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Dennis Schlegel

Cost-of-Capital in Managerial Finance

An Examination of Practices in the German
Real Economy Sector



Springer

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Stuttgart, Germany

ISSN 1431-1941 ISSN 2197-716X (electronic)
Contributions to Management Science
ISBN 978-3-319-15134-2 ISBN 978-3-319-15135-9 (eBook)
DOI 10.1007/978-3-319-15135-9

Library of Congress Control Number: 2015933649

Springer Cham Heidelberg New York Dordrecht London
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Acknowledgements

Conducting research on a doctoral level and writing a Ph.D. thesis is a long road. I would like to express my gratitude to the various people who have accompanied and supported me in this process.

First of all, I would like to thank my supervisors, who have made all this possible. I would like to thank my Director of Studies, Dr. Aftab Dean, who has ensured the quality of this thesis with his academic rigour, insisting on high standards of the research. I would like to thank Prof. Claudio Vignali for his advice, inspiration and motivation that he has always given me. I would like to thank Prof. Bernd Britzelmaier, who has always supported me with his outstanding expertise in the field of cost of capital and value-based management.

Moreover, I would like to thank my examiners Dr. Roberta Bampton and Prof. Agyenim Boateng for their valuable comments.

For this research, access to appropriate empirical data was crucial. Obtaining internal data from companies has turned out to be one of the most effortful and time-consuming tasks in this research. Therefore, I would like to express my gratitude to the numerous people who were involved in this process. In particular, I would like to thank the people who supported me in this process by putting me in contact with relevant persons and distributing requests. Moreover, I would like to thank the experts who participated in the semi-structured interviews despite their busy schedules, as well as the numerous respondents who participated in the company survey.

Last but not least, I would like to express my gratitude to my family and friends, who have always supported my decision to pursue a Ph.D. programme.

Dennis Schlegel

Abbreviations

APT	Arbitrage Pricing Theory
BCG	Boston Consulting Group
BU	Business Unit
CAPM	Capital Asset Pricing Model
CCA	Comparable Company Approach
CFROI	Cash Flow Return on Invest
CGU	Cash-generating Unit
CVA	Cash Value Added
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Tax
EVA	Economic Value Added
FSE	Frankfurt Stock Exchange
GCF	Gross Cash Flow
GI	Gross Investment
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
MCPM	Market-derived Capital Pricing Model
NBA	Net Business Assets
NDA	Non-depreciable Assets
NOPAT	Net Operating Profit After Tax
NPV	Net Present Value
ROCE	Return on Capital Employed
ROI	Return on Investment
SBU	Strategic Business Unit
SME	Small and medium enterprises
SML	Security Market Line
VBM	Value-Based Management
WACC	Weighted Average Cost of Capital

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