

EXAMINATION INFORMATION GUIDE
CORPORATE STRATEGIC MANAGEMENT AND ETHICS

Structure of examination paper

The syllabus will be assessed in a 3 hours paper plus a 15 minutes reading time. The questions will be in two sections as follows:

Section A:

Section A will be a compulsory 40 marks scenario-based/case study question taken from section B, the core area of the syllabus, which is strategic management.

Section B:

Section B will be five (5) questions of 20 marks each, out of which candidates will be required to attempt three (3) questions. The five (5) questions will be from sections A (Introduction), C (Risk Management), D (corporate Governance) and E (Ethics) of the syllabus, based on the weight attached to each of these sections of the syllabus.

Detailed contents of the syllabus

A. Introduction

5%

1. Explain the concept of strategic management and its importance.
2. Distinguish strategic management from strategic planning, long term planning and corporate planning.
3. Distinguish the various levels of strategy: corporate; business; and functional.
4. Explain approaches to strategic planning, using:
 - a. Rational model;
 - b. Logical incremental model; and
 - c. Freewheeling opportunism model.
5. Discuss the strategic management process: analysis; choice; implementation; and evaluation.
6. Explain the concept of corporate governance and discuss:
 - a. Perspectives on corporate governance;
 - b. Historical development of corporate governance: global and national; and
 - c. Structure, principles, functions and mechanisms of corporate governance.

B. Strategic management

30%

1. Strategic analysis
 - (a) Analyse a business and its strategy, given its purpose, mission, vision and objectives from shareholders' and stakeholders' perspectives.
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- (b) Analyse the external business environments and examine the opportunities and threats that could arise from events or potential events at the global, national, industry or competitive levels.
- (c) Analyse the internal environment of a business to identify the strengths and weaknesses and align them with the opportunities and threats in the external environments.
- (d) Analyse the position of a business in terms of its competitive strategy, plans and current markets, drawing conclusions and giving simple recommendations on the chosen plans.
- (e) Analyse the position of a business with a chosen strategy in the context of its environment, based on an assessment of its resources, processes, people, information technology (IT), products, core capabilities and competences. Give simple recommendations on the best options.
- (f) Draft an overall analysis, drawing conclusions with recommendations based on given financial and non-financial data and information from a variety of sources in a given scenario.
- (g) Determine sustainable competitive advantage and the core competence of a business in a given scenario. Note: Models for analyses include PESTEL, SWOT, SOAR, Porter's diamond, Porter's Five Forces, Life Cycle, Value Chain, Benchmarking, Customer Relationship Management and BCG Matrix.

2. Strategic choice

- (a) Analyse the appropriate choices of strategy that a company may adopt based on a given scenario. This should include competitive advantage, the strategic clock, cost leadership differentiation, lock-in strategies and collaboration.
- (b) Identify and explain, based on an analysis of choices of strategy, the impact of strategy on commercial, ethical, corporate social responsibility and sustainability objectives.
- (c) Evaluate the appropriateness of a chosen strategy that supports business objectives, considering constraints, conflicts and other issues based on a given scenario. The following models and tools may be employed in carrying out the evaluation: Models (i) Porter's generic competitive strategies; (ii) Johnson, Scholes and Whittington (JSW) model of strategic planning; and (iii) Boston Consulting Group (BCG) model in strategic management. Tools (i) Forecasting tools; (ii) Trend analysis; (iii) System modelling; and (iv) Delphi technique.
- (d) Draw conclusions based on market and product analyses that support a business strategy concerning pricing, positioning, placing and other product decisions in a strategic marketing plan.
- (e) Determine the appropriate corporate growth strategy in a given scenario: i) Internal development; ii) Diversification; iii) Forward and backward integration; iv) Mergers and acquisitions; v) Product portfolio management; vi) Griener's Growth Model; and vii) Other growth models.
- (f) Select a strategic growth direction of a company using Ansoff's matrix.

3. Strategic implementation

- (a) Discuss and evaluate the alternative functional strategies that are appropriate to deliver a chosen strategy in a given scenario such as production, marketing, finance, IT and human resources.
- (b) Develop and evaluate alternative business plans and proposals and select the best option to implement a chosen strategy.
- (c) Evaluate the tools and techniques for strategy implementation applicable to different business units in a given scenario.
- (d) Evaluate strategic performance using: balanced scorecard, performance pyramid, and Fitzgerald and Moon building blocks.
- (e) Appraise organisational structures and related activities that may be appropriate to deliver a chosen strategy set out in a given scenario: entrepreneurial, functional, divisional, conglomerate and matrix.
- (f) Communicate chosen strategies and performance targets to operational and tactical managers through annual budgets, monthly and weekly targets, linking critical success factors (CSFs) to key performance indicators (KPIs) and strategy.
- (g) Evaluate and explain how information technology and information systems can support the effective implementation of a business strategy including issues of competitive advantage.
- (h) Evaluate and explain the potential issues of change that may arise from a chosen or given business strategic implementation plan.
- (i) Evaluate the impact of organisational change on organisation culture including cultural web and Mckinsey's 7S model.
- (j) Evaluate the role of leadership in managing the change process, including building and managing effective teams. (k) Evaluate tools, techniques and strategies for managing and leading the change process.

