8020 ENGLISH

Cambridge IGCSE Business Studies

Giáo trình luyện thi chuyên sâu

Song ngữ Anh–Việt

8020 ENGLISH

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Lời mở đầu · Foreword

Cuốn sách này thuộc bộ giáo trình luyện thi chương trình quốc tế của **8020 English (8020 Education)** — trung tâm luyện thi trọng điểm **IELTS · SAT · AP · IB · A-level · IGCSE** và săn học bổng du học. Toàn bộ nội dung được biên soạn bởi đội ngũ **Giáo sư · Tiến sĩ · Thạc sĩ** tốt nghiệp các trường top đầu thế giới, bám sát khung chương trình chính thức, trình bày đầy đủ lý thuyết, ví dụ mẫu, hình minh hoạ và hệ thống bài tập có lời giải chi tiết.

This book is part of the 8020 English international exam-prep series: complete English theory with Vietnamese explanations, worked examples, illustrations and fully-solved practice, aligned to the official framework.

Thành tích 8020 English

9.0 IELTS cao nhất	**1570** SAT cao nhất
5/5 AP — điểm tuyệt đối	**90/100** IB Diploma
100% GV $\geq$ 8.0 IELTS / 1500 SAT	**CMU** Tiến sĩ ĐH #1 Hoa Kỳ về CS

Đội ngũ tiêu biểu: Thầy Châu Cát Tường (Academic Head, ThS Western Sydney, top 1% IELTS 8.5) · TS Nguyễn Anh Huy (Carnegie Mellon, cựu kỹ sư Amazon) · TS Nguyễn Phước Trường (Toán, ĐH Klagenfurt) · cùng đội ngũ giảng viên SAT 1500–1600, IELTS 8.0–8.5.

Kết quả học viên — điểm thi thật: IELTS 8.0–9.0 · SAT 1550 / 1570 / 1590 · AP 5/5 (Calculus BC, Microeconomics) · IB 90/100 (Economics) · Duolingo 110 · PTE 90 · TOEFL 120. **Bảng vàng SAT:** Khánh Đăng 1510 · Thảo Nguyên 1520 · Tâm Anh 1530.

"Cuối cùng đã đậu vào trường top như mong muốn." — Phan Thị Thanh Hằng, IELTS Overall 8.5.

Cách dùng sách hiệu quả: mỗi Unit gồm (1) **Lý thuyết trọng tâm** tiếng Anh kèm **giải thích tiếng Việt**; (2) **Ví dụ mẫu** có lời giải; (3) **Hệ thống bài tập** kèm **lời giải chi tiết**. Hãy tự làm bài trước khi xem lời giải để đạt hiệu quả tối đa.

THÀNH TÍCH THỰC TẾ • 8020 ENGLISH

Điểm thi thật · Bằng & bảng điểm thật của giảng viên và học viên 8020 English — **Điểm thật · Thầy thật · Kết quả thật**

ĐỘI NGŨ

ĐỘI NGŨ GIÁO VIÊN TẬN TÂM

**Tối thiểu 8.0 IELTS Overall*

Gv. Nguyễn Nhật Nam
IELTS 8.5 Overall

Gv. Nguyễn Khanh
IELTS 8.0 Overall

Gv. Nguyễn Đan Vy
IELTS 8.0 Overall

Giảng viên 8020 — IELTS 8.5 & 8.0 Overall (British Council · IDP · Cambridge)

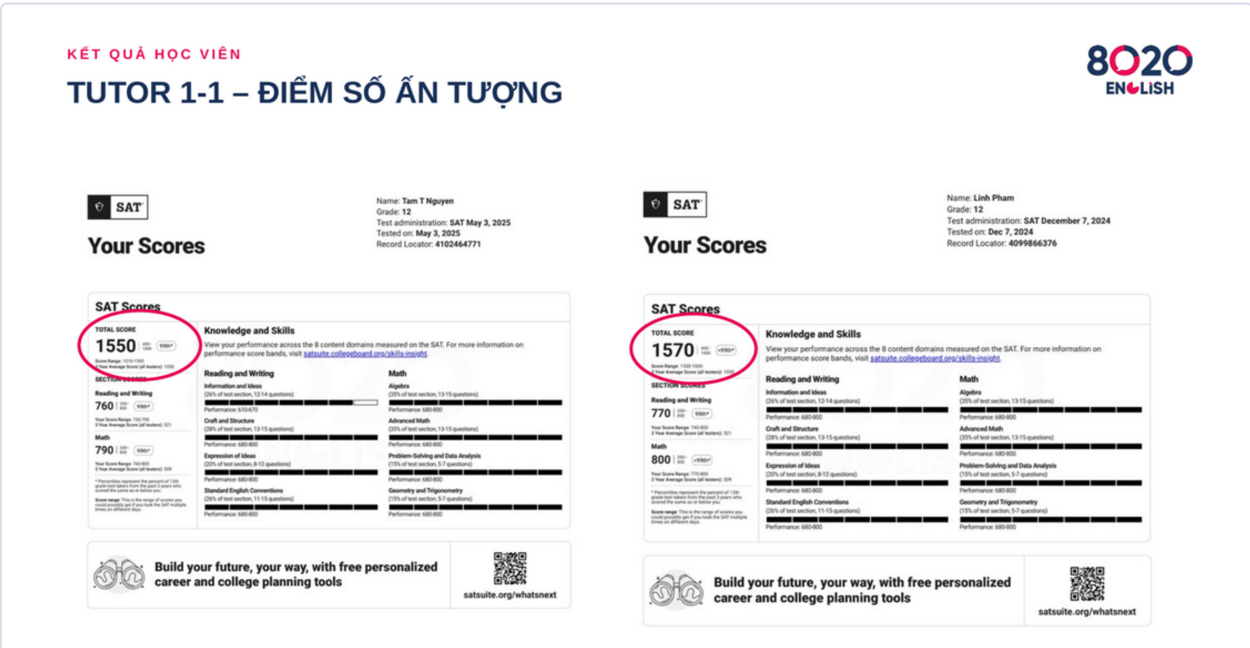
KẾT QUẢ HỌC VIÊN

THÀNH TÍCH HỌC VIÊN

Bảng điểm thi thật – chất lượng được giám sát nghiêm ngặt. Một số học viên chỉ cần 1–2 khóa để đạt kết quả mong muốn.

Học viên 8020 — IELTS 8.0 Overall (bảng điểm thật)

Giảng viên 8020 — SAT 1590 (ĐH Bách Khoa Hà Nội & ĐH Ngoại thương)



Học viên 8020 — SAT 1550 & 1570 (College Board)

KẾT QUẢ HỌC VIÊN

BẢNG VÀNG HỌC VIÊN

8020 ENGLISH

SAT CHÂU CÁT TƯỜNG

Bảng vàng học viên

Bé Khanh Đặng

SAT Bứt phá + Nâng cao Cam kết 140++ => Kết quả 1510

Bé Phan Nguyễn Thảo Nguyên

SAT Nâng cao

Bé Lê Tâm Anh

SAT Bứt phá + Nâng cao Cam kết 140++ => Bứt phá kết quả1530

KHÁNH ĐẶNG – SAT 1510
"SAT Bứt phá + Nâng cao cam kết 140++ → 1510"

THẢO NGUYÊN – SAT 1520
"SAT Nâng cao → 1520"

TÂM ANH – SAT 1530
"SAT Bứt phá + Nâng cao cam kết 140++ → 1530"

Bảng vàng SAT — Học viên đạt 1510 · 1520 · 1530

KẾT QUẢ HỌC VIÊN

ĐIỂM SỐ AP

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AP Biology: 4 · AP Chemistry: 4

AP Calculus AB: 5

AP Calculus BC: 5

AP Chemistry: 5

Bảng điểm AP thật của học viên – nhiều môn đạt điểm 4 & 5

Điểm AP thật — Calculus AB/BC 5/5 · Biology & Chemistry 4–5 (College Board)

Mục lục • Contents

Understanding Business Activity

Mục tiêu Unit: Mục đích và bản chất của hoạt động kinh doanh (nhu cầu, mong muốn, yếu tố sản xuất, chi phí cơ hội, giá trị gia tăng); phân loại hoạt động kinh doanh theo khu vực kinh tế; khu vực tư nhân và khu vực công, các loại hình sở hữu doanh nghiệp (từ hộ kinh doanh cá thể đến công ty cổ phần đại chúng); tinh thần khởi nghiệp, lập kế hoạch kinh doanh và rủi ro; tăng trưởng và quy mô doanh nghiệp (sáp nhập, thâu tóm, kinh tế/phi kinh tế theo quy mô); mục tiêu kinh doanh và các bên liên quan (stakeholders).

1.1 The purpose and nature of business activity

Every society faces the basic economic problem: **resources are scarce** but human **wants** are unlimited. Business activity exists to solve part of this problem by organising resources to produce goods and services.

Needs, wants and factors of production

A **need** is something essential for survival (food, water, shelter, clothing); a **want** is something people would like to have but which is not essential (a smartphone, a holiday, a second car). Businesses satisfy both needs and wants by combining four **factors of production**:

- **Land** — natural resources (soil, minerals, water, forests); its reward is **rent**.
- **Labour** — the physical and mental effort of the workforce; its reward is **wages/salaries**.
- **Capital** — man-made resources used to produce other goods (machinery, tools, factories, and money capital used to buy them); its reward is **interest**.
- **Enterprise** — the skill and willingness of an entrepreneur to combine the other three factors, innovate and take on risk; its reward is **profit**.

VN GIẢI THÍCH TIẾNG VIỆT

Xã hội luôn đối mặt với **vấn đề kinh tế cơ bản**: nguồn lực khan hiếm nhưng mong muốn của con người là vô hạn. Doanh nghiệp tồn tại để tổ chức **4 yếu tố sản xuất** — đất đai (land), lao động (labour), vốn (capital) và tinh thần khởi nghiệp (enterprise) — nhằm sản xuất hàng hoá/dịch vụ đáp ứng **nhu cầu** (need — thiết yếu cho sự sống) và **mong muốn** (want — không thiết yếu nhưng con người khao khát). Mỗi yếu tố sản xuất có một khoản "thù lao" tương ứng: đất đai nhận tiền thuê (rent), lao động nhận tiền lương (wages), vốn nhận tiền lãi (interest), và doanh nhân nhận lợi nhuận (profit) vì đã gánh chịu rủi ro.

Because resources devoted to one use cannot simultaneously be used elsewhere, every decision made by a household, business or government involves an **opportunity cost** — the value of the next best alternative that had to be given up. A firm that spends $2 million building a new warehouse cannot use that same $2 million to launch a new product line in the same period; the forgone product launch is the opportunity cost of the warehouse decision.

Opportunity cost

A small manufacturer has \$50,000 available. It can either (a) buy a new delivery van, which is expected to save \$8,000 a year in courier fees, or (b) invest in a new packaging machine, which is expected to save \$11,000 a year in labour costs. If the firm chooses the packaging machine, the opportunity cost of that decision is the \$8,000 a year in courier savings it gives up by *not* buying the van — the value of the next-best alternative forgone.

1.1.1 Adding value

A business survives only if it can sell its output for more than the cost of the resources used to make it. The difference is called **added value** (or *value added*):

$$\text{Added value} = \text{Selling price} - \text{Cost of bought-in materials and components}$$

Added value must be large enough to cover all other costs (labour, rent, marketing, interest) and still leave a profit.

Ways a business can increase added value *without* necessarily raising its costs proportionally include: building a strong **brand** customers trust and will pay more for; improving **quality** and reliability; offering superior **design** or features; providing **convenience** (faster delivery, easier ordering); excellent **customer service**; and **innovation** that makes the product hard to copy. Adding value is one of the central ways a firm can escape pure price competition.

Calculating added value

A furniture workshop buys wood, foam and fabric for \$40 per chair and turns them into a finished armchair sold for \$150.

$$\text{Added value} = 150 - 40 = \$110$$

This \$110 must cover labour, overheads (rent, electricity, machinery depreciation) and the owner's profit. If a rival workshop can source identical materials for \$35 and still sell an equivalent chair for \$150, it has added \$115 of value — \$5 more per chair — perhaps through more efficient production or a stronger brand.

VN **GIẢI THÍCH TIẾNG VIỆT**

Giá trị gia tăng (added value) = giá bán − chi phí nguyên vật liệu/linh kiện đầu vào. Đây là số tiền còn lại để trang trải chi phí lao động, chi phí vận hành và tạo ra lợi nhuận. Doanh nghiệp có thể tăng giá trị gia tăng bằng cách xây dựng thương hiệu mạnh, cải thiện chất lượng, thiết kế độc đáo, sự tiện lợi và dịch vụ khách hàng xuất sắc — từ đó tránh phải cạnh tranh thuần tuý bằng giá.

(!) Lỗi thường gặp: "Added value" is not the same as "profit". Added value is selling price minus *only* the cost of bought-in materials; profit is calculated only after *all* costs (labour, rent, marketing, interest, tax) have also been deducted. A firm can have high added value per unit yet still make a loss if its other overheads are too large.

1.2 Classification of business activity

Economic activity is grouped into **sectors** depending on how close the output is to its raw, natural state.

Sector	Activity	Examples
Primary	Extracting raw materials directly from nature	Farming, fishing, mining, forestry, oil extraction
Secondary	Manufacturing and processing raw materials into finished or semi-finished goods	Car assembly, construction, food processing, textile manufacture
Tertiary	Providing services to consumers and to other businesses	Retailing, banking, insurance, education, tourism, transport
Quaternary	Knowledge-based research, information technology and scientific services (sometimes classed within tertiary)	Software development, biotechnology research, consultancy

As a country develops economically, employment typically shifts **primary** → **secondary** → **tertiary/quaternary**, a pattern often called **de-industrialisation** when it involves the secondary sector's share of output/employment shrinking in mature economies as manufacturing moves to lower-cost countries and services expand.

Sector shift over time

In Country X, the share of the workforce employed in agriculture (primary sector) fell from 45% in 1980 to 8% in 2024, while the share employed in services (tertiary sector) rose from 25% to 68% over the same period. This reflects a typical pattern of economic development: mechanisation reduces the number of workers needed on farms, while rising incomes increase demand for services such as banking, healthcare, retail and tourism.

GIẢI THÍCH TIẾNG VIỆT

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Hoạt động kinh tế được chia thành các **khu vực (sectors)**: **sơ cấp** (khai thác tài nguyên thô — nông nghiệp, khai khoáng), **thứ cấp** (chế biến/sản xuất — nhà máy, xây dựng) và **tam cấp** (dịch vụ — bán lẻ, ngân hàng, du lịch). Một số nhà kinh tế còn tách riêng **khu vực bậc 4 (quaternary)** cho các dịch vụ tri thức/công nghệ cao. Khi một quốc gia phát triển, lao động thường dịch chuyển từ sơ cấp → thứ cấp → tam cấp — hiện tượng tỷ trọng khu vực thứ cấp giảm dần được gọi là **phi công nghiệp hoá (de-industrialisation)**.

1.2.1 Private sector and public sector

The **private sector** consists of businesses owned and controlled by private individuals, operating mainly to make a profit (sole traders, partnerships, limited companies). The **public sector** consists of organisations owned and controlled by the government, usually to provide essential services to citizens regardless of ability to pay (state schools, public hospitals, the police, national infrastructure). Governments may also run **public corporations** (state-owned enterprises) that operate more commercially, such as a national postal service or railway.

Privatisation is the sale of a state-owned (public sector) organisation to private owners. Supporters argue it increases efficiency and competition (removing the "soft budget" of government subsidy); critics argue essential services may then prioritise profit over universal access, and natural monopolies (e.g. water supply) may simply become private monopolies rather than competitive markets.

1.2.2 Forms of business organisation in the private sector

Unincorporated businesses

Sole trader — a business owned by one person (though it may employ others). Advantages: easy and cheap to set up, the owner keeps all profit, has full control, and can keep business affairs private. Disadvantages: **unlimited liability** (personal assets are at risk if the business fails), heavy workload/limited skills of one person, and difficulty raising large amounts of capital.

Partnership — a business owned by 2 to 20 (typically) partners who share capital, skills, decision-making and (usually) profit according to a **Deed of Partnership**. Advantages: more capital and skills than a sole trader, shared workload and risk. Disadvantages: usually unlimited liability for ordinary partners, profit is shared, and disagreements between partners can slow decisions.

Incorporated businesses — limited companies

An incorporated business has its own **separate legal identity** from its owners: it can own property, sue and be sued in its own name, and — crucially — its owners (shareholders) have **limited liability**: they can lose only what they invested in shares, not their personal possessions.

