



STAMFORD COLLEGE MALACCA
SCHOOL OF BUSINESS
COURSE: DCA SEMESTER 6

A STUDY GUIDE

UNIT TITLE:

DCA 211: CORPORATE ADMINISTRATION II

Module Title: Corporate Administration II

Module Code:

Main Aims of the Module:

The aim of the module is to instill knowledge and key skills in handling the responsibilities of corporate administration in both the strategic and functional contexts, to develop competence in advising the Board and leading teams in administrative best practice and in ensuring compliance with external regulation and internal procedures.

Main Topics of Study:

1. Pension
2. Risk Management and Disaster Planning
3. Insurance
4. Physical assets and Facilities Management

Learning Outcomes for the Module:

1. Describe the elements and types of pensions.
2. Clarify the term risk management and elaborating knowledge on insurance applications.
3. Justify ways to improve management facilities as well as physical evidence
4. Apply concepts of outsourcing and security management

Coursework Breakdown:

Coursework	50 %
Final Exam	<u>50 %</u>
	<u>100%</u>

Textbooks:

1. Kang S. M. (2005). **Handbook on Company Secretarial Practice in Malaysia**. 4th ed. Kuala Lumpur: Lexis Nexis business Solutions.
2. Dessler, G. (2003). **Human Resource Management**. 9th ed. Florida: Prentice Hall.

References:

1. Adcock D., Bradfield R., Halborg A. (1999) **Marketing, Principles and Practice**. 3rd ed. Pitman.
2. Cole, G. A. (2000) **Management: Theory and Practice**. (5th ed.) London: Continuum.
3. Dessler, Gary. (2005) **Human Resource Management** (10th ed.) New Jersey: Prentice Hall.

CHAPTER 1 : PENSION

UK Context

Introduction

A pension is a source of regular income to live on when you retire and is one of the most effective ways to save money for retirement. This is because you can get tax relief on the money you save in a pension scheme.

Pension Options

A. State Pension

The State Pension is made up of:

- i. Basic State Pension
- ii. Additional State Pension

You may be entitled to either or both when you reach State Pension age if you meet the qualifying conditions.

i. Basic State Pension

The Government pays the basic State Pension to people who claim it and have reached State Pension age. You qualify for it by:

- paying;
- being treated as having paid; or
- being credited with

ii. Additional State Pension

The additional State Pension is money paid to you by the Government each week. The amount you get depends on your earnings and National Insurance record throughout your working life. You do not have to be getting the basic State Pension to get additional State Pension

B. Contracting out

If you work for an employer and earn more than £4,524 in 2007/2008, you will be automatically included in the additional State Pension scheme. But some people choose to leave the additional State Pension and join a contracted-out occupational pension if they think it will give them a higher income, or other benefits, when they claim it. Or some people may choose to do this by setting up a personal pension arrangement with an independent pension provider. This is called 'contracting out'.

C. Occupational pension

An occupational pension scheme is an arrangement an employer makes to give its employees a pension when they retire. Occupational pensions are also known as company or work pensions. By not joining you could be missing out on tax relief as well as contributions towards your pension made by your employer. You can get an occupational pension on top of any State Pension you may be entitled to.

Personal Pension

A personal pension is a kind of pension that you buy from a pension provider such as a bank, life assurance company or building society. It is entirely your own, which means you can continue to contribute to it if you move jobs.

Stakeholder Pension

Stakeholder pensions may be a good choice for you if you do not have access to an occupational pension or a good-value personal pension. If you are self-employed, or not earning, a stakeholder pension could also be the best option for you.

Stakeholder pensions are money purchase pensions. As with other types of personal pensions, the pension you get does not depend on your salary and the money you save is put into investments for you. Your fund will then be used to buy an annuity from an insurance company, to give you a regular income when you retire.