C. Risk management

20%

- 1. Explain the meaning of risk, including risks arising internally or externally and relate them to achievement of:
 - (a) Strategic objectives;
 - (b) Operational efficiency and effectiveness;
 - (c) Reliable reporting; and
 - (d) Legal, regulatory and ethical compliance.
- 2. Identify and assess risks in a given scenario in relation to their impact(s) on objectives.
- 3. Measure and prioritise risks.
- 4. Discuss the role of board of directors in risk identification and assessment.
- 5. Minimise risk using the ALARP (As Low As Reasonably Practicable) principle (objective and subjective risk principles; related and correlated risk factors).
- 6. Evaluate appropriate responses to risks identified in a given scenario.
- 7. Explain the roles of a risk manager and risk committees in risk management.
- 8. Discuss risk auditing and monitoring.

9. Identify and explain appropriate high-level procedures to mitigate risks in a given scenario using TARA (transfer, avoidance, reduction and acceptance) framework.
10. Identify and explain appropriate mechanisms to monitor risk and risk management processes including information and communication systems such as enterprise risk management and ISO 31000 framework on risk management.
11. Evaluate both inherent and residual risks after mitigation in relation to shareholders' and stakeholders' risk appetites in a given scenario.
12. Discuss alternative risk management approaches: risk diversification; risk transfer; risk sharing; and risk hedging.

D. Governance

20%

1. Identify the issues and bases of decision making, employing theories and philosophies of corporate governance in a given scenario. These include: (a) Agency theory; (b) Transaction cost theory; (c) Stewardship theory; (d) Resources dependency theory; (e) Managerial and class hegemony theory; (f) Psychological and organisational perspective theory; (g) Stakeholders' theory; and (h) Systems theory.
2. Explain the nature, significance and scope of enterprise governance and threats to effective governance, including: (a) Concept of good governance; (b) Roles of internal and external auditors; (c) Board structure; and (d) Audit committee.
3. Identify and assess roles and responsibilities of an effective board in a given scenario.
4. Discuss 'non-compliance with laws and regulations' (NOCLAR) in relation to the responsibilities of the board.
5. Discuss oversight functions of a board and institutional shareholders over management in a given scenario.
6. Assess transparency of an entity through the quality of its disclosures.
7. Discuss the importance and implications of probity as a principle of governance.
8. Assess the extent to which a board in the public sector focuses on the value of sustainable long-term success.
9. Assess the extent to which a board in the public sector focuses on: delivery of an effective and appropriate public service; and acting in the public interest.
10. Discuss global developments in enterprise and corporate governance and elucidate the rules-based and principles-based approaches to corporate governance. Also, evaluate relevant national and international codes of corporate governance.
11. Discuss the concept of corporate social responsibility and specify its background and scope.
12. Discuss the concept of sustainability in business, sustainable asset management (SAM) and full cost analysis (FCA).
13. Explain governance and management issues relating to the use of information technology in organisations.

E. Ethics

25%

1. Explain the nature, scope and sub-divisions of ethics (descriptive, normative and meta-ethics; professional ethics and business ethics), and the relationship between (a) morality and ethics; and (b) ethics and law.
2. Explain and illustrate, using information in a given scenario, the importance of professional and business ethics in the public and private sectors.
3. Discuss and apply ethical theories to decision-making in professional practice: consequential or teleological theories (egoism and utilitarianism); non-consequential or deontological theories (ethics of duties and ethics of rights and justice); ethical relativism; ethical absolutism; ethical subjectivism; and situation ethics.
4. Discuss influences (individual, situational, cultural and religious), stages (Kohlberg's stages of moral development and the Heinz's dilemma) and models for ethical decision-making (Tucker's five question model, American Accounting Association (AAA) model, systems development ethics,).
5. Discuss the alternative models of professional-client relationship; agency, contract, paternalism and fiduciary.
6. Identify and explain in the context of a given scenario, how the issues of moral duties and moral dilemma may arise in professional and business ethics.
7. Discuss the nature of ethical conflicts and ethical threats confronting the accountant in a professional practice, ethical safeguards and tests for resolving the conflicts.
8. Examine the nature, procedure and challenges of whistle-blowing in the accountancy profession.
9. Discuss the alternative ethical stances and culture of an entity (personal versus corporate ethical stance), using: (a) Johnson and Scholes four ethical stances; (b) Gray, Owen and Adam's seven-level classification of social responsibilities; (c) Johnson and Scholes conception of the cultural web; and (d) Edgar Schein's three levels of culture.
10. Identify and assess issues of professional ethics and corporate governance as they may arise within the context of ICAN code of professional conduct and IFAC code of ethics for professional accountants in a given scenario.
11. Discuss the ethical dimension of corruption (bribery, money laundering, embezzlement, theft, fraud, extortion, and blackmail).

Applicable Laws and Codes

Candidates should master the requirements of the following laws, rules and codes as applicable to Corporate Strategic Management and Ethics:

S/N	TITLE	AUTHOR
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1.	Companies and Allied Matters Act 1990 (CAP C20, LFN 2004) as amended	Federal Government of Nigeria
2.	Nigerian Code of Corporate Governance 2018	Financial Reporting Council of Nigeria
3.	International Code of Ethics for Professional Accountants 2018	IESBA
4.	ICAN Professional Code of Conduct and Guide for Members	ICAN
5.	ISO 31000: 2018 Risk Management - Guidelines	International Organisation for Standardisation
6.	The OECD Principles of Corporate Governance	OECD
7.	The ICGN Statement on I Corporate Governance Principles	ICGN