- **Private limited company (Ltd)** — shares are sold privately (to family, friends, or invited investors) and *cannot* be traded on a public stock exchange. Suitable for family businesses wanting limited liability and outside capital while retaining close control over who becomes a shareholder.
- **Public limited company (Plc)** — shares are offered to the general public and can be bought and sold freely on a recognised stock exchange (after an Initial Public Offering, IPO). Able to raise very large amounts of capital, but must publish detailed accounts, faces the risk of an unwanted **takeover** by another investor buying up shares, and the original founders may lose overall control as ownership becomes dispersed.

	Sole trader	Partnership	Ltd / Plc
Liability	Unlimited	Usually unlimited	**Limited**
Legal identity	Same as owner	Same as owners	**Separate**
Capital-raising	Very limited	Limited	Ltd: moderate; Plc: **very high**
Control	Full	Shared	Shared / risk of takeover (Plc)
Disclosure	Minimal	Minimal	Must publish accounts

Other important forms of organisation:

- **Franchise** — a **franchisor** (owner of an established brand, e.g. a fast-food chain) sells a **franchisee** the right to trade under its name, using its business format, branding, supplies and support, in exchange for an initial fee and ongoing royalties. Franchisees benefit from a tested business model, national advertising and lower failure rates than independent start-ups, but pay fees/royalties, must follow strict rules, and share any negative publicity affecting the brand.
- **Joint venture** — two or more businesses agree to share the costs, risks and profits of a specific project (e.g. two car manufacturers jointly developing a new battery technology), while each partner remains an independent business overall.

- **Co-operative** — a business owned and democratically controlled by its members (e.g. workers or consumers), each typically having one vote regardless of investment; profit is shared among members, often in proportion to their trade with the co-operative rather than to capital invested.
- **Social enterprise / charity** — trades commercially like any business but reinvests most or all of its surplus into a defined social or environmental mission rather than distributing it to owners.

The economics of a franchise

A franchisee pays a franchisor an initial fee of $30,000 plus an ongoing royalty of 6% of annual revenue. In its first year, the franchised outlet generates $400,000 of revenue. Total first-year royalty payment $= 0.06 \times 400{,}000 = \$24{,}000$, on top of the $30,000 initial fee — total cost of the franchise relationship in year one $= 30{,}000 + 24{,}000 = \$54{,}000$. In exchange, the franchisee benefits from an established, recognised brand, a tested business format, and typically head-office support (training, bulk-purchasing deals, national advertising) that would be very costly and risky to build from scratch as an independent start-up — historically, franchised outlets have shown notably lower failure rates than independent new businesses in their first few years.

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Nhượng quyền: bên nhận nhượng quyền trả phí ban đầu (ví dụ $30,000) cộng phí bản quyền định kỳ (ví dụ 6% doanh thu hàng năm). Đổi lại, họ được sử dụng thương hiệu đã có uy tín, mô hình kinh doanh đã được kiểm chứng và hỗ trợ từ bên nhượng quyền (đào tạo, mua hàng số lượng lớn, quảng cáo toàn quốc) — giúp giảm đáng kể rủi ro thất bại so với tự khởi nghiệp độc lập.

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Trách nhiệm hữu hạn (limited liability): chủ sở hữu chỉ có thể mất tối đa số vốn đã góp vào công ty nếu công ty phá sản — tài sản cá nhân (nhà, xe) được bảo vệ. Áp dụng cho công ty TNHH (Ltd) và công ty cổ phần đại chúng (Plc). **Trách nhiệm vô hạn (unlimited liability)**: chủ hộ kinh doanh cá thể hoặc thành viên hợp danh phải dùng cả tài sản cá nhân để trả nợ nếu công ty phá sản — rủi ro cao hơn nhiều. Công ty **Ltd** bán cổ phần riêng tư (bạn bè, gia đình); công ty **Plc** niêm yết và bán cổ phần rộng rãi trên sàn chứng khoán, huy động được vốn lớn hơn nhiều nhưng phải công khai báo cáo tài chính và có nguy cơ bị thâu tóm (takeover). **Nhượng quyền thương mại (franchise)**: bên nhượng quyền (franchisor) cho bên nhận nhượng quyền (franchisee) sử dụng thương hiệu và mô hình kinh doanh đã được kiểm chứng, đổi lại phí ban đầu và phí bản quyền định kỳ.

(!) Lỗi thường gặp: Do not say a sole trader "has no risk" or that a Ltd company "is the same as" a Plc. A sole trader carries the *highest* personal risk of all forms (unlimited liability), while Ltd and Plc are both limited-liability companies but differ crucially in *how* their shares are sold and traded — Ltd shares are private, Plc shares are publicly tradable on a stock exchange.

1.3 Enterprise, business planning and risk

An **entrepreneur** is a person who organises resources, innovates, and takes on the financial risk of starting and running a business in the hope of earning **profit** — the reward for risk-bearing. Key entrepreneurial qualities include creativity/innovation, determination, willingness to take calculated risks, leadership, and resilience in the face of setbacks.

Contents of a business plan. A comprehensive business plan typically includes: (1) an **executive summary** of the business idea; (2) a description of the **product/service** and what makes it distinctive; (3) **market research** findings on target customers and competitors; (4) **marketing plan** (how the 4Ps will be used to reach customers); (5) **operations plan** (how the product will be made/delivered, and from where); (6) **financial forecasts**, including start-up costs, a cash flow forecast, and a forecast income statement; and (7) the **amount and source of finance** being requested.

The business plan

A **business plan** is a written document that sets out: the business idea and objectives; details of the product/service and target market; the finance required and how it will be raised; a marketing plan; and a **cash flow forecast**. It serves three purposes: (1) it forces the entrepreneur to think through and test the viability of the idea before committing money; (2) it is almost always required by banks or investors before they will lend money or invest; (3) it provides a benchmark against which actual performance can later be measured.

1.3.1 Insurable and uninsurable risk

Not all business risk is the same. **Insurable risk** is a risk that can be quantified with reasonable accuracy from historical data and transferred to an insurance company for a premium — e.g. the risk of fire, theft, flood damage, or a workplace accident. **Uninsurable (speculative) risk** is a risk inherent to normal business decision-making, which cannot be insured against because it depends on the entrepreneur's own choices and unpredictable market conditions — e.g. the risk that a new product fails to attract customers, that a competitor undercuts the firm's price, or that consumer tastes shift away from the firm's product. An entrepreneur must accept full exposure to uninsurable risk as an unavoidable part of enterprise, while sensibly transferring insurable risks to an insurer to protect against catastrophic one-off losses.

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Rủi ro có thể bảo hiểm (insurable risk): rủi ro có thể định lượng và chuyển giao cho công ty bảo hiểm bằng phí bảo hiểm (cháy nổ, trộm cắp, tai nạn lao động). **Rủi ro không thể bảo hiểm (uninsurable/speculative risk):** rủi ro gắn liền với quyết định kinh doanh thông thường, không thể bảo hiểm (sản phẩm mới thất bại, đối thủ cạnh tranh giảm giá, thị hiếu khách hàng thay đổi) — doanh nhân phải tự gánh chịu loại rủi ro này.

Common causes of new-business failure: poor cash flow management (running out of cash even while "profitable" on paper); inadequate market research (misjudging demand); undercapitalisation (starting with too little capital to survive the early loss-making months); poor location; poor management experience/skills; and unexpected external shocks (a new competitor, an economic downturn, rising costs).

Risk and potential reward are normally linked: a venture that promises very high returns (a completely new, unproven technology) typically also carries a high chance of failure; a safer venture (opening another branch of an already-successful, proven shop format) offers a lower — but more certain — return. Investors and lenders require higher potential rewards (higher interest rates, a larger share of equity) to compensate them for taking on higher risk.

GIẢI THÍCH TIẾNG VIỆT
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Doanh nhân (entrepreneur) là người tổ chức nguồn lực, đổi mới sáng tạo và chấp nhận rủi ro tài chính để khởi nghiệp, đổi lại là lợi nhuận. **Kế hoạch kinh doanh (business plan)** là văn bản

trình bày ý tưởng, thị trường mục tiêu, nguồn vốn cần thiết và dự báo dòng tiền — giúp doanh nhân kiểm tra tính khả thi và thường là điều kiện bắt buộc để vay vốn ngân hàng. Các nguyên nhân phổ biến khiến doanh nghiệp mới thất bại: quản lý dòng tiền kém, nghiên cứu thị trường không đầy đủ, thiếu vốn ban đầu, vị trí kém và thiếu kinh nghiệm quản lý. Rủi ro càng cao thường đi kèm kỳ vọng lợi nhuận càng cao.

Risk and reward trade-off

An entrepreneur is choosing between two investments of $20,000: (a) government savings bonds paying a guaranteed 3% a year, or (b) a start-up online retail venture with forecast returns of 25% a year if successful, but a significant chance of losing the entire investment. Choice (a) has virtually no risk and a low, certain reward ($600/year). Choice (b) has high risk (possible total loss) but a much higher potential reward ($5,000/year if it succeeds) — illustrating why riskier ventures must offer a higher expected return to attract investors willing to bear that risk.

1.4 Setting up a business: practical considerations

Beyond writing a business plan, a new entrepreneur must address several practical issues before trading can legally begin.

Legal registration — depending on the country and the chosen legal form, this may include registering the business name, registering for tax purposes, and (for a limited company) filing incorporation documents with the relevant national registry.
Insurance — protects the business against specific risks: **public liability insurance** (covers claims if a member of the public is injured on the premises or by the firm's product), **employer's liability insurance** (covers claims from injured employees), and **property/asset insurance** (covers fire, theft or damage to premises/stock).
Initial capital — start-up capital is needed not only for premises, equipment and initial inventory, but also as a cash buffer to cover the (often loss-making) early months of trading before the business becomes established.
Sources of advice — many entrepreneurs seek guidance from an accountant (tax and financial structuring), a solicitor/lawyer (contracts, leases, legal form), a bank's small-business advisor, or government-run small-business support schemes and mentoring programmes.

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Trước khi bắt đầu kinh doanh hợp pháp, doanh nhân cần: **đăng ký kinh doanh** (tên doanh nghiệp, mã số thuế, hoặc đăng ký công ty), mua **bảo hiểm** phù hợp (bảo hiểm trách nhiệm công cộng, bảo hiểm trách nhiệm người sử dụng lao động, bảo hiểm tài sản), chuẩn bị đủ **vốn ban đầu** (không chỉ cho mặt bằng/thiết bị mà còn làm bộ đệm tiền mặt cho những tháng đầu có thể thua lỗ), và tìm kiếm **tư vấn** từ kế toán, luật sư, hoặc các chương trình hỗ trợ doanh nghiệp nhỏ của chính phủ.

Estimating start-up capital needs

An entrepreneur opening a small café estimates: shop fit-out and equipment $18,000; initial inventory (coffee, food, supplies) $3,000; three months' rent in advance $9,000; insurance for the first year $1,200; and a cash buffer of $6,000 to cover expected losses during the first three loss-making months of trading. Total start-up capital required $= 18{,}000 + 3{,}000 + 9{,}000 + 1{,}200 + 6{,}000 = \$37{,}200$. Underestimating any one of these components — especially the cash buffer for the loss-making start-up period — is a leading cause of new-business failure even when the underlying business idea itself is sound.

1.5 Growth and size of business

Business size can be measured using several indicators: number of employees, capital employed, annual sales revenue/turnover, or market share. No single measure is perfect — a capital-intensive oil refinery may have huge turnover and capital employed but relatively few employees, while a labour-intensive service firm may employ thousands with modest turnover.

	Employees	**Annual revenue**	**Capital employed**
Automated oil refinery	180	$450,000,000	$800,000,000
Regional cleaning-services firm	3,200	$28,000,000	$4,000,000

Comparing two firms by different measures gives contradictory impressions of "size": by employee count the cleaning firm is far larger, but by revenue and capital employed the capital-intensive refinery is dramatically larger — illustrating why no single measure of business size is sufficient on its own.

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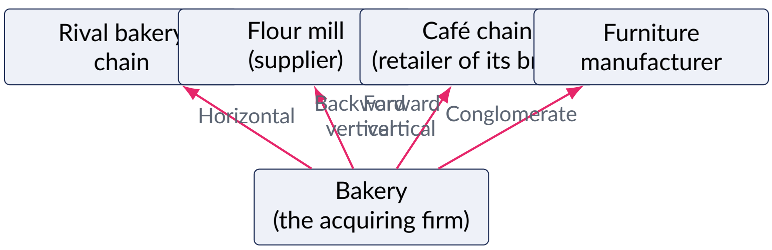
Quy mô doanh nghiệp có thể đo bằng nhiều cách: số lượng nhân viên, vốn sử dụng, doanh thu, hoặc thị phần. Không có thước đo nào là hoàn hảo — một doanh nghiệp thâm dụng vốn (như nhà máy lọc dầu tự động hoá cao) có thể có doanh thu và vốn rất lớn nhưng ít nhân viên, trong khi doanh nghiệp thâm dụng lao động (như công ty dịch vụ vệ sinh) có thể có rất nhiều nhân viên nhưng doanh thu khiêm tốn hơn nhiều.

Routes to growth

Internal (organic) growth — the firm reinvests its own retained profit to open new outlets, launch new products, enter new markets, or expand capacity. This is generally slower, but lower-risk, and the firm's existing ownership and culture are preserved.

External growth — the firm grows by joining with another business, through a **merger** (two firms agree, as roughly equal partners, to combine into one new organisation) or a **takeover/acquisition** (one firm buys a controlling stake — over 50% of the shares — in another, which then becomes a subsidiary). External growth is faster than organic growth but carries integration risks (clashing cultures, redundant duplicate roles, unexpected liabilities of the acquired firm).



Four directions of external growth from the viewpoint of an acquiring bakery: horizontal (same stage, same industry), backward vertical (earlier stage, e.g. its flour supplier), forward vertical (later stage, e.g. a café chain that sells its bread), and conglomerate/lateral (unrelated industry).

Types of integration:
Horizontal — merging/taking over a firm at the *same* stage of production in the *same* industry (two supermarket chains combine). Benefit: economies of scale, reduced competition, larger market share.
Vertical backward — merging/taking over a firm at an *earlier* stage of the same production chain (a bakery buys a flour mill). Benefit: control over input supply, quality and cost.
Vertical forward — merging/taking over a firm at a *later* stage (a bakery buys a chain of cafés). Benefit: control over how/where the product reaches the final customer.
Conglomerate (lateral) — merging/taking over a firm in a completely *unrelated* industry. Benefit: diversification — spreads risk across different markets, so a downturn in one market does not sink the whole group.

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Doanh nghiệp tăng trưởng theo hai hướng: **tăng trưởng nội bộ (organic)** — tái đầu tư lợi nhuận giữ lại để mở thêm chi nhánh/sản phẩm mới; và **tăng trưởng bên ngoài** qua **sáp nhập (merger)** hoặc **thâu tóm (takeover)**. Bốn kiểu tích hợp: **ngang (horizontal)** — cùng ngành, cùng công đoạn (đối thủ cạnh tranh); **dọc ngược (backward vertical)** — mua nhà cung cấp; **dọc xuôi (forward vertical)** — mua nhà phân phối/bán lẻ; **tổ hợp (conglomerate)** — mua doanh nghiệp ở ngành hoàn toàn khác để đa dạng hoá rủi ro.

1.5.1 Economies and diseconomies of scale

As a firm increases its scale of production, **average (unit) cost** often falls — these savings are called **economies of scale**.

Types of economies of scale:

- **Purchasing (bulk-buying)** — buying raw materials in bulk at a discounted price per unit.
- **Technical** — large-scale, specialised, more efficient machinery/production lines that are only viable at high output.
- **Financial** — larger, more established firms can borrow at lower interest rates and access a wider range of finance.
- **Managerial** — large firms can afford specialist managers (a dedicated finance director, HR director) rather than one generalist doing every job.
- **Marketing** — the cost of a national advertising campaign is spread over far more units sold, lowering the advertising cost per unit.
- **Risk-bearing** — a large, diversified firm can spread risk across many products/markets.

Diseconomies of scale occur when a firm grows *beyond* its optimal size and average cost starts to **rise** again: poor communication across a sprawling organisation, slower decision-making (bureaucracy), low morale from workers feeling like "a small cog in a big machine" (alienation), and duplication of effort/resources across departments.

Economies of scale — falling average cost

Firm A produces 20,000 units at a total cost of $300,000:

$$\text{Average cost} = \frac{300{,}000}{20{,}000} = \$15 \text{ per unit.}$$

After expanding, it produces 60,000 units at a total cost of $720,000:

$$\text{Average cost} = \frac{720{,}000}{60{,}000} = \$12 \text{ per unit.}$$

Average cost has **fallen** by $3 per unit even though total cost has risen — output has tripled while total cost only just over doubled, so the firm is benefiting from economies of scale.