Malaysia Context

Introduction

The pension scheme is intended to provide financial security for retired Government employees. Retirees who opt for the pension scheme will be paid a fixed monthly income, a service gratuity payment and enjoy benefits such as free medical treatment at Government hospitals.

Objectives of Pension Scheme

- i. To acknowledge and appreciate the excellent service, with loyalty, dedication and honesty, rendered to the Government by a personnel;
- ii. As a bondage for personnel to retain their service with the Government;
- iii. To provide the life subsistence for the dependants of personnel who have passed on during the term of service with the Government or after their retirement; and
- iv. To develop a form of Compensation Scheme for personnel who are required to retire or passed away due to an injury or contracted a disease because of exposed to harm in the course of carrying out his/her duties.

Types of Pensions:

- i. Compulsory Pension Under Section 10 Act 227/239
- ii. Compulsory Retirement at the Instance of the Government Under Section 11 Act 227/239
- iii. Optional Retirement Under Section 12 Act 227/239
- iv. Retirement due to Privatisation of a Government Agency Under Sections 10(5)(b), 12 and 12A/13 Act 227/239

Types of Pension Benefits

Pensionable officer who retires or asked to retire from Government service is eligible for the following pension benefits:

- Service Pension (monthly payment);
- Service Gratuity (lump sum payment); and
- Cash Award in lieu of Leave, when applicable (lump sum payment).

Derivative Pension

The Pension Scheme in Malaysia also extends the pension benefits to the dependants of pensionable officer who dies whether still in Government service or after retirement. The benefit is known as Derivative Gratuity and Derivative Pension

CHAPTER 2 : RISK MANAGEMNT AND DISASTER PLANNING

Risk

- Risk involves uncertainty and is based on change happenings of things going wrong or uncertainty regarding how long something will take or how mush it will cost
- Also can be describe as “ an uncertainty regarding loss”
- There are two concepts related to risk and loss. i.e hazard and perils

Types of Risk

1. Fundamental
2. Particular
3. Pure
4. Speculative

Risk Management Process

- The risk management process involves a systematic approach to dealing with risks that threaten assets and earnings of a business or enterprise. It comprises the following steps:

Risk Handling Methods

1. Risk avoidance
2. Loss Control
3. Risk Retention
4. Risk transfer

Risk assessment

- Risk assessment may be defined as the application of any techniques/ technologies that deals with probability in some technically sound manner
- The overall process of risk analysis and risk evaluation
- It is process a process and may be applied at any level of decision-making

Risk Analysis

- A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences

Business continuity glossary (BCM)

- BCM provides the strategic and operational framework to review the way an organization provides its product and services whilst increasing its resilience to disruption, interruption or loss.
- It covers disaster recovery, crisis management, risk management control or technology recovery

Important Terms in BCM

1. Business Continuity Planning (BCP)
2. Business Continuity Program
3. Business Impact Analysis (BIA)
4. Business Interruption
5. Contingency Planning
6. Contingency Plan
7. Crisis
8. Crisis Management
9. Data Backup
10. Disaster
11. Disaster Recovery
12. Risk Assessment/Analysis
13. Risk Mitigation
14. Simulation exercise

Disaster Recovery Planning(DRP)

- Disaster is defined as a sudden, unplanned calamitous event causing great damage or loss.
- DRP refers to the advance planning and preparations that are necessary to minimize loss and ensure continuity of the critical business functions of an organization in the event of disaster

CHAPTER 3: INSURANCE

1. Insurance Contract

- Insurance is a contract between two parties; the ‘provider’ and ‘buyer’ of the insurance
- The provider is called insurer and the buyer is called the insured.

