True	ing to	
○ False		
QUESTION 176	10 points	Save Answer
In the Memphis Police Department case study, shortly after all precincts embraced Blue CRUSH, became one of the n potent weapons in the Memphis police department's crime-fig arsenal.	nost	
QUESTION 177	10 points	Save Answer
There are basic chart types and specialized chart types. A Gant is a specialized chart type.  ○ True	tt chart	
○ False		
QUESTION 178	10 points	Save Answer
In the Starwood Hotels case, up-to-date data and faster report helped hotel managers better manage their occupancy rates.  True	ing	
○ False		

○ appliances		
QUESTION 180	10 points	Save Answer
Business intelligence systems typically support solving a certa problem or evaluate an opportunity, while decision support symonitor situations and identify problems and/or opportunities analytic methods.  True  False	in ystems	
QUESTION 181	10 points	Save Answer
The Radii mobile app collects information about the user's ha nterests, spending patterns, and favorite locations to understuser's		
OUESTION 402	10 points	Save Answer
QUESTION 182  The knowledge-based management subsystem can be interest with the organization's knowledge repository (part of a knowledge).	onnected	Save Allswei
The knowledge-based management subsystem can be interco with the organization's knowledge repository (part of a knowle	edge	Save Allswei
The knowledge-based management subsystem can be interco with the organization's knowledge repository (part of a knowle	edge	Save Answer
The knowledge-based management subsystem can be interconvith the organization's knowledge repository (part of a knowledge repository (part of a knowledge repository (part of a knowledge repository), which is sometimes called the	edge 10 points	
The knowledge-based management subsystem can be interconsited the organization's knowledge repository (part of a knowledge rep	edge 10 points	

as some structured elements and some unstructured		
(n) problem such as setting budgets for prod		
QUESTION 189	10 points	Save Answer
<ul> <li>recorded conversations of customer call-ins.</li> <li>live customer interactions with service representations</li> <li>videos of customer focus groups.</li> </ul>	ives.	
nputs to speech analytics include all of the following E  written transcripts of calls to service centers.	XCEPT	
QUESTION 188	10 points	Save Answer
Testing the robustness of decisions under changing coexample of analysis.	nditions is an	
QUESTION 187	10 points	Save Answer
○ False		
Unlike other "black box" predictive models, support venave a solid mathematical foundation in statistics. ○ True	ctor machines	
QUESTION 186	10 points	Save Answer
<ul> <li>an optimization model that used multiple variable</li> </ul>		
the week.	•	
<ul> <li>a system that collated the subjective inputs of mar</li> <li>a mathematical model that used two variables: pri</li> </ul>		

 ${\it Click Save \ and \ Submit\ to\ save\ and\ submit.\ Click\ Save\ All\ Answers\ to\ save\ all\ answers.}$ 

	<b>10 points</b> Save Answer
The question "How many servers will be needed to recime of restaurant customers to less than 9 minutes?  goal-seeking analysis.  what-if analysis.  sensitivity analysis.  utility modeling.	
QUESTION 192	<b>10 points</b> Save Answer
Because DSS deal with semistructured or unstructur often necessary to customize models, using program anguages. For small and medium-sized DSS or for le software is usually used.	ming tools and
QUESTION 193	10 points Save Answer
approach.	
	<b>10 points</b> Save Answer a warehouse is
One way an operational data store differs from a dat	•
One way an operational data store differs from a dat the recency of their data. True	•

QUESTION 197	10 points	Save Answer
Visual interactive modeling (VIM) systems, especially those of for the military and the video-game industry, have "thinking characters who can behave with a relatively high level of interior their interactions with users.  True  False	"	
QUESTION 198	10 points	Sava Anguer
A(n) is a major component of a Business Intelligence	_	Save Answer
system that holds source data.		
QUESTION 199	10 points	Save Answer
The task undertaken by a neural network does not affect the architecture of the neural network; in other words, architect problem-independent.  True  False		
QUESTION 200	10 points	Save Answer
QOESTION 200	at a U.S.	