Diseconomies of scale — rising average cost

Firm C produces 100,000 units at a total cost of $1,400,000: average cost $= 1{,}400{,}000/100{,}000 = \$14$ per unit. After further expansion, it produces 160,000 units at a total cost of $2,560,000: average cost $= 2{,}560{,}000/160{,}000 = \$16$ per unit. Average cost has **risen** by $2 per unit — output growth has been outpaced by cost growth, most likely because the firm has become too large to manage efficiently (a classic sign of diseconomies of scale, e.g. through communication breakdowns between distant sites).

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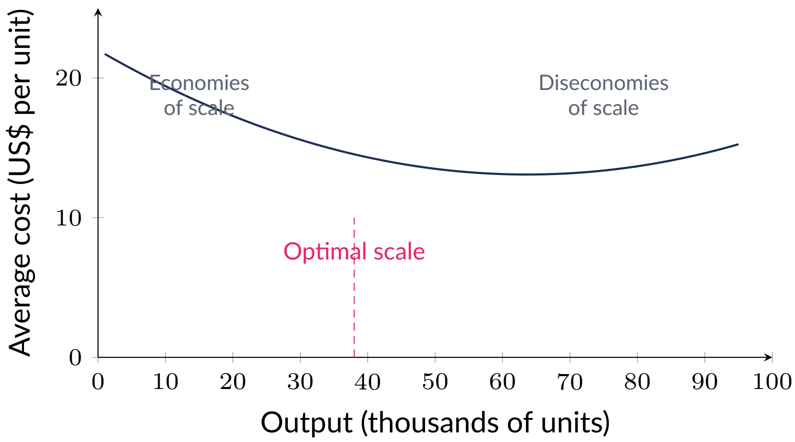
Kinh tế theo quy mô (economies of scale): khi sản lượng tăng, chi phí bình quân/đơn vị **GIẢM** — nhờ mua nguyên liệu số lượng lớn (purchasing), máy móc chuyên dụng hiệu quả hơn (technical), vay vốn rẻ hơn (financial), quản lý chuyên môn hoá (managerial), chi phí quảng cáo được chia đều trên nhiều đơn vị hơn (marketing), và phân tán rủi ro (risk-bearing). **Phi kinh tế theo quy mô (diseconomies of scale)**: khi doanh nghiệp phát triển VƯỢT QUÁ quy mô tối ưu, chi phí bình quân có thể **TĂNG** trở lại do giao tiếp kém hiệu quả, ra quyết định chậm (quan liêu), nhân viên mất động lực (cảm giác "bánh răng nhỏ trong cỗ máy lớn"), và trùng lặp nguồn lực.



A long-run average cost curve: average cost falls as output rises (economies of scale) until the optimal scale is reached, after which average cost begins rising again (diseconomies of scale).

Financial economies of scale

A small firm borrowing $200,000 is charged 9% annual interest by its bank ($= \$18{,}000$/year), reflecting the bank's perception of higher risk from a small, less-established borrower. A large, well-established firm in the same industry borrowing $5,000,000 is charged only 5% annual interest ($= \$250{,}000$/year) because of its stronger credit history, larger asset base to offer as security, and greater bargaining power with lenders. Although the large firm pays far more in *total* interest, its *interest rate* — and therefore its cost of capital per dollar borrowed — is substantially lower, a clear example of a **financial economy of scale** unavailable to the smaller firm.

Despite these advantages of scale, small firms continue to survive and thrive by: serving a small **niche market** too small to attract large competitors; offering highly **personal service**; having lower overheads (no expensive head office); and being far more **flexible** and quick to adapt to changing customer tastes than a large bureaucratic rival.

1.5.2 Evaluating organic versus external growth

When choosing a growth strategy, managers weigh cost, speed, risk and control against one another.

Comparing growth strategies financially

A regional bakery chain with 12 stores wants to double its store count. **Option A (organic growth):** open 12 new stores itself over 4 years, financed from retained profit, at an estimated cost of $150,000 per store $= \$1{,}800{,}000$ total, spread over the period. **Option B (takeover):** acquire a rival chain of 12 existing, already-trading stores immediately for $2,600,000. Option A is cheaper in total and keeps full ownership/control, but takes 4 years and carries the risk that new sites may take time to become profitable. Option B is far faster (immediate doubling of scale, with an already-trained staff and existing customer base) but costs $800,000 more and carries integration risk (differing store layouts, systems, and staff cultures to merge). **Judgement:** if the firm's priority is speed (e.g. a competitor is rapidly expanding into the same region), the higher cost of Option B may be justified; if the firm prioritises minimising cost/risk and can tolerate a slower timeline, Option A is preferable.

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Khi so sánh giữa **tăng trưởng nội bộ** và **tăng trưởng qua thâu tóm**, doanh nghiệp cần cân nhắc: chi phí, tốc độ, rủi ro và quyền kiểm soát. Tăng trưởng nội bộ thường rẻ hơn và giữ được quyền kiểm soát nhưng chậm hơn; thâu tóm nhanh hơn nhưng tốn kém hơn và có rủi ro tích hợp (khác biệt văn hoá, hệ thống).

1.6 Business objectives and stakeholders

A business **objective** is a specific, measurable goal the organisation aims to achieve, ideally set out following the **SMART** framework:

SMART objectives: **S**pecific (clearly defined, not vague), **M**easurable (progress can be tracked with data), **A**chievable (realistic given the firm's resources), **R**ealistic (relevant to the overall strategy), **T**ime-bound (has a clear deadline). Example: "Increase market share from 12% to 15% within the next 18 months" is SMART; "become a better company" is not.

Typical business objectives include: **survival** (especially for a new or struggling firm), **profit maximisation**, **growth** (in sales, market share, or number of outlets), and increasingly **social/ethical objectives** such as reducing environmental impact or improving employee welfare. A firm's objectives commonly change over its lifecycle — a start-up prioritises survival, a growing firm prioritises market share, and a mature market leader may prioritise maximising shareholder returns or protecting its reputation.

(!) Lỗi thường gặp: A **mission statement** (a broad, qualitative declaration of why an organisation exists, e.g. "to inspire and nurture the human spirit") is *not* the same as a business **objective** (a specific, measurable target, e.g. "open 50 new stores by 2027"). Never use the two terms interchangeably in an exam answer — a mission statement cannot itself be "achieved" or "measured" in the way an objective can.

1.6.1 Stakeholders

A **stakeholder** is any individual or group with an interest in, or affected by, the activities and decisions of a business.

Internal stakeholders (inside the organisation): owners/shareholders, managers/directors, employees.
External stakeholders (outside the organisation): customers, suppliers, lenders/banks, government, the local community, and pressure groups.

Stakeholder	Main interest	Typical source of conflict
Shareholders	Higher dividends, rising share price	Want profit retained/distributed to them rather than reinvested or spent on wages
Employees	Job security, higher pay, good conditions	Higher wages raise costs and reduce profit for shareholders
Customers	Low prices, high quality	Cost-cutting to raise profit can reduce quality or raise prices
Suppliers	Being paid promptly and in full, repeat orders	Buyer may delay payment or demand lower prices to cut its own costs
Local community	Local jobs, no pollution/noise	Firm may want to expand, relocate, or cut costs in ways that harm the area
Government	Tax revenue, compliance with law	Firm may seek to minimise tax or resist costly regulation

Because stakeholder interests frequently **conflict**, managers must constantly balance competing demands — for example, shareholders wanting maximum dividends directly competes with employees wanting higher wages, since both come out of the same pool of profit before distribution.

VN **GIẢI THÍCH TIẾNG VIỆT**

Bên liên quan (stakeholder) là bất kỳ cá nhân/nhóm nào có lợi ích liên quan đến hoạt động của doanh nghiệp. **Bên liên quan nội bộ**: chủ sở hữu/cổ đông, quản lý, nhân viên. **Bên liên quan bên ngoài**: khách hàng, nhà cung cấp, chính phủ, cộng đồng địa phương, các tổ chức vận động (pressure groups). Lợi ích của các bên liên quan thường **mâu thuẫn** với nhau — ví dụ cổ đông muốn cổ tức cao hơn trong khi nhân viên muốn lương cao hơn, cả hai đều lấy từ cùng một khoản lợi nhuận.

Analysing a stakeholder conflict

A supermarket chain announces it will close its loss-making town-centre store and relocate operations to an out-of-town warehouse to cut costs. **Shareholders** are likely to support the decision (lower costs, higher future profit). **Employees** at the town-centre store are negatively affected (job losses, or having to relocate). The **local community** loses local jobs, footfall for nearby shops, and possibly convenient access for elderly or car-less shoppers. This illustrates how a single decision can benefit one stakeholder group while harming others — a good exam answer identifies specific groups, explains *why* each is affected, and reaches a balanced judgement.

1.6.2 Mapping stakeholder power and interest

Not all stakeholders have equal influence over a business decision. Managers often think about stakeholders along two dimensions: how much **power** (ability to influence the outcome) a group has, and how much **interest** (how much the decision actually matters to them) they have.

Power and interest

A stakeholder with *high power and high interest* (e.g. a majority shareholder, or a major lender in a highly indebted firm) must be actively managed and closely consulted, since they can significantly affect — and are significantly affected by — the decision. A stakeholder with *low power and low interest* (e.g. a distant member of the public unaffected by the decision) generally requires only minimal monitoring. Employees typically have high interest (their jobs/pay are directly affected) but, individually, limited power — unless organised collectively through a trade union, which substantially increases their bargaining power.

VN **GIẢI THÍCH TIẾNG VIỆT**

Không phải bên liên quan nào cũng có ảnh hưởng như nhau. Có thể phân loại theo hai chiều: **quyền lực (power)** — khả năng tác động đến quyết định, và **lợi ích (interest)** — mức độ quyết định ảnh hưởng đến họ. Cổ đông lớn thường có quyền lực VÀ lợi ích cao nên cần được quản lý/tham vấn chặt chẽ; nhân viên đơn lẻ có lợi ích cao nhưng quyền lực thấp — trừ khi tổ chức thành công đoàn để tăng sức mạnh thương lượng.

1.7 SWOT analysis and strategic decision-making

Before committing resources to a new venture or a major strategic decision, managers commonly conduct a **SWOT analysis** — a structured review of internal and external factors.

SWOT analysis

Strengths — internal, positive factors the business can build on (e.g. strong brand, skilled staff, low costs).
Weaknesses — internal, negative factors that put the business at a disadvantage (e.g. weak cash position, poor location, outdated equipment).
Opportunities — external, positive factors the business could exploit (e.g. a growing market, a competitor exiting, a new technology).
Threats — external, negative factors that could harm the business (e.g. new competitors, rising costs, changing consumer tastes, new regulation).
Strengths and weaknesses are *internal* to the firm (things it can directly control or change); opportunities and threats are *external* (things happening in the wider market/economy that the firm cannot directly control, but must respond to).

Strengths (internal, positive) e.g. strong brand, skilled workforce	**Weaknesses** (internal, negative) e.g. weak cash flow, poor location
Opportunities (external, positive) e.g. growing market, new technology	**Threats** (external, negative) e.g. new competitors, rising costs

A SWOT grid: internal factors (strengths/weaknesses) sit above external factors (opportunities/threats).

Applying SWOT analysis

A family-run bakery considering opening a second branch conducts a SWOT analysis: **Strength** — an excellent local reputation and loyal customer base built over 15 years. **Weakness** — the owner has limited management experience running more than one site simultaneously. **Opportunity** — a nearby retail unit has just become available at a competitive rent in a growing residential area. **Threat** — a large supermarket chain is opening a new in-store bakery counter two streets away. The owner uses this analysis to decide to proceed, but to first hire an experienced assistant manager (addressing the weakness) before signing the new lease.

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Phân tích SWOT: **Điểm mạnh (Strengths)** và **Điểm yếu (Weaknesses)** là các yếu tố **nội bộ** (doanh nghiệp có thể kiểm soát); **Cơ hội (Opportunities)** và **Thách thức (Threats)** là các yếu tố **bên ngoài** (doanh nghiệp không kiểm soát được nhưng phải phản ứng). SWOT giúp doanh nghiệp đưa ra quyết định chiến lược có căn cứ trước khi đầu tư nguồn lực.

(!) Lỗi thường gặp: A very common exam error is placing an external factor (e.g. "a new competitor entering the market") under "Weaknesses" instead of "Threats", or an internal factor (e.g. "outdated machinery") under "Threats" instead of "Weaknesses". Always ask first: is this something the business itself controls (internal) or something happening in the wider environment (external)?

1.8 Aims, objectives, mission and vision

Business documents often distinguish several related but distinct terms:

Vision — a broad, aspirational statement of what the organisation ultimately wants to become in the long run.
Mission statement — a broad, qualitative statement of the organisation's core purpose and values ("why we exist").
Aims — general, medium-term goals that support the mission (e.g. "to become the region's most trusted furniture retailer").
Objectives — specific, measurable, time-bound targets (ideally SMART) that support the aims (e.g. "increase repeat-customer rate from 30% to 40% within 12 months").

In practice, aims and objectives cascade down an organisation: a company-wide objective (e.g. "grow overall revenue by 10%") is typically broken down into more specific departmental targets (e.g. the marketing department's objective to increase website conversion rate, the operations department's objective to reduce production waste), so that every part of the business is working toward the same overall direction.

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Tầm nhìn (vision): mục tiêu dài hạn, đầy khát vọng của tổ chức. **Sứ mệnh (mission statement)**: tuyên bố về mục đích tồn tại cốt lõi. **Mục đích (aims)**: mục tiêu trung hạn, chung chung, hỗ trợ sứ mệnh. **Mục tiêu (objectives)**: chỉ tiêu cụ thể, đo lường được, có thời hạn (SMART), hỗ trợ mục đích. Các mục tiêu công ty thường được chia nhỏ thành mục tiêu riêng cho từng phòng ban.

1.9 Corporate objectives, ownership and control

As firms grow, especially into Plc form, a separation often emerges between **ownership** (shareholders, who own the company) and **control** (professional managers/directors, who run it day-to-day). This can create a **principal–agent problem**: managers (agents) may pursue objectives that benefit themselves (large salaries, prestige, empire-building through acquisitions) rather than strictly maximising returns for shareholders (principals). Boards of directors, remuneration linked to company performance, and shareholder votes at Annual General Meetings (AGMs) are all mechanisms used to try to align managers' behaviour with owners' objectives.

GIẢI THÍCH TIẾNG VIỆT

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Khi doanh nghiệp phát triển lớn (đặc biệt là công ty Plc), thường có sự **tách biệt giữa quyền sở hữu** (cổ đông) **và quyền kiểm soát** (ban giám đốc điều hành hàng ngày). Điều này có thể dẫn đến **vấn đề đại diện (principal-agent problem)**: nhà quản lý có thể theo đuổi mục tiêu có lợi cho bản thân (lương cao, uy tín) thay vì tối đa hoá lợi ích cho cổ đông.

1.10 Practice and consolidation

Bài tập luyện tập

A bakery buys flour, sugar and butter for $120 and turns them into cakes it sells for $500 in total. The value added is:

(A) $620 **(C)** $380

(B) $500 **(D)** $120

Lời giải chi tiết

Value added = selling price − cost of bought-in materials $= 500 - 120 = \$380$. **(C)**.

Bài tập luyện tập

Which factor of production earns *interest* as its reward?

(A) Land **(C)** Capital

(B) Labour **(D)** Enterprise

Lời giải chi tiết

Capital (money and man-made resources used to produce further goods) earns interest as its reward. **(C)**. (Land earns rent, labour earns wages, enterprise earns profit.)

Bài tập luyện tập

Case study. A furniture retailer, ChocoDine Ltd, takes over CocoWood, a timber supplier that provides its raw materials. This is an example of:

(A) Horizontal integration
(B) Backward vertical integration
(C) Forward vertical integration
(D) Conglomerate integration

Lời giải chi tiết

CocoWood is a supplier — an *earlier* stage in the same production chain — so this is **backward vertical integration**. **(B)**.

Bài tập luyện tập

Case study. Firm B produces 20,000 units at a total cost of $500,000. After doubling output to 40,000 units, total cost rises to $720,000. Calculate the average cost per unit before and after the change, and state whether the firm is experiencing economies or diseconomies of scale.

Lời giải chi tiết

Before: $500{,}000/20{,}000 = \$25$/unit. After: $720{,}000/40{,}000 = \$18$/unit. Average cost has **fallen**, so the firm is experiencing **economies of scale** (total cost rose, but by proportionally less than output).

Bài tập luyện tập

Case study. A public limited company plans to close a loss-making factory and move production to a lower-cost country. Identify *two* stakeholder groups who would be negatively affected, and explain one impact on each.