Insurance Terms

1. The proposal form
2. The cover Note
3. The certificate of Insurance
4. The policy form
5. Renewal Notice
6. Renewal Certificate
7. Claim Form
8. Policy form
9. Premium
10. Underwriting

Six Principles of Insurance

1. Utmost Good Faith
2. Insurable Interest
3. Indemnity
4. Subrogation
5. Contribution
6. Proximate Cause

Major player in the Private Insurance Market

1. Buyer
2. Seller
3. Intermediaries

There are two types of Insurance:

- a. General Insurance
- b. Life Insurance

General Insurance

- Aviation
- Consequential loss
- Fidelity
- Engineering Insurance
- Fire
- Liability
- Marine
- Motor
- Personal accident

Takaful

- Takaful is an alternative to conventional insurance and it is based on Islamic principles.
- Takaful is a joint guarantee among the contributors to share the burden of unexpected financial losses that may fall upon any of them.
- There are two principles of takaful:
 - Tabaruk- donation. The participants make an agreement to donate/contribute in installments into risk fund that will be used to assist participants who might suffer unexpected financial losses as defined

CHAPTER 4: PHYSICAL ASSETS AND FACILITIES MANAGEMENT

Introduction

- Selecting a site for business is a great challenge because it involves investments in real estate, fixed assets and other commitments.
- An organization manages two kinds of assets, i.e intangible and physical.
- Physical assets and facilities should be managed efficiently because they can be a source of an organization

Location planning

Locating a strategic place for the organization to be headquarter or operating from is the responsibility of the facilities management department

Office Space Planning

It refers to the design of a physical office that optimizes the work flow, staff movement and interaction and location of office equipment by considering the aesthetics and well being of the employees and clients

Factors to be considered in designing office layout

1. Work flow
2. Communication
3. Supervision
4. Minimizing staff movement
5. Proper table and chairs
6. Lighting
7. Ventilation

Physical Assets

Fixed assets- land, buildings, fixtures and fittings

Current assets – Inventory, debtors, cash at bank and cash in hand

Intangible assets –Goodwill, patents and trademarks

Consideration for purchasing fixed assets

1. Specification
2. Cost
3. Layout
4. Location
5. Maintenance
6. Quantity
7. Support
8. Time frame
9. Training
10. Utilization
11. Vendor

Management of physical assets'

The management of physical assets involves the acquisition, maintenance and disposal of the assets.

Acquisition process

1. Recognize a need
2. Select suppliers
3. Place the order
4. Track the order
5. Receive the order
6. Inspect the asset
7. Test run

Leasing

- Leasing is like hiring or renting an asset

Advantages

- It avoids huge upfront investment

- It is affordable due to regular installments
- The company does not have to incur maintenance costs
- It is a good option for short-run needs of assets

Disadvantages

- It cannot be used as collateral
- It constraints the lessee from making any modification to the asset
- It is expensive in the long run
- Leasing is complex and the company must study the terms and conditions meticulously

Facilities Management

Definition- Managing and coordinating interrelated people, process and place issues and functions within the corporation or organization

Maintenance Manual

The maintenance manual should contain guidelines and procedures pertaining to a variety of areas related to maintenance.

Category of Maintenance Manual

1. Custodial maintenance
2. Corrective maintenance
3. Emergency maintenance
4. Deferred maintenance

Security

- Security refers to the state, feeling or means of being secure; protection from espionage, theft and attack.

Security Management

1. Formulation and revision of security policy and procedure

2. Identification of resources to be monitored
3. Surveillance of the resources
4. Security screening of employees
5. Security awareness and training for staff
6. Security personnel and services
7. Security devices

Outsourcing

- Outsourcing means purchasing from a person or an organization a product or service that had been produced by the organization.

Advantages	Disadvantages
The organization can concentrate on core activities	The organization could be over dependent on the provision of services
Management can pay attention to main business	The management may lose secrecy and confidentiality of information and processes
Outsourcing gives cost savings compared to doing it by itself	The organization might have to incur more costs if the outsourcing organization is closed down
The organization does not have to employ specialist	Its own staff lacks familiarity with related activities which can be made part of staff development
Product or work done by external part can maintain quality	The organization could lose control unless it monitors closely the service level and operations of the provider