Lời giải chi tiết

Employees — lose their jobs/income and may struggle to find comparable work locally. **Local community** — loses local spending power and possibly tax revenue, and local unemployment rises. (Shareholders may instead benefit from lower costs and higher future profit — a strong answer notes this conflict of interest between groups.)

Bài tập luyện tập

Which of the following best describes a private limited company (Ltd)?

(A) Shares can be bought by anyone on a stock exchange
(B) Shares are sold privately and cannot be traded on a public stock exchange
(C) The owner has unlimited liability
(D) It is owned and controlled by the government

Lời giải chi tiết

A Ltd sells shares privately (family, friends, invited investors) and cannot list them on a public exchange — that is reserved for a Plc. **(B)**.

Bài tập luyện tập

Case study. A sole trader, Mai, runs a small tailoring shop. Her accountant advises her to convert the business into a private limited company. Explain *one* advantage and *one* disadvantage to Mai of making this change.

Lời giải chi tiết

Advantage: Mai would gain **limited liability** — if the business failed, she would only lose the capital she invested in shares, not her personal assets (house, savings), unlike as a sole trader where liability is unlimited. **Disadvantage:** she would face greater administrative burden and cost (the company must file annual accounts and follow more formal legal procedures), and she would need to share some control if she brings in other shareholders.

Bài tập luyện tập

A local sports-drink manufacturer opens a small factory in a neighbouring town using retained profit, without borrowing or bringing in new shareholders. This is best described as:

(A) External growth by merger
(B) External growth by takeover
(C) Internal (organic) growth
(D) Conglomerate integration

Lời giải chi tiết

Reinvesting the firm's own retained profit to expand, without joining with another firm, is **internal (organic) growth**. **(C)**.

Bài tập luyện tập

Case study. A car manufacturer merges with an unrelated luxury fashion house to diversify its business interests. What type of integration is this, and state one advantage of this strategy for the car manufacturer.

Lời giải chi tiết

This is **conglomerate (lateral) integration** — the two firms operate in entirely unrelated industries. **Advantage:** diversification spreads risk — if the car market experiences a downturn, the fashion house's performance is unlikely to be affected in the same way, protecting the group's overall profit.

Bài tập luyện tập

Which of the following is *not* normally classed as an economy of scale?

(A) Bulk-buying discounts on raw materials
(B) Access to cheaper loans due to firm size
(C) Slower decision-making due to more management layers
(D) Spreading advertising costs over more units sold

Lời giải chi tiết

Slower decision-making from extra management layers is a **diseconomy** of scale (a cost of being too large), not an economy of scale. **(C)**.

Bài tập luyện tập

Case study. Two competing airlines operating identical routes agree to merge into a single company. What type of integration is this, and identify *one* likely benefit and *one* likely risk of the merger.

Lời giải chi tiết

This is **horizontal integration** (same stage, same industry). **Benefit:** economies of scale (e.g. combined purchasing power for fuel and aircraft, shared maintenance facilities) and reduced competition on shared routes. **Risk:** potential clash of company cultures, duplicated roles leading to difficult redundancies, and possible regulatory investigation if the merger significantly reduces competition on key routes.

Bài tập luyện tập

A charity sells hand-made crafts produced by disadvantaged workers, reinvesting all surplus income into training programmes rather than paying it out to owners. This organisation is best classified as a:

(A) Sole trader
(B) Public limited company
(C) Social enterprise
(D) Public corporation

Lời giải chi tiết

An organisation that trades commercially but reinvests its surplus into a social mission, rather than distributing profit to private owners, is a **social enterprise**. **(C)**.

Bài tập luyện tập

Case study. A national telecommunications company, formerly owned by the government, is sold to private shareholders and listed on the stock exchange. Identify this process and explain *one* argument for and *one* argument against it.

Lời giải chi tiết

This process is **privatisation**. **Argument for:** private ownership creates a profit incentive to cut costs and become more efficient, and competition (if other private firms can also enter the market) can lower prices/improve service for customers. **Argument against:** if the market is a natural monopoly (e.g. national telecoms infrastructure is hard to duplicate), a private monopoly may simply replace a public one, potentially raising prices or under-investing in unprofitable rural areas that the government previously subsidised.

Bài tập luyện tập

A new entrepreneur has calculated that his café will not break even for its first eight months of trading. Which of the following is the *most* relevant piece of information to include in his business plan to help secure a bank loan?

(A) His favourite type of coffee bean
(B) A cash flow forecast showing how he will cover costs during the loss-making period
(C) The colour scheme of the shop interior
(D) The name he has chosen for the café

Lời giải chi tiết

Banks need to see how the business will survive the period before it becomes profitable — a **cash flow forecast** demonstrates this directly and is central to assessing lending risk. **(B)**.

Bài tập luyện tập

Case study. Explain *two* reasons why a new restaurant might fail within its first year of trading, even though the food itself receives excellent customer reviews.

Lời giải chi tiết

(1) **Poor cash flow management** — even with good food and positive reviews, if the owner does not manage the timing of cash inflows (customer payments) and outflows (rent, supplier payments, wages) carefully, the business can run out of cash and be forced to close, despite being profitable "on paper". (2) **Under-capitalisation** — if the owner started with too little capital, there may not be enough of a buffer to survive the first few months while the customer base and reputation (reflected in the good reviews) are still building up, even before it becomes consistently profitable.

Bài tập luyện tập

Which of the following is *most* likely to be an internal stakeholder of a business?

(A) A local resident living near the factory

(B) A shareholder who owns 5% of the company's shares

(C) A government tax inspector

(D) A customer who has never purchased from the firm

Lời giải chi tiết

A shareholder is an owner of the business and therefore an **internal** stakeholder; residents, government and (non-purchasing) customers are all external stakeholders. **(B)**.

Bài tập luyện tập

Case study. A clothing manufacturer's mission statement reads: "To dress the world responsibly and beautifully." Explain why this is *not* an example of a SMART objective, and rewrite it as one.

Lời giải chi tiết

The mission statement is not SMART because it is not **Specific** or **Measurable** — there is no way to check whether the firm has "dressed the world responsibly and beautifully", and it has no **Time-bound** deadline. A SMART rewrite might be: "Increase the proportion of recycled materials used in our clothing range from 20% to 50% within the next three years" — this is specific, measurable (percentage tracked), achievable/realistic (a defined target), and time-bound (three years).

Bài tập luyện tập

A firm's average cost per unit rises as it expands beyond its most efficient scale, mainly because senior managers can no longer effectively communicate with, or coordinate, its many separate departments. This is best described as:

(A) Purchasing economies of scale

(B) A diseconomy of scale

(C) Technical economies of scale

(D) Vertical integration

Lời giải chi tiết

Rising average cost caused by poor communication/coordination in an overly large organisation is a classic **diseconomy of scale**. **(B)**.

Bài tập luyện tập

Case study. A small independent bookshop continues to survive and turn a modest profit in a town that also has a large chain bookstore offering lower prices. Suggest *two* reasons why the small bookshop is able to compete.

Lời giải chi tiết

(1) **Niche/personal service** — the small bookshop can offer highly personalised recommendations, host local author events, and build close relationships with regular customers in ways the larger chain, focused on efficiency and standardisation, cannot easily replicate. (2) **Flexibility and lower overheads** — with a much smaller premises and staff, the bookshop has lower fixed costs and can adapt its stock quickly to local tastes, whereas the large chain's decisions are made centrally and more slowly.

Bài tập luyện tập

A firm's directors approve a very large acquisition mainly because it will increase the size of the company they personally manage (and therefore their own status and salary), even though independent analysts believe it will not benefit shareholders. This scenario best illustrates:

(A) Diseconomies of scale

(B) Franchising

(C) The principal-agent problem

(D) Backward vertical integration

Lời giải chi tiết

Managers (agents) pursuing personal benefit (status, salary) rather than the interests of shareholders (principals) is a textbook example of the **principal-agent problem**. **(C)**.

Bài tập luyện tập

Case study. A soft-drinks company has fixed capital equipment costing $800,000 that produces 400,000 litres per year at a total cost (fixed plus variable) of $960,000. It is considering an upgrade costing an additional $200,000 that would raise capacity to 700,000 litres per year with a new total cost of $1,330,000. (a) Calculate the current average cost per litre. (b) Calculate the average cost per litre after the upgrade. (c) Advise the company whether the upgrade is worthwhile on cost grounds alone.

Lời giải chi tiết

(a) Current average cost $= 960{,}000/400{,}000 = \$2.40$ per litre.
(b) New average cost $= 1{,}330{,}000/700{,}000 = \$1.90$ per litre.
(c) Average cost falls from \$2.40 to \$1.90 per litre — a saving of \$0.50 per litre — so on cost grounds alone the upgrade is worthwhile, provided the firm can actually sell the extra output at a price above \$1.90 per litre (the analysis only proves the upgrade lowers unit *cost*; it does not by itself prove higher *profit*, which also depends on demand).

Bài tập luyện tập

Which combination correctly matches each factor of production with its reward?

(A) Land–wages, Labour–rent, Capital–interest, Enterprise–profit

(B) Land–rent, Labour–wages, Capital–interest, Enterprise–profit

(C) Land–profit, Labour–interest, Capital–wages, Enterprise–rent

(D) Land–interest, Labour–profit, Capital–rent, Enterprise–wages

Lời giải chi tiết

Land earns rent, Labour earns wages, Capital earns interest, Enterprise earns profit. **(B)**.

Bài tập luyện tập

Case study. A gym chain considering entering a new city identifies: (i) it has an award-winning fitness app used by existing members; (ii) it has never operated in this particular region before and has no local brand recognition; (iii) a major rival gym in the target city has just announced it is closing down; (iv) a new government tax on leisure-centre memberships is due to be introduced next year. Classify each of (i)–(iv) as a Strength, Weakness, Opportunity or Threat.

Lời giải chi tiết

(i) **Strength** (internal, positive — an existing asset the firm can build on). (ii) **Weakness** (internal, negative — a current limitation of the firm itself). (iii) **Opportunity** (external, positive — a change in the market it could exploit). (iv) **Threat** (external, negative — a change in the environment that could harm the business, entirely outside its control).

Bài tập luyện tập

Which of the following is an example of a SMART objective, rather than a vague aim or mission statement?

(A) "To be the best company in our industry"

(B) "To provide excellent value to our customers"

(C) "To increase online sales revenue by 12% within the next 12 months"

(D) "To make our customers happy"

Lời giải chi tiết

Only the third option is specific, measurable and time-bound (12%, within 12 months) — the others are vague, unmeasurable aspirations typical of a mission statement rather than a SMART objective. **(C)**.

Bài tập luyện tập

Case study. Firm D produces 8,000 units at a total cost of $136,000. After investing in new specialised machinery, it produces 8,000 units at a total cost of only $112,000 (same output, lower cost, due to more efficient technology). (a) Calculate average cost before and after the investment. (b) Which specific type of economy of scale does this best illustrate?

Lời giải chi tiết

(a) Before: $136{,}000/8{,}000 = \$17$ per unit. After: $112{,}000/8{,}000 = \$14$ per unit — average cost falls by $3 per unit. (b) Because the cost saving comes from more efficient *machinery/technology* rather than from bulk-buying discounts, financing, or management structure, this best illustrates a **technical economy of scale**.

Bài tập luyện tập

A logistics company merges with a firm that manufactures packaging materials it currently buys from an external supplier. From the logistics company's point of view, this is:

(A) Horizontal integration
(B) Forward vertical integration
(C) Backward vertical integration
(D) Conglomerate integration

Lời giải chi tiết

The packaging manufacturer is a *supplier* — an earlier stage in the logistics company's supply chain — so this is **backward vertical integration**. **(C)**.

Bài tập luyện tập

Case study. A start-up owner writes: "Our vision is to become the most loved coffee brand in the country." Explain why this statement, on its own, would not satisfy a bank's requirements when assessing a loan application, and state what additional document the bank would expect to see.

Lời giải chi tiết

This statement is a **vision/mission statement** — broad, aspirational and impossible to measure or verify — it says nothing about how much money is needed, how it will be spent, or how/when it will be repaid. A bank would instead expect a full, detailed **business plan**, including a cash flow forecast, a description of the target market and competition, and SMART objectives, so that it can properly assess the risk of lending and the likelihood of being repaid.

Bài tập luyện tập

Two independent coffee shops in the same small town, each already profitable, agree to combine into a single larger business, sharing ownership roughly equally. This is best described as a:

(A) Takeover
(B) Merger
(C) Franchise
(D) Joint venture

Lời giải chi tiết

Two firms agreeing, as broadly equal partners, to combine into one organisation is a **merger** (a takeover instead involves one firm buying a *controlling* stake in another). **(B)**.

Bài tập luyện tập

Case study. A national government is considering privatising its state-owned electricity generation company. Identify *one* stakeholder group likely to support the decision and *one* stakeholder group likely to oppose it, explaining each group's reasoning.

Lời giải chi tiết

Likely to support: private investors/potential shareholders, who see an opportunity to profit from owning a share of a large, essential utility company, and possibly taxpayers if privatisation proceeds are used to reduce government debt or fund other public services. **Likely to oppose:** existing employees, who may fear job losses or worse pay/conditions once the company is run for profit rather than as a public service, and consumer/community groups, who may worry that a privatised monopoly could raise electricity prices or reduce investment in less profitable (e.g. rural) areas that the government previously subsidised.

Bài tập luyện tập

A majority shareholder who owns 60% of a company's shares would be classified, on a power/interest map, as having:

(A) Low power, low interest
(B) High power, high interest
(C) Low power, high interest
(D) High power, low interest

Lời giải chi tiết

A majority shareholder can strongly influence company decisions (high power) and is directly financially affected by them (high interest) — **high power, high interest**. **(B)**.

Bài tập luyện tập

Case study. A regional bakery chain with 12 stores is considering doubling in size either by opening 12 new stores itself over 4 years (total cost $1,800,000, financed from retained profit) or by acquiring a rival 12-store chain immediately for $2,600,000 (financed by a new bank loan). Recommend which option the firm should choose if its overriding priority is to respond *before* a fast-expanding new competitor enters the region within the next 12 months. Justify your answer.

Lời giải chi tiết

Recommendation: the takeover (Option B). Although it costs $800,000 more and requires taking on new debt (raising financial risk), organic growth (Option A) would take 4 years — far too slow to respond to a competitor expected to enter within 12 months. The takeover immediately doubles the firm's scale and market presence, allowing it to defend its position *before* the new competitor can establish itself. The higher cost and integration risk are the trade-off accepted in exchange for speed, which is the firm's stated overriding priority in this scenario.

Bài tập luyện tập

A toy manufacturer's SWOT analysis lists "rising cost of imported plastic components due to a new import tariff" as a factor. Where should this be placed on the SWOT grid?

(A) Strength

(B) Weakness

(C) Opportunity

(D) Threat

Lời giải chi tiết

A new import tariff is imposed externally by government and negatively affects the firm — it is a **Threat** (external, negative), not a Weakness (which would need to be an internal factor). **(D)**.

Bài tập luyện tập

Case study. An entrepreneur underestimates her start-up capital needs, budgeting only for equipment and initial inventory but nothing to cover the first few loss-making months of trading. Explain, using the concept of under-capitalisation, why this is a serious risk even if her business idea is fundamentally sound.

Lời giải chi tiết

Almost all new businesses experience a period of low sales and high spending before becoming established and profitable (matching the introduction stage of demand build-up). If the entrepreneur has budgeted no cash buffer for this period, she may run out of cash and be forced to close — even if the underlying business idea would eventually have become profitable — purely because she is **under-capitalised**. This is one of the most common causes of new-business failure, and highlights why a full cash flow forecast covering at least the first several months (not just a one-off list of set-up costs) is essential when estimating start-up capital.

Bài tập luyện tập

A small bakery buys insurance against the risk of fire destroying its premises, but its owner accepts that no insurance policy can protect her against the risk that a new competitor's shop attracts away her regular customers. This distinction illustrates:

(A) Insurable risk (fire) versus uninsurable/speculative risk (losing customers to competition)

(B) Both risks are equally insurable

(C) Neither risk can ever be managed

(D) Fire risk is uninsurable and competition risk is insurable

Lời giải chi tiết

Fire is a quantifiable, historically-data-supported risk that insurers price and cover (**insurable risk**); losing customers to a competitor is an ordinary commercial/market risk inherent to running any business, which cannot be transferred to an insurer (**uninsurable/speculative risk**). **(A)**.

Bài tập luyện tập

Case study. A small firm pays 9% annual interest on a $150,000 loan, while a much larger competitor in the same industry pays only 5% annual interest on a $4,000,000 loan. (a) Calculate the annual interest cost for each firm. (b) Explain, using a named type of economy of scale, why the larger firm secures a lower interest *rate*.

Lời giải chi tiết

(a) Small firm: $150{,}000 \times 0.09 = \$13{,}500$ per year. Large firm: $4{,}000{,}000 \times 0.05 = \$200{,}000$ per year.
(b) Despite paying far more in total interest, the large firm secures a lower interest *rate* due to a **financial economy of scale** — its size, established credit history, and larger asset base (offering more security to lenders) give it greater bargaining power and lower perceived risk in the eyes of banks, compared with the smaller, less-established firm.

Bài tập luyện tập

On a long-run average cost curve, the point at which average cost is at its lowest, before diseconomies of scale begin to set in, is known as the firm's:

(A) Break-even point
(B) Optimal scale
(C) Margin of safety
(D) Contribution point

Lời giải chi tiết

The output level at which average cost is minimised, before diseconomies of scale cause it to rise again, is the firm's **optimal scale**. **(B)**.

Bài tập luyện tập

Case study. A logistics company's insurance policy covers warehouse fire and theft, but explicitly excludes any loss of profit caused by a rival firm launching a cheaper competing delivery service. Explain why insurance companies structure policies this way.

Lời giải chi tiết

Insurance relies on insurers being able to estimate the **probability and average cost** of a specific, definable event (such as fire or theft) using historical data across many policyholders, allowing them to price a fair premium and still make a profit overall. The risk of a competitor undercutting prices is an ordinary, unavoidable commercial risk faced by *every* business, is not a discrete, datable "event", and its likelihood/cost cannot be reliably estimated in the same statistical way — insurers would have no reliable basis for pricing such a policy, and covering it would effectively guarantee firms against the normal risks of operating in a competitive market, undermining the entire purpose of competition and enterprise.

1.10.1 Extended case study: Fresca Foods Ltd

Bài tập luyện tập

Extended case study. Fresca Foods Ltd is a private limited company that manufactures fruit juices, founded 9 years ago by two friends, Aisha and Ben, who remain the only two shareholders. The company currently produces 400,000 litres per year at a total cost of $680,000. Aisha wants to convert the business into a public limited company (Plc) to raise $3,000,000 for a new factory that would raise capacity to 900,000 litres per year at a forecast total cost of $1,215,000. Ben is concerned about losing control of the company they built together. A rival juice producer has recently approached Fresca Foods suggesting the two firms merge.

(a) Calculate Fresca Foods' current average cost per litre.
(b) Calculate the forecast average cost per litre after the expansion, and state whether the firm would benefit from economies of scale.
(c) Explain *one* advantage and *one* disadvantage to Ben of converting the company to a Plc.
(d) A rival firm has proposed a merger. Identify the type of integration this would represent, and explain *one* reason Aisha and Ben might accept it as an alternative to converting to a Plc.
(e) Identify *two* stakeholder groups (other than Aisha and Ben) who would be affected by the decision to expand, and explain one likely impact on each.

Lời giải chi tiết

(a) Current average cost $= 680{,}000/400{,}000 = \$1.70$ per litre.

(b) Forecast average cost $= 1{,}215{,}000/900{,}000 = \$1.35$ per litre. Average cost falls by $0.35 per litre even though total cost rises — output more than doubles (125% increase) while total cost rises by a smaller proportion (78.7% increase), so the firm **would benefit from economies of scale**.

(c) Advantage to Ben: the Plc conversion would allow the company to raise the full $3,000,000 needed for the new factory (likely far more than a private Ltd could raise from a small group of private investors), funding the expansion without relying entirely on debt. **Disadvantage to Ben:** issuing shares to the public would dilute his and Aisha's ownership stake and voting control — as more shares are sold to outside investors, the two founders' combined percentage ownership falls, and the company becomes vulnerable to an unwanted takeover if enough shares end up in a single rival's hands.

(d) Merging with another juice producer at the same stage of production, in the same industry, is **horizontal integration**. **Reason to accept:** a merger could deliver similar economies of scale and increased market share/reduced competition *without* needing to give up control to potentially thousands of new public shareholders (as a Plc conversion would) — the two original owners might retain a larger combined stake in the merged company than they would after a full public share sale.

(e) Employees: the expansion is likely to create new jobs at the larger factory, benefiting existing and new staff, though it may also require retraining to operate new/larger-scale equipment. **Local community:** the larger factory could bring more local employment and economic activity to the area, but may also raise concerns about increased traffic, noise, or environmental impact (e.g. water use, packaging waste) from a juice-processing plant nearly tripling its output.

Bài tập luyện tập

A business's **aims** are best described as:

(A) Specific, measurable, time-bound targets

(B) General, medium-term goals that support the organisation's overall mission

(C) A one-off snapshot of the balance sheet

(D) A method of calculating break-even output

Lời giải chi tiết

Aims are general, medium-term goals supporting the mission; SMART objectives (not aims) are the specific, measurable, time-bound targets. **(B)**.

Bài tập luyện tập

Case study. A private limited company (Ltd) with four shareholders wants to raise $8,000,000 for a major overseas expansion — far more than its current shareholders can provide and more than a typical bank would be willing to lend unsecured. Explain why converting to a public limited company (Plc) may be the most realistic way to raise this specific amount, and identify one risk this conversion would introduce.

Lời giải chi tiết

A Plc conversion allows the company to sell shares on a public stock exchange to a very large pool of potential investors (rather than a small private circle), making it realistic to raise very large sums such as $8,000,000 that would be difficult for a private Ltd (limited to private investors) or a single bank loan (limited by the lender's risk appetite and the value of available security) to provide alone. **Risk introduced:** the wide public sale of shares increases the risk of an unwanted **takeover**, since a rival or activist investor could potentially acquire a large enough stake to gain significant influence or even control over the company, and the original owners' combined ownership share is diluted.

Bài tập luyện tập

Which of the following is most likely to be classified as an internal (rather than external) stakeholder of a manufacturing company?

(A) A local river authority monitoring factory discharge

(B) The company's own production manager

(C) A national trade regulator

(D) A rival firm in the same industry

Lời giải chi tiết

The production manager is employed by, and works inside, the company — an **internal** stakeholder. The other three are all external parties affected by or monitoring the company from outside. **(B)**.

Bài tập luyện tập

Case study. A conglomerate group owns a food manufacturer, an insurance company, and a chain of gyms — three entirely unrelated businesses. During a severe downturn in the food manufacturing industry, the group's overall annual profit falls by only 4%, even though the food manufacturing division's profit falls by 35%. Explain, using a relevant concept from this unit, why the group's overall profit is so much more stable than its food division alone.

Lời giải chi tiết

This illustrates the **risk-bearing benefit of conglomerate (lateral) diversification**: because the group's three businesses operate in entirely unrelated industries, a severe downturn specific to food manufacturing is unlikely to affect the insurance and gym businesses in the same way (and may not affect them at all). The group's overall profit is therefore an average across three largely independent performances, which smooths out the impact of any single division's poor year — a core reason firms pursue conglomerate integration despite the added complexity of managing very different types of business under one group.

Bài tập luyện tập

Which type of business organisation is *most* likely to be democratically controlled by its members, with each member typically holding one vote regardless of how much capital they have invested?

(A) Public limited company (Plc)
(B) Sole trader
(C) Co-operative
(D) Multinational company

Lời giải chi tiết

A co-operative is owned and democratically controlled by its members, typically on a one-member-one-vote basis, unlike a Plc where voting power is normally proportional to shareholding. **(C)**.

Bài tập luyện tập

Case study. A partnership of three architects wants to expand by inviting a fourth, highly experienced architect to join as an equal partner, sharing capital, profit and unlimited liability equally among all four. Explain *one* advantage and *one* disadvantage of this specific route to growth, compared with simply hiring the experienced architect as a salaried employee instead.

Lời giải chi tiết

Advantage of making them a partner (rather than an employee): the firm gains not just their skills but also their additional **capital contribution** and full commitment/motivation that comes from shared ownership and profit (rather than a fixed salary regardless of the firm's performance), and shares the workload and risk-bearing across a fourth equal partner. **Disadvantage:** the three existing partners must now share profit with a fourth partner (reducing each existing partner's share of total profit, even if overall firm profit rises), and — because partnerships typically carry unlimited liability — each partner remains personally exposed to a larger scale of financial risk as the business grows, compared with simply paying the architect a fixed, capped salary as an employee.

Bài tập luyện tập

A government decides to sell a majority stake in the previously state-owned national airline to private investors via the stock exchange. Which of the following is the most likely direct benefit to the government of this decision?

(A) The airline immediately becomes unprofitable

(B) The government receives a large one-off cash sum from the sale and is relieved of ongoing responsibility for the airline's losses (if any)

(C) The airline is legally required to lower all its ticket prices

(D) Air travel demand automatically falls

Lời giải chi tiết

Privatisation typically generates a substantial one-off cash receipt for the government from the sale of shares, while transferring ongoing financial responsibility (and any future losses) to private owners. **(B)**.

Bài tập luyện tập

Case study. A small, family-run vineyard has survived for 40 years despite competition from large, mass-market wine producers offering much lower prices. Using relevant concepts from this unit, explain *two* reasons why a small firm like this can continue to compete successfully against much larger rivals.

Lời giải chi tiết

(1) **Niche market focus** — the vineyard likely targets a small, specific segment of wine drinkers who value authenticity, provenance, and a personal/artisanal story that a large, mass-market producer (focused on economies of scale and low unit cost) cannot easily replicate, allowing the vineyard to charge premium prices to a loyal customer base rather than compete purely on price. (2) **Lower overheads and greater flexibility** — as a small, family-run operation, the vineyard likely has far lower fixed costs (no large head office, no extensive management hierarchy) and can adapt quickly to changing tastes or opportunities (e.g. a new wine style, a direct-to-consumer online sales channel) far more nimbly than a large, bureaucratic mass-market competitor with many layers of decision-making to work through.

1.11 Business ethics and social responsibility: an introduction

Beyond pursuing profit, businesses increasingly consider their broader impact on stakeholders and society. **Business ethics** refers to applying moral principles (honesty, fairness, respect) to business decision-making, even where the law does not strictly require it.

Ethical behaviour can include: paying suppliers fairly and promptly, being honest in advertising claims, treating employees with respect and paying a fair wage, and avoiding practices that exploit vulnerable customers (e.g. deliberately confusing pricing or contract terms). Acting ethically can raise short-term costs (e.g. paying above the legal minimum wage) but often builds long-term customer trust, brand reputation and employee loyalty — while acting unethically (even if technically legal) risks serious reputational damage if it becomes public, potentially causing far greater financial harm than the short-term cost saved.

The cost of an ethical lapse

A food company is found to have used a cheaper, lower-quality ingredient than advertised on its packaging, which was legal but misleading. Once discovered and publicised, the company loses a major supermarket contract worth $2,000,000 per year and must spend $400,000 on a corrective advertising campaign to rebuild trust — a total cost of $2,400,000 in the first year alone, vastly exceeding the modest saving originally made from using the cheaper ingredient. This illustrates why short-term unethical decisions, even when technically legal, can be extremely costly once exposed.

VN GIẢI THÍCH TIẾNG VIỆT

Đạo đức kinh doanh (business ethics) là việc áp dụng các nguyên tắc đạo đức (trung thực, công bằng, tôn trọng) vào quyết định kinh doanh, ngay cả khi pháp luật không bắt buộc. Hành động phi đạo đức (dù hợp pháp) có thể gây thiệt hại tài chính nghiêm trọng hơn nhiều so với khoản tiết kiệm ban đầu, một khi bị công khai và ảnh hưởng đến uy tín thương hiệu.

Bài tập luyện tập

Case study. A clothing retailer discovers that switching to a slightly cheaper overseas fabric supplier, who is known to underpay workers relative to international standards but does not break any local law, would save $180,000 per year. Evaluate whether the retailer should proceed with the switch purely on cost grounds.

Lời giải chi tiết

While switching suppliers would be **legal** and would save $180,000 per year, it raises a clear **ethical** concern (underpaying workers relative to international standards), and the retailer should weigh this against potential reputational risk: if customers, journalists, or campaign groups later publicise the poor labour standards in its supply chain, the retailer could face a boycott, loss of major retail partnerships, or costly corrective PR/CSR spending — potentially far exceeding the $180,000 annual saving, as seen in the food company example above. **Evaluation:** the retailer should not decide on cost grounds alone; it should independently verify the supplier's actual labour practices and consider whether the reputational and ethical risk is proportionate to the relatively modest cost saving, particularly if the retailer's brand identity or existing customer base places value on ethical sourcing.

Bài tập luyện tập

Which of the following is the clearest example of a business acting ethically, beyond what the law strictly requires?

(A) Paying exactly the legal minimum wage required by law

(B) Meeting the minimum legal safety standard and no more

(C) Voluntarily paying above the legal minimum wage and funding safety improvements beyond what regulation requires

(D) Advertising a product using only factually accurate, legally compliant claims

Lời giải chi tiết

Going beyond the legal minimum (voluntarily paying more, investing in extra safety beyond regulatory requirements) is the clearest example of ethical behaviour exceeding the legal baseline. **(C)**.

1.12 Measuring and comparing business performance

Beyond ratio analysis (covered in depth in Unit 5), managers use a range of non-financial performance indicators to judge how well a business is meeting its objectives.

Common non-financial performance indicators include: **customer satisfaction scores** (from surveys or reviews), **employee satisfaction/labour turnover** (Unit 2), **market share** (Unit 3), **product quality/defect rates** (Unit 4), and **environmental/CSR indicators** (e.g. carbon emissions per unit produced). No single measure captures overall business success — a firm might be highly profitable in the short term while damaging its long-term reputation (poor customer satisfaction, high staff turnover), so managers typically monitor a **balanced range** of both financial and non-financial indicators together.

Financial success masking non-financial problems

A retailer reports record annual profit of $4,200,000, up 18% on the previous year. However, the same year, its customer satisfaction score falls from 82% to 61%, and its labour turnover rate rises from 15% to 38%. The strong profit figure alone would suggest the business is thriving, but the sharp declines in customer satisfaction and rising staff turnover are serious warning signs of underlying problems (e.g. cost-cutting that has damaged service quality or staff morale) that could threaten the firm's *future* profit if left unaddressed — illustrating why relying on a single financial measure of success can be misleading.

GIẢI THÍCH TIẾNG VIỆT

VN Ngoài các tỷ số tài chính, doanh nghiệp còn theo dõi các **chỉ số phi tài chính**: mức độ hài lòng của khách hàng, tỷ lệ nghỉ việc của nhân viên, thị phần, tỷ lệ lỗi sản phẩm, và các chỉ số môi trường/CSR. Một doanh nghiệp có thể có lợi nhuận cao trong ngắn hạn nhưng vẫn tiềm ẩn rủi ro nếu các chỉ số phi tài chính (hài lòng khách hàng, giữ chân nhân viên) đang xấu đi — vì vậy nhà quản lý cần theo dõi một tập hợp **cân bằng** cả chỉ số tài chính lẫn phi tài chính.

Bài tập luyện tập

Case study. A gym chain reports profit growth of 22% this year, but its online review rating has fallen from 4.3 to 2.9 out of 5, and three of its five regional managers have resigned in the past six months. Explain why the board should not be reassured by the profit figure alone, and suggest one non-financial metric the board should investigate further.

Lời giải chi tiết

The board should not be reassured by profit growth alone because the sharp fall in review ratings and the loss of the majority of its regional management team are serious warning signs that could be masking underlying problems — for example, the profit growth might have come from short-term cost-cutting (e.g. reduced staffing, deferred equipment maintenance) that is damaging customer experience and driving away experienced managers, rather than from genuine, sustainable improvement in the business. If these underlying problems are not addressed, they are likely to undermine *future* profit once the current cost-cutting effect fades or customers act on their dissatisfaction (e.g. cancelling memberships). **Metric to investigate:** customer churn/membership cancellation rate, which would reveal whether declining satisfaction is already translating into lost customers, a leading indicator of future revenue problems.

Bài tập luyện tập

Which of the following best explains why managers should track a balanced range of both financial and non-financial performance indicators, rather than profit alone?

(A) Non-financial indicators are always more important than profit

(B) Profit can look strong in the short term even while underlying problems (e.g. falling customer satisfaction, high staff turnover) are building up, threatening future performance

(C) Financial indicators are illegal to publish

(D) There is no meaningful relationship between financial and non-financial indicators

Lời giải chi tiết

Non-financial problems (falling satisfaction, rising staff turnover) can exist beneath an apparently strong current profit figure, later threatening future financial performance if left unaddressed — hence the need for a balanced set of indicators. **(B)**.

1.13 Consumer behaviour and adding value revisited

Returning to the concept of added value introduced earlier in this unit, understanding *why* customers are willing to pay more for one product than an apparently similar rival helps explain almost every strategic decision covered elsewhere in this book — from branding (Unit 3) to CSR (Unit 6).

Added value across the whole business

Two coffee shops buy identical beans at the same $3/kg cost, brewing cups that cost $0.40 each in ingredients. Shop A sells its coffee for $2.50 (added value $= 2.50 - 0.40 = \$2.10$ per cup) in a plain, functional setting with no loyalty scheme. Shop B, using the exact same ingredients, sells its coffee for $4.20 (added value $= 4.20 - 0.40 = \$3.80$ per cup) by investing in an inviting atmosphere, skilled baristas, a loyalty app, and a strong local brand reputation for quality and community involvement (a form of CSR). Shop B earns $1.70 more added value per cup than Shop A from *identical* raw ingredients — demonstrating concretely how brand, service, atmosphere and reputation (not the physical product cost) are often the true drivers of a firm's ability to add value and earn higher profit margins.

VN GIẢI THÍCH TIẾNG VIỆT

Ví dụ trên cho thấy: hai quán cà phê dùng nguyên liệu giống hệt nhau nhưng quán B tạo ra giá trị gia tăng cao hơn $1.70/cốc nhờ đầu tư vào không gian, nhân viên pha chế lành nghề, ứng dụng khách hàng thân thiết và uy tín thương hiệu địa phương — cho thấy thương hiệu, dịch vụ và danh tiếng (chứ không phải chi phí nguyên liệu vật lý) thường mới là yếu tố thực sự tạo ra giá trị gia tăng và lợi nhuận cao hơn cho doanh nghiệp.

Bài tập luyện tập

Case study. A furniture maker buys raw timber for $60 per table and sells the finished, unbranded table for $150 (added value $= \$90$). A rival furniture maker uses identical timber and joinery techniques, but sells its finished table — branded, with a 10-year guarantee and free assembly service — for $260. (a) Calculate the rival's added value per table. (b) Explain *two* specific reasons the rival is able to add so much more value from identical raw materials.

Lời giải chi tiết

(a) Rival's added value $= 260 - 60 = \$200$.
(b) (1) **Branding** — a recognised, trusted brand name allows the rival to charge a premium price that an unbranded, generic product cannot command, even if the underlying materials and construction are identical. (2) **Additional service/guarantee** — the 10-year guarantee (reducing perceived risk for the customer) and free assembly service (added convenience) are valuable benefits layered on top of the physical product itself, for which customers are willing to pay significantly more, even though these services add relatively little to the rival's own raw material cost.

1.14 Business growth and methods of expansion

Most successful businesses aim to grow over time, since growth can bring economies of scale, greater market power, higher profits in absolute terms, and enhanced status/security for owners and managers. Growth can be pursued through two broad routes.

Organic (internal) growth vs. external growth

Organic growth (also called *internal growth*) is expansion achieved through a firm's own resources and trading activity — opening new branches, launching new products, reinvesting retained profit, or expanding into new markets — without combining with another business. It is generally slower but lower-risk, and allows the firm to grow at a pace it can manage, keeping full control in the hands of existing owners.
External growth is expansion achieved by joining with, or acquiring, another business — through a **merger** (two firms agreeing to combine, usually as roughly equal partners, to form a single new organisation) or a **takeover/acquisition** (one firm buys a controlling stake in another, which may be unwilling — a *hostile* takeover). External growth is faster than organic growth, but carries higher risk: cultures may clash, integration is complex and costly, and the price paid to acquire a firm may exceed its true underlying value.

Types of integration in external growth:
Horizontal integration — merging with or acquiring a firm at the *same* stage of production in the *same* industry (e.g. two supermarket chains merging). Benefits: instantly increased market share, elimination of a direct competitor, cost savings from combining head-office/administrative functions.
Vertical integration — merging with or acquiring a firm at a *different* stage of the *same* supply chain. **Backward vertical integration** means acquiring a supplier (e.g. a bakery buying a flour mill), securing input supply and cutting out the supplier's profit margin. **Forward vertical integration** means acquiring a business closer to the final customer (e.g. a manufacturer buying a retail chain), gaining more control over how the product is sold and a larger share of the final selling price.
Conglomerate integration — merging with or acquiring a firm in a *completely unrelated* industry, primarily to **diversify risk**: if one industry experiences a downturn, profits from the other, unrelated industry may remain stable, smoothing the group's overall performance.

Evaluating a horizontal merger

Two regional bakery chains, each with a 14% share of the same local bread market, agree to merge. **Immediate effect**: the combined firm's market share becomes $14 + 14 = 28\%$ overnight — a scale of growth that would likely take years to achieve organically. **Potential benefit**:

closing one of the two head offices could save an estimated $800,000 per year in duplicated administrative costs. **Potential risk**: if the two chains have very different working cultures (e.g. one highly centralised, one highly delegated), integrating staff, systems and suppliers could prove costly and slow, and some customers loyal to one of the original brands may be lost if branch closures or rebranding follow the merger.

VN GIẢI THÍCH TIẾNG VIỆT

Tăng trưởng nội bộ (organic growth): mở rộng bằng chính nguồn lực của doanh nghiệp (mở chi nhánh mới, ra sản phẩm mới, tái đầu tư lợi nhuận) — chậm hơn nhưng ít rủi ro hơn. **Tăng trưởng bên ngoài (external growth)**: mở rộng bằng cách **sáp nhập (merger)** hoặc **thâu tóm (takeover)** doanh nghiệp khác — nhanh hơn nhưng rủi ro cao hơn (xung đột văn hoá, chi phí hợp nhất). **Sáp nhập theo chiều ngang (horizontal)**: cùng ngành, cùng công đoạn (tăng thị phần ngay lập tức). **Sáp nhập theo chiều dọc (vertical)**: khác công đoạn trong cùng chuỗi cung ứng — **ngược dòng (backward)** là mua nhà cung cấp, **xuôi dòng (forward)** là mua kênh phân phối/bán lẻ. **Sáp nhập tập đoàn (conglomerate)**: ngành hoàn toàn khác nhau, chủ yếu để phân tán rủi ro.

Franchising as a growth method

A successful independent coffee shop owner wants to expand nationally but lacks the capital to open 40 new branches herself. Instead, she **franchises** the business: independent franchisees pay an initial franchise fee (e.g. $25,000) plus an ongoing royalty (e.g. 6% of each branch's revenue) in exchange for the right to use her proven brand, recipes, and operating systems. **Benefit to the franchisor**: rapid growth in the number of branches without needing to raise or risk her own capital for each new site, since each franchisee funds their own branch. **Benefit to the franchisee**: they get a tested, already-successful business format with a recognised brand and lower failure risk than starting a completely new, unproven business from scratch. **Drawback to the franchisor**: less direct day-to-day control over how each branch is actually run, and a share of profit is permanently given up as royalties rather than kept in full.

VN GIẢI THÍCH TIẾNG VIỆT

Nhượng quyền thương mại (franchising): một hình thức tăng trưởng bên ngoài, trong đó bên nhượng quyền (franchisor) cho phép bên nhận quyền (franchisee) sử dụng thương hiệu và mô hình kinh doanh đã thành công, đổi lại một khoản phí ban đầu và phí bản quyền định kỳ (thường tính theo % doanh thu). Franchisor tăng trưởng nhanh mà không cần bỏ vốn cho từng chi nhánh mới, nhưng mất một phần lợi nhuận và quyền kiểm soát trực tiếp.

Bài tập luyện tập

Two firms in the *same* industry, at the *same* stage of production, agree to combine into a single company. This is an example of:

(A) Vertical integration

(B) Horizontal integration

(C) Conglomerate integration

(D) Organic growth

Lời giải chi tiết

Combining with a firm at the same stage of production in the same industry is **horizontal integration**. **(B)**.

Bài tập luyện tập

Case study. A furniture retailer decides to acquire the timber-processing mill that supplies most of its raw materials, aiming to secure supply and reduce costs. (a) Identify the specific type of integration this represents. (b) Explain *one* benefit and *one* risk of this decision for the retailer.

Lời giải chi tiết

(a) Acquiring a **supplier** (a business at an *earlier* stage of the same supply chain) is **backward vertical integration**.
(b) **Benefit:** the retailer secures a reliable supply of timber and can cut out the mill's profit margin, potentially lowering its own input costs. **Risk:** the retailer now has to manage an unfamiliar business (timber milling) outside its core retail expertise, and if the mill's own costs are poorly controlled, the retailer bears that risk directly rather than being able to simply switch to a cheaper alternative supplier.

Bài tập luyện tập

A large corporation that manufactures steel acquires a completely unrelated chain of fitness gyms in a different country, primarily to spread risk across unrelated markets. This is an example of:

(A) Horizontal integration
(B) Backward vertical integration
(C) Conglomerate integration
(D) Forward vertical integration

Lời giải chi tiết

Combining with a firm in a completely unrelated industry, mainly to diversify/spread risk, is **conglomerate integration. (C)**.

1.15 Choosing a business location

Where a business chooses to locate its premises can significantly affect its costs, access to customers, and long-run competitiveness.

Key factors influencing a location decision include: **cost** (rent/land prices, local wage rates, which are often far lower in some regions than others); **proximity to market** (closer to customers reduces delivery time/cost — especially important for perishable goods or services requiring face-to-face contact); **proximity to suppliers/raw materials** (reduces transport cost and delay, especially for heavy or bulky inputs); **availability of a suitably skilled workforce**; **infrastructure** (transport links, reliable utilities); and **government incentives** (grants, tax breaks offered to attract businesses to a particular region, often areas of high unemployment).

Weighing cost against market access

A bakery is choosing between a cheap out-of-town unit (rent \$18,000/year, but an estimated \$40,000/year in lost sales due to lower footfall) and a much more expensive town-centre unit (rent \$70,000/year, but no loss of footfall-driven sales). **Out-of-town total effective cost** $= 18{,}000 + 40{,}000 = \$58{,}000$. **Town-centre total effective cost** $= \$70{,}000$ (rent only, no footfall loss). Comparing the two, the out-of-town site is actually the *cheaper* overall option once the lost sales from reduced footfall are taken into account ($58{,}000 < 70{,}000$), even though its rent alone looks far cheaper still — illustrating why location decisions must weigh the *full* commercial impact, not just the most visible cost (rent).

VN GIẢI THÍCH TIẾNG VIỆT

Các yếu tố ảnh hưởng đến quyết định **địa điểm kinh doanh**: chi phí (giá thuê, tiền lương địa phương), khoảng cách đến thị trường/khách hàng, khoảng cách đến nhà cung cấp/nguyên liệu, nguồn lao động có kỹ năng phù hợp, cơ sở hạ tầng, và các ưu đãi của chính phủ. Ví dụ trên cho thấy cần so sánh **tổng chi phí thực tế** (bao gồm doanh thu bị mất do vị trí kém thuận lợi), chứ không chỉ so sánh tiền thuê mặt bằng.

Bài tập luyện tập

Case study. A logistics firm is choosing a new warehouse location. Site X has cheap land ($40,000/year) but is 90 minutes from the nearest motorway, adding an estimated $65,000/year in extra fuel and driver-hour costs. Site Y costs $95,000/year in land but sits directly beside the motorway with no extra transport cost. Calculate the total effective annual cost of each site and recommend which the firm should choose.

Lời giải chi tiết

Site X total effective cost $= 40{,}000 + 65{,}000 = \$105{,}000$. Site Y total effective cost $= \$95{,}000$ (no extra transport cost). Since $95{,}000 < 105{,}000$, **Site Y is the cheaper option overall** despite its higher land cost, once the extra transport costs of the more remote Site X are properly accounted for.

1.16 Writing a business plan

Before starting a business, most entrepreneurs prepare a formal **business plan** — a written document setting out the objectives, strategy and finances of a proposed venture.

A typical business plan includes: a description of the **business idea/product**; the target **market** and evidence of demand (often from market research); the proposed **marketing strategy**; details of key personnel and their relevant experience; an outline of **operations** (how the product will be made/delivered); and **financial forecasts** (start-up costs, a cash flow forecast, and a break-even analysis).
A business plan is valuable because it forces the entrepreneur to think through problems *before* they cost real money, and because banks and outside investors will almost always require a credible plan before agreeing to lend or invest — it is central evidence used to judge whether a proposed venture is likely to succeed and whether the entrepreneur has genuinely thought through the risks involved.

Using a business plan to secure start-up finance

An entrepreneur wants to open a small bakery, requiring $60,000 of start-up capital: $35,000 for equipment and fit-out, and $25,000 as a cash-flow buffer for the first six months of trading before the bakery reliably breaks even. She has $15,000 of her own savings and needs to raise the remaining $45,000. Her business plan includes market research showing strong local demand (a survey of 200 nearby residents found 68% would regularly buy from a new local bakery), a break-even analysis showing the bakery needs to sell 340 items per week to cover its costs (well below the estimated realistic capacity of 900 items per week), and a detailed 12-

month cash flow forecast. Presenting this evidence-based plan to her bank, rather than simply asking for a loan with no supporting detail, significantly improves her chances of securing the $45,000 loan, since it demonstrates she has carefully researched demand and thought through the financial risks rather than relying on optimism alone.

VN GIẢI THÍCH TIẾNG VIỆT

Kế hoạch kinh doanh (business plan) là văn bản trình bày ý tưởng, thị trường mục tiêu, chiến lược marketing, nhân sự chủ chốt, kế hoạch vận hành và dự báo tài chính (chi phí khởi nghiệp, dự báo dòng tiền, phân tích hoà vốn) của một doanh nghiệp mới. Kế hoạch kinh doanh giúp doanh nhân suy nghĩ kỹ các vấn đề trước khi tốn tiền thật, và hầu như luôn là yêu cầu bắt buộc để ngân hàng/nhà đầu tư xem xét cho vay hoặc đầu tư.

Bài tập luyện tập

Which of the following is *least* likely to be a core component of a formal business plan?

(A) A cash flow forecast and break-even analysis

(B) Evidence of market research supporting demand for the product

(C) The entrepreneur's favourite holiday destination

(D) An outline of how the product will be made or delivered (operations)

Lời giải chi tiết

A business plan focuses on the business idea, market, operations, personnel and finances — an entrepreneur's personal holiday preferences are irrelevant. **(C)**.

Bài tập luyện tập

Case study. An entrepreneur needs $50,000 to launch a mobile car-valeting business: $20,000 for equipment and a van, and $30,000 as a cash-flow buffer. She has $10,000 of her own savings. Her business plan shows break-even at 25 valets per week, against an estimated realistic capacity of 70 valets per week. (a) Calculate how much additional finance she needs to raise. (b) Explain *one* reason a bank would be more likely to lend to her given the evidence in her plan.

Lời giải chi tiết

(a) Additional finance needed $= 50{,}000 - 10{,}000 = \$40{,}000$.
(b) The break-even point (25 valets/week) is well below her estimated realistic capacity (70 valets/week), giving the bank concrete evidence that the business is likely to be able to comfortably cover its costs and generate a surplus, rather than relying on unsupported optimism — reducing the bank's perceived risk of lending.

People in Business

> **Mục tiêu Unit:** Động lực làm việc tại nơi làm việc (thuyết Taylor, Maslow, Herzberg và các phương pháp đãi ngộ tài chính/phi tài chính); cơ cấu tổ chức và quản lý (sơ đồ tổ chức, tầm kiểm soát, phân quyền, phong cách lãnh đạo); tuyển dụng, tuyển chọn và đào tạo nhân sự; các hình thức việc làm và luật lao động; truyền thông trong doanh nghiệp.

2.1 Motivation at work

Motivation is the will or desire of an employee to work hard and effectively. A well-motivated workforce tends to be more productive, produce higher-quality work, show greater flexibility/willingness to accept change, and have lower **labour turnover** (the rate at which employees leave and must be replaced) and lower **absenteeism**. Poor motivation raises recruitment/training costs (through turnover), reduces output quality, and can damage customer service.

Key motivation theories

F.W. Taylor (Scientific Management, early 1900s): believed workers are motivated *mainly* by money. Jobs should be broken down into simple, repetitive tasks that can be timed and measured, and workers should be paid according to output (**piece-rate**) to maximise productivity. Taylor's approach assumes close supervision and tight managerial control.

Abraham Maslow (Hierarchy of Needs, 1943): argued people are motivated by satisfying a hierarchy of needs, in order, from the bottom up:

1. **Physiological** — food, water, warmth, a living wage.
2. **Safety** — job security, a safe working environment, a pension.
3. **Social/belonging** — friendship and teamwork at work.
4. **Esteem** — recognition, status, respect from others.
5. **Self-actualisation** — reaching one's full potential, creative/challenging work.

Once a lower need is satisfied, it stops motivating and the individual seeks to satisfy the next level up.

Frederick Herzberg (Two-Factor Theory, 1959): distinguished between **hygiene factors** (pay, working conditions, company policy, job security, relationships with supervisors) — these do *not* motivate, but their absence causes *dissatisfaction* — and **motivators** (achievement, recognition, the work itself, responsibility, advancement/growth) — these are what genuinely create job *satisfaction* and drive extra effort. Herzberg's research directly **challenged** Taylor's view: he found that pay alone rarely motivates beyond removing dissatisfaction.

Self-actualisation

Esteem needs (recognition, status)

Social needs (teamwork, belonging)

Safety needs (job security, safe conditions)

Physiological needs (food, water, wages)

Maslow's hierarchy of needs: once a lower level is satisfied it stops motivating, and the individual is driven to satisfy the next level up.

VN **GIẢI THÍCH TIẾNG VIỆT**

Taylor cho rằng con người chỉ làm việc chăm chỉ vì **tiền** → chia nhỏ công việc, trả lương theo sản phẩm (piece-rate) để tối đa hoá năng suất. **Maslow** xếp nhu cầu con người theo **tháp 5 bậc**: sinh lý → an toàn → xã hội → được tôn trọng → tự thể hiện bản thân — khi một bậc được thoả mãn, con người tìm cách thoả mãn bậc tiếp theo. **Herzberg** tách biệt **yếu tố duy trì** (lương, điều kiện làm việc — chỉ ngăn sự bất mãn, KHÔNG tạo động lực) khỏi **yếu tố tạo động lực thật sự** (được công nhận, được giao trách nhiệm, được phát triển bản thân) — và nghiên cứu của ông đã **phản bác** quan điểm của Taylor rằng tiền là động lực duy nhất.

Elton Mayo — the Hawthorne studies

Elton Mayo's famous Hawthorne experiments (1920s–30s) found that workers' productivity rose when researchers simply paid them more **attention** — being observed, consulted and organised into teams — regardless of the specific physical changes being tested (e.g. lighting levels). This became known as the **Hawthorne effect** and led Mayo to conclude that **social factors** — feeling valued, being consulted, and belonging to a supportive team — are powerful motivators, reinforcing the idea (later built on by Maslow and Herzberg) that money alone does not fully explain human motivation at work.

VN **GIẢI THÍCH TIẾNG VIỆT**

Elton Mayo (thí nghiệm Hawthorne) phát hiện rằng năng suất lao động tăng lên đơn giản khi người lao động được **chú ý** và tham gia vào nhóm làm việc — gọi là **hiệu ứng Hawthorne**. Điều này củng cố quan điểm rằng các **yếu tố xã hội** (được quan tâm, được tham vấn, cảm giác thuộc về một nhóm) là động lực mạnh mẽ, không chỉ riêng tiền bạc.

2.1.1 Methods of motivation in practice

Financial methods: **time-rate** (paid per hour worked), **salary** (fixed annual amount, paid monthly), **piece-rate** (paid per unit produced), **commission** (paid per sale made — common for sales staff), **bonus** (extra one-off payment for meeting a target), **profit-sharing** (a share of company profit distributed to staff), **share ownership schemes** (employees receive/buy company shares), and **performance-related pay (PRP)** (pay linked to an appraisal of individual performance).
Non-financial methods: **job enrichment** (giving more challenging, meaningful tasks and greater responsibility — directly linked to Herzberg's motivators), **job rotation** (moving employees between different tasks to reduce boredom), **job enlargement** (adding more tasks of a similar level of responsibility), **empowerment** (giving employees genuine authority to make decisions about their own work), **teamworking** (organising staff into semi-autonomous teams responsible for a whole area of work), and **praise/recognition** schemes.

Comparing piece-rate and time-rate pay

A worker is paid $2 piece-rate per unit assembled and completes 180 units in a week:

$$\text{Wage} = 2 \times 180 = \$360.$$

An alternative time-rate job pays $12/hour for a guaranteed 40-hour week:

$$\text{Wage} = 12 \times 40 = \$480, \text{ regardless of output.}$$

Piece-rate rewards high individual output and effort but gives the worker no income security if output falls (illness, machine breakdown, weak demand); time-rate gives secure, predictable income but may not motivate the worker to produce beyond the minimum acceptable standard.

Job enrichment vs. job enlargement

A call-centre worker currently only answers routine customer queries. Under **job enlargement**, she is additionally asked to log complaints and update customer records — more tasks, but at the same level of skill/responsibility. Under **job enrichment**, she is instead trained to independently resolve complex complaints and authorise refunds up to $200 without manager approval — this gives her greater responsibility and decision-making authority, which (per Herzberg) is far more likely to genuinely motivate her, rather than simply adding more repetitive tasks.

VN GIẢI THÍCH TIẾNG VIỆT

Phương pháp **tài chính**: lương theo giờ (time-rate), lương cố định (salary), lương theo sản phẩm (piece-rate), hoa hồng (commission), thưởng (bonus), chia lợi nhuận (profit-sharing), sở hữu cổ phần, lương theo hiệu suất (PRP). Phương pháp **phi tài chính**: làm giàu công việc — job enrichment (giao nhiều trách nhiệm hơn, gắn với động lực thật sự theo Herzberg), luân chuyển công việc (job rotation), mở rộng công việc (job enlargement — thêm việc nhưng cùng mức trách nhiệm), trao quyền (empowerment), làm việc nhóm, khen thưởng/công nhận.

2.1.2 Measuring motivation: labour turnover and absenteeism

Because motivation itself is hard to observe directly, businesses commonly track two measurable indicators of workforce morale.

$$\text{Labour turnover rate} = \frac{\text{Number of staff leaving in a year}}{\text{Average number of staff employed}} \times 100$$

$$\text{Absenteeism rate} = \frac{\text{Number of working days lost to absence}}{\text{Total number of working days available}} \times 100$$

High labour turnover raises recruitment and training costs (replacing and retraining leavers), disrupts teamwork/continuity, and can indicate poor motivation, poor management, or uncompetitive pay. High absenteeism directly reduces output/productivity and can place strain on remaining staff who must cover the workload.

Calculating labour turnover

A retail chain employed an average of 250 staff last year; 45 staff left during the year.

$$\text{Labour turnover rate} = \frac{45}{250} \times 100 = 18\%.$$

If the industry average labour turnover rate is 12%, this firm's rate of 18% is notably higher than average, suggesting a possible motivation, pay, or management problem worth investigating (e.g. through staff exit interviews).

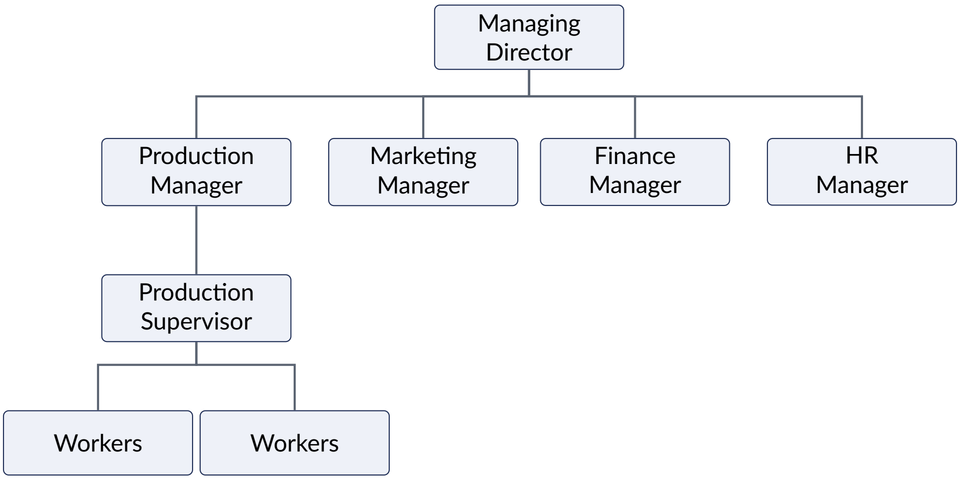
VN **GIẢI THÍCH TIẾNG VIỆT**

Tỷ lệ nghỉ việc (labour turnover rate) = số nhân viên nghỉ việc trong năm / số nhân viên trung bình × 100. **Tỷ lệ vắng mặt (absenteeism rate)** = số ngày công bị mất do vắng mặt / tổng số ngày công có thể làm việc × 100. Tỷ lệ nghỉ việc cao làm tăng chi phí tuyển dụng/đào tạo lại và có thể phản ánh vấn đề về động lực làm việc hoặc quản lý.

2.2 Organisation and management

An **organisational chart** is a diagram showing the formal structure of a business: who reports to whom, and the different departments/functions.

Hierarchy — the number of levels of authority within an organisation, from the most senior to the most junior. **Chain of command** — the line of authority and communication running from the top of the hierarchy down to the bottom. **Span of control** — the number of subordinates who report directly to one manager. A *wide* span of control (many direct reports) tends to produce a *flatter* structure with fewer hierarchy levels; a *narrow* span produces a *taller* structure with more levels. **Delegation** — a manager passing down the *authority* to carry out a task to a subordinate, while the manager retains ultimate *responsibility* for the outcome. **Delayering** — removing one or more layers of management from the hierarchy, usually to cut costs and speed up decision-making, which widens the span of control of the managers who remain.



A typical organisational chart. The Managing Director's span of control is 4 (four managers report directly); the chain of command runs from Managing Director down through the Production Manager and Supervisor to the workers.

Delayering and span of control

A company has 400 staff arranged across 5 hierarchy levels below the Managing Director, with an average span of control of 4 at each level. To cut costs, the board removes one entire layer of middle management (delayering from 5 levels to 4), while keeping the total workforce at 400. Because the same number of staff must now be supervised by fewer managers, the average span of control for the remaining managers must **widen**. This typically lowers management salary costs and can speed up decision-making (a shorter chain of command), but risks overloading the remaining managers and reducing the level of individual supervision each subordinate receives.

VN GIẢI THÍCH TIẾNG VIỆT

Tầm kiểm soát rộng (nhiều nhân viên báo cáo trực tiếp cho một quản lý) → cơ cấu **phẳng** (ít cấp bậc). **Tầm kiểm soát hẹp** → cơ cấu **cao, nhiều tầng** (nhiều cấp bậc). **Uỷ quyền (delegation)**: quản lý giao **quyền hành** cho cấp dưới thực hiện nhiệm vụ, nhưng vẫn giữ **trách nhiệm cuối cùng**. **Cắt giảm tầng quản lý (delayering)**: bỏ bớt một hoặc nhiều cấp quản lý, khiến tầm kiểm soát của các quản lý còn lại RỘNG hơn.

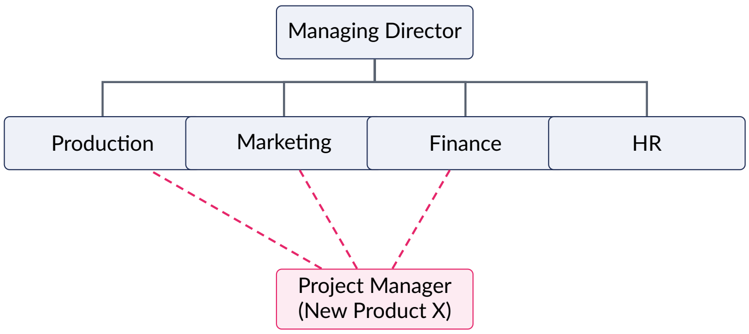
2.2.1 Centralisation and decentralisation

In a **centralised** structure, decision-making power is concentrated at the top of the organisation (head office/senior management); this ensures consistent, controlled decisions but can be slow and may ignore local knowledge. In a **decentralised** structure, decision-making authority is spread out to lower levels/local branch managers; this allows faster, more locally-appropriate decisions and can improve staff motivation (empowerment), but risks inconsistent decisions across the organisation and requires trust in the competence of local managers.

2.2.2 Types of organisational structure

Besides the traditional hierarchical (functional) chart shown above, businesses may adopt other structures depending on their size, product range and culture.

Functional structure — staff are grouped by the department/specialism they work in (production, marketing, finance, HR), each headed by a functional manager reporting to a senior director. Clear specialisation and career paths, but departments can become "silos" that fail to communicate well with one another.
Matrix structure — staff are drawn from different functional departments to work together temporarily on a specific project or product, reporting to *both* their usual functional manager and a project/product manager for the duration of the project. Encourages cross-departmental collaboration and flexibility, but the "two bosses" arrangement can create unclear lines of authority and conflicting priorities for staff.



A matrix structure overlay: staff seconded from Production, Marketing and Finance (dashed lines) report to *both* their usual functional manager and the Project Manager for the duration of "New Product X".

GIẢI THÍCH TIẾNG VIỆT
VN
Cơ cấu theo chức năng (functional structure): nhân viên nhóm theo phòng ban chuyên môn (sản xuất, marketing, tài chính) — chuyên môn hoá rõ nhưng dễ tạo "ốc đảo thông tin" giữa các phòng ban. **Cơ cấu ma trận (matrix structure)**: nhân viên từ nhiều phòng ban khác nhau cùng làm việc tạm thời cho một dự án, báo cáo cho CẢ quản lý chức năng LẪN quản lý dự án — khuyến khích hợp tác liên phòng ban nhưng có thể gây nhầm lẫn về quyền chỉ đạo do có "hai sếp".

2.2.3 Appraisal and performance management

Appraisal is the formal, periodic review of an employee's performance against agreed targets, usually conducted by their direct manager. A well-run appraisal identifies achievements, agrees future targets/objectives, and identifies training needs — and often feeds directly into decisions on pay rises, bonuses or promotion (particularly under a performance-related pay scheme). Poorly-run appraisals (infrequent, purely critical, with no follow-up support) can demotivate staff rather than improve performance — Herzberg's theory would predict that appraisal focused on recognition and constructive development (a motivator) is far more effective than appraisal used purely to criticise (which risks becoming a source of dissatisfaction).

GIẢI THÍCH TIẾNG VIỆT
VN
Đánh giá hiệu suất (appraisal) là việc xem xét định kỳ, chính thức về hiệu suất làm việc của nhân viên so với mục tiêu đã thống nhất — thường ảnh hưởng trực tiếp đến quyết định tăng lương, thưởng hoặc thăng chức. Đánh giá hiệu quả cần tập trung vào công nhận và phát triển (theo Herzberg) thay vì chỉ trích thuần tuý.

2.2.4 Leadership styles

Autocratic — the leader retains all decision-making power, gives one-way instructions, and expects obedience without consultation. Fast decisions, but low staff morale/motivation and no benefit from employees' own ideas. Suited to crisis situations or unskilled/inexperienced workforces needing close direction.
Democratic — the leader consults employees and encourages two-way communication before reaching a decision. Improves staff motivation and often produces better decisions (drawing on employee expertise), but is slower and can be difficult if consensus cannot be reached.
Laissez-faire — the leader gives minimal direction, allowing employees to make their own decisions about how work is carried out. Works well with highly skilled, self-motivated, experienced teams (e.g. research scientists), but can lead to a lack of direction, coordination problems, and poor outcomes with an inexperienced workforce.

VN GIẢI THÍCH TIẾNG VIỆT
Phong cách lãnh đạo **độc đoán (autocratic)**: quyết định nhanh nhưng không tham khảo ý kiến nhân viên, dễ gây bất mãn — phù hợp tình huống khẩn cấp. **Dân chủ (democratic)**: tham khảo ý kiến nhân viên, tạo động lực tốt hơn nhưng chậm hơn. **Tự do (laissez-faire)**: quản lý can thiệp tối thiểu — phù hợp đội ngũ có chuyên môn cao, tự giác, nhưng dễ thiếu định hướng nếu đội ngũ chưa có kinh nghiệm.

2.3 Recruitment, selection and training

The recruitment and selection process

1. Identify the vacancy and write a **job description** — the duties, responsibilities and reporting line of the role.
2. Write a **person specification** — the qualifications, skills, experience and personal qualities the ideal candidate should have.
3. Advertise the vacancy **internally** (to existing staff) and/or **externally** (job websites, newspapers, recruitment agencies).
4. Candidates submit an application form or CV (curriculum vitae/resume).
5. Shortlist candidates against the person specification.
6. Selection: interviews, and sometimes tests (aptitude tests, psychometric tests, assessment centres, work-trial days) and reference checks.
7. Offer the role and complete an **induction** programme once the candidate accepts.

Internal recruitment (filling a vacancy by promoting/transferring an existing employee): cheaper and faster (no external advertising), the candidate is already familiar with the firm's systems/culture, and it can motivate other staff by showing a path for promotion. Disadvantages: limits the pool of new ideas/skills entering the firm, and creates *another* vacancy that itself must be filled.
External recruitment (advertising outside the firm): brings in fresh ideas, skills and experience the firm may lack internally, and widens the pool of candidates. Disadvantages: slower and more expensive (advertising, interviewing, induction), and the candidate is an unknown quantity in terms of fit with the firm's culture.

Job description vs. person specification

For a Marketing Manager vacancy: the **job description** states duties such as "plan and manage the annual marketing budget", "supervise a team of four marketing assistants", and "report directly to the Managing Director". The **person specification** states requirements such as "minimum 5 years' marketing experience", "a relevant business/marketing degree", and "strong analytical and communication skills". The job description defines *what the job involves*; the person specification defines *who* should be able to do it.

GIẢI THÍCH TIẾNG VIỆT
VN
Quy trình tuyển dụng: viết **bản mô tả công việc (job description)** — nhiệm vụ, trách nhiệm; và **bản tiêu chuẩn ứng viên (person specification)** — kỹ năng, bằng cấp cần có. **Tuyển dụng nội bộ** (thăng chức nhân viên hiện có) rẻ, nhanh, tạo động lực nhưng thiếu ý tưởng mới và tạo ra vị trí trống khác. **Tuyển dụng bên ngoài** mang lại ý tưởng/kỹ năng mới nhưng chậm và tốn kém hơn.

2.3.1 Training

Induction training — introduces a new employee to the workplace: company policies, health and safety procedures, colleagues, and their specific role. Reduces the time needed to become productive and lowers early labour turnover.
On-the-job training — learning while actually working, typically supervised/mentored by an experienced colleague. Relatively cheap, directly relevant to the actual job, and the trainee remains productive to some degree — but the trainer's own productivity temporarily falls, and bad habits can be passed on if the mentor's own practice is poor.
Off-the-job training — training away from the normal workplace, e.g. college courses, external workshops, online courses. Offers broader, more transferable/theoretical skills and expert instruction, but is costly (course fees plus lost output while the employee is away) and there is a risk the trained employee later leaves for a competitor (taking the investment in training with them).

(!) Lỗi thường gặp: Do not describe induction training as being the same as ongoing "on-the-job training" — induction is a one-off orientation for a *new* employee, whereas on-the-job training is a continuing method used throughout an employee's career to develop or update their skills.

2.4 Employment patterns and legal protection

Businesses use a mix of employment contracts to balance cost, flexibility and reliability:

Full-time employment (typically 35–40+ hours/week) offers job security and full benefits, but is a larger fixed cost for the employer. **Part-time** employment offers the firm flexibility to match staffing to busy periods and can widen the pool of available workers (e.g. parents, students), but part-time staff may feel less committed and coordinating a larger number of part-time shifts is more complex. **Temporary/casual contracts** give the firm maximum flexibility to adjust staffing to demand (e.g. seasonal retail staff at Christmas) but offer workers little job security. **Flexible working** (flexitime, remote/home working, job-sharing) can improve staff morale and work–life balance, widening the pool of candidates willing to apply, though it can complicate team coordination and supervision.

Employees are also protected by employment law covering areas such as a legal minimum wage, maximum working hours, protection against unfair **dismissal** (being told to leave for misconduct or poor performance, following a fair process) as opposed to fair **redundancy** (a role no longer being needed, e.g. due to automation or falling demand, entitling the employee to redundancy pay), and protection from discrimination. **Trade unions** represent groups of employees to negotiate collectively with employers over pay and working conditions (**collective bargaining**), and may organise industrial action (e.g. a strike) if negotiations fail.

GIẢI THÍCH TIẾNG VIỆT

VN

Sa thải (dismissal): nhân viên bị buộc thôi việc do vi phạm kỷ luật/hiệu suất kém. **Dư thừa lao động (redundancy)**: vị trí không còn cần thiết nữa (do tự động hoá, nhu cầu giảm) — nhân viên được hưởng trợ cấp thôi việc. **Công đoàn (trade union)** đại diện tập thể người lao động thương lượng với chủ doanh nghiệp về lương và điều kiện làm việc (thương lượng tập thể — collective bargaining).

2.4.1 Redundancy pay — a worked calculation

Many countries require employers to pay statutory redundancy pay based on an employee's age, length of service and weekly wage, when a role is genuinely made redundant.

Calculating redundancy pay

A national redundancy scheme awards one week's pay for each complete year of service. An employee earning $600 per week has worked for the company for exactly 9 complete years before being made redundant.

$$\text{Redundancy pay} = 9 \times \$600 = \$5{,}400.$$

This is a direct cost the firm must budget for whenever it plans a redundancy programme — a firm restructuring 40 similar roles at this same rate would need to budget $40 \times 5{,}400 = \$216{,}000$ in redundancy pay alone, in addition to any other restructuring costs (legal advice, outplacement support).

GIẢI THÍCH TIẾNG VIỆT

VN

Nhiều quốc gia quy định người sử dụng lao động phải trả **trợ cấp thôi việc** dựa trên số năm làm việc và mức lương tuần. Ví dụ: nếu chính sách trả 1 tuần lương cho mỗi năm làm việc trọn vẹn, nhân viên lương $600/tuần làm việc 9 năm sẽ nhận $9 \times 600 = \$5{,}400$. Đây là chi phí trực tiếp doanh nghiệp phải tính đến khi lên kế hoạch tái cơ cấu.

2.4.2 Trade unions and industrial disputes

When collective bargaining between a trade union and an employer fails to reach agreement, the union may organise **industrial action** to pressure the employer:

Strike action — employees collectively refuse to work, directly halting production/output. Highly disruptive to the employer (lost revenue, missed deadlines, reputational damage with customers) but also costly to the striking workers themselves (lost wages during the strike).
Work-to-rule — employees do the absolute minimum required by their contract, refusing any flexibility/goodwill beyond it (e.g. no unpaid overtime), which can slow operations without a full stoppage or full loss of pay.
Overtime ban — employees refuse to work any overtime hours beyond their contracted hours, reducing output at peak times without a full strike.
Both sides generally prefer to reach a negotiated agreement rather than resort to industrial action, since strikes are costly and disruptive for employer *and* employees alike; ACAS-style conciliation/arbitration services (independent third parties) are often used to help resolve disputes before they escalate.

Cost of a strike

A factory generating $40,000 of revenue per working day is hit by a 5-day strike over a pay dispute. Lost revenue over the strike period $= 5 \times 40{,}000 = \$200{,}000$ (though not all of this is necessarily lost profit, since some variable costs are also avoided during the stoppage). Meanwhile, the 300 striking workers, each normally earning $120 per day, collectively lose $300 \times 120 \times 5 = \$180{,}000$ in wages during the same period — illustrating why both sides have a strong incentive to settle a dispute quickly rather than allow a strike to continue.

GIẢI THÍCH TIẾNG VIỆT
VN
Khi thương lượng tập thể thất bại, công đoàn có thể tổ chức **đình công (strike)** — ngừng làm việc hoàn toàn, gây gián đoạn sản xuất nhưng người lao động cũng mất lương; **làm việc đúng quy định tối thiểu (work-to-rule)** — chỉ làm đúng những gì hợp đồng yêu cầu; hoặc **từ chối làm thêm giờ (overtime ban)**. Cả hai bên thường muốn đạt thoả thuận thương lượng hơn là dùng biện pháp đình công vì tốn kém cho cả người lao động và doanh nghiệp.

2.4.3 Organisational culture

Organisational culture is the shared values, attitudes and "unwritten rules" that shape how people behave within a business — for example, whether mistakes are treated as learning opportunities or punished harshly, whether hierarchy is strictly respected or informal collaboration is encouraged, and how much risk-taking/innovation is rewarded. A strong, positive culture can improve staff motivation, cooperation and consistency of customer service without needing constant direct supervision; a weak or toxic culture (e.g. one that discourages raising concerns, or tolerates poor behaviour from high performers) can undermine even a well-designed organisational structure and strategy. Culture is heavily shaped by the behaviour of senior leaders, since employees tend to imitate what leaders actually *do*, not just what official policies say.

GIẢI THÍCH TIẾNG VIỆT
VN
Văn hoá tổ chức (organisational culture) là các giá trị, thái độ và "luật ngầm" định hình cách nhân viên hành xử trong doanh nghiệp. Văn hoá tích cực, mạnh mẽ có thể cải thiện động lực và sự hợp tác mà không cần giám sát liên tục; văn hoá yếu hoặc độc hại có thể phá hỏng ngay cả một cơ cấu tổ chức và chiến lược được thiết kế tốt. Văn hoá chịu ảnh hưởng lớn từ hành vi thực tế của lãnh đạo cấp cao.

2.5 Communication in business

Communication is the process of transmitting a message, through a chosen medium, from a sender to a receiver.

One-way vs. two-way communication

One-way communication — a message is sent with no immediate opportunity for the receiver to respond or clarify (e.g. a company-wide email notice, a memo). Faster, but the sender cannot confirm the message was understood correctly.
Two-way communication — the receiver can respond, ask questions, and give **feedback** (e.g. a face-to-face meeting, a phone call). Slower, but far more likely to ensure the message is properly understood and allows problems to be identified and corrected quickly.

Common barriers to effective communication: background noise; use of technical jargon the receiver does not understand; language/cultural differences; **information overload** (too much information sent at once); choosing the wrong **medium** for the message (e.g. a complex, sensitive issue sent only by email rather than discussed face-to-face); and long/unclear chains of command that distort a message as it passes through many people.

The consequences of poor communication include mistakes in production or customer orders, missed deadlines, duplicated work, low staff morale, and poor management decisions based on incomplete or inaccurate information.

VN GIẢI THÍCH TIẾNG VIỆT

Truyền thông là quá trình gửi thông điệp từ người gửi đến người nhận qua một phương tiện. **Truyền thông một chiều** (one-way, ví dụ: email thông báo) nhanh nhưng không chắc người nhận hiểu đúng. **Truyền thông hai chiều** (two-way, ví dụ: họp trực tiếp) cho phép phản hồi (feedback), đảm bảo hiểu đúng thông điệp hơn nhưng chậm hơn. Rào cản truyền thông phổ biến: tiếng ồn, thuật ngữ chuyên môn, khác biệt ngôn ngữ, quá tải thông tin, chọn sai phương tiện truyền tải.

(!) Lỗi thường gặp: "Consultation" (asking employees for their opinion before a decision is made) is not the same as "delegation" (passing down actual authority to make and act on a decision). A democratic leader typically consults; delegation can occur under any leadership style but is most associated with democratic and laissez-faire approaches.

2.6 Practice and consolidation

Bài tập luyện tập

Case study. An experienced employee tells her manager she feels her hard work goes unnoticed and wants more challenging responsibilities. According to Maslow, which need is she seeking to satisfy?

(A) Physiological needs
(B) Safety needs
(C) Esteem needs
(D) Social needs

Lời giải chi tiết

Wanting recognition and more responsibility relates to status/respect from others — this is an **esteem need. (C).**

Bài tập luyện tập

Case study. Organisation X removes two layers of management (delayering) from 6 levels to 4, without reducing the total number of staff. What is the most likely effect on the span of control of the remaining managers?

(A) It narrows
(B) It widens
(C) It stays the same
(D) It disappears entirely

Lời giải chi tiết

With fewer management levels but the same total staff, each remaining manager must supervise more people directly — the span of control **widens** (and the structure becomes flatter). **(B)**.

Bài tập luyện tập

Case study. A supermarket chain has a vacancy for a store manager. Recommend whether the firm should recruit internally or externally, giving one advantage and one disadvantage of your recommendation.

Lời giải chi tiết

Recommendation: internal recruitment (e.g. promoting an assistant manager). **Advantage:** the candidate already knows the company's systems and culture, is faster/cheaper to appoint, and promotion motivates other staff. **Disadvantage:** it creates a new vacancy at assistant-manager level and brings no fresh ideas from outside. (A well-justified case for external recruitment — e.g. if no internal candidate has enough experience — would also earn credit.)

Bài tập luyện tập

Case study. A factory manager sends a long, jargon-filled written memo about a new safety procedure with no opportunity for staff to ask questions. Several accidents occur soon after because workers misunderstood the memo. Identify *two* barriers to communication in this scenario.

Lời giải chi tiết

(1) **Use of jargon** — technical language the workforce may not understand. (2) **One-way communication** — no feedback channel, so misunderstandings are never corrected. (A third valid point: wrong medium — a safety procedure may need face-to-face demonstration/training rather than only a written memo.)

Bài tập luyện tập

Which motivation theorist argued that hygiene factors (such as pay and working conditions) can only prevent dissatisfaction, but cannot themselves motivate employees?

(A) F.W. Taylor
(B) Abraham Maslow
(C) Frederick Herzberg
(D) Henry Ford

Lời giải chi tiết

Herzberg's Two-Factor Theory distinguishes hygiene factors (prevent dissatisfaction only) from motivators (create genuine satisfaction). **(C)**.

Bài tập luyện tập

Case study. A textile factory pays its machine operators strictly according to the number of garments each one completes per shift. Which motivation theory does this pay method most directly reflect, and state one risk of this approach.

Lời giải chi tiết

This reflects **Taylor's Scientific Management** — paying workers piece-rate on the assumption they are motivated mainly by money. **Risk:** workers may rush to maximise output at the expense of **quality**, since the pay system rewards quantity, not care or precision; income also becomes insecure if machines break down or orders fall.

Bài tập luyện tập

A company reorganises so that regional branch managers, rather than head office, now make most day-to-day pricing and staffing decisions for their own branch. This is an example of:

(A) Centralisation
(B) Decentralisation
(C) Delayering
(D) Autocratic leadership

Lời giải chi tiết

Pushing decision-making authority down to local/branch level, away from head office, is **decentralisation**. **(B)**.

Bài tập luyện tập

Case study. A hospital's surgical team is led by a senior surgeon who makes rapid, unilateral decisions during emergency operations without discussion. Explain why an autocratic leadership style is appropriate in this specific context, even though it is often criticised elsewhere.

Lời giải chi tiết

In a life-threatening emergency, decisions must be made **instantly** and followed without delay or debate — there is no time for the slower, consultative process of democratic leadership. The surgeon also typically has far greater expertise/authority than the rest of the team in that specific moment, making one-way instruction efficient and appropriate; this shows leadership style should fit the situation (crisis vs. routine, skilled vs. inexperienced team) rather than one style being "best" in all cases.

Bài tập luyện tập

Which of the following best distinguishes job enrichment from job enlargement?

(A) Enrichment adds more tasks of the same difficulty; enlargement adds greater responsibility

(B) Enrichment gives greater responsibility/challenge; enlargement simply adds more tasks of similar difficulty

(C) They are two different names for exactly the same technique

(D) Enlargement always involves a pay rise; enrichment never does

Lời giải chi tiết

Job **enrichment** increases the level of challenge/responsibility (linked to Herzberg's motivators); job **enlargement** simply adds more tasks at a similar level, mainly to reduce monotony. **(B)**.

Bài tập luyện tập

Case study. A logistics firm has 320 warehouse staff. It currently has 4 layers of management with an average span of control of 4 at every level below the top. The board proposes cutting one management layer while keeping all 320 staff. Explain *one* likely financial benefit and *one* likely risk of this change.

Lời giải chi tiết

Financial benefit: removing a layer of management reduces the number of (typically well-paid) management salaries the firm must pay, directly cutting overhead costs, and can also speed up decision-making by shortening the chain of command. **Risk:** the remaining managers must now supervise more staff each (a wider span of control), which can reduce the quality of supervision/support each employee receives and may overload managers, potentially harming productivity or staff morale if not managed carefully.

Bài tập luyện tập

A trade union negotiates with a factory's management on behalf of its members to secure a 6% pay rise for the coming year. This process is known as:

(A) Delegation

(B) Collective bargaining

(C) Induction

(D) Job enlargement

Lời giải chi tiết

Negotiation between a trade union (representing a group of employees) and an employer is **collective bargaining**. **(B)**.

Bài tập luyện tập

Case study. A firm is closing one of its production lines permanently because demand for that product has fallen and it plans to replace the line with automated machinery requiring far fewer workers. Are the affected workers being made redundant or unfairly dismissed? Justify your answer.

Lời giải chi tiết

This is **redundancy**, not dismissal. Dismissal relates to an individual employee's own conduct or performance; here, the *role itself* is disappearing because of falling demand and automation, through no fault of the employees themselves. As this is redundancy, the affected workers would normally be entitled to statutory redundancy pay, and the firm should follow a fair consultation process.

Bài tập luyện tập

Which of the following is a disadvantage of off-the-job training, compared with on-the-job training?

(A) It is always less relevant to the specific job

(B) It typically costs more, due to course fees and lost output while the employee is away from work

(C) It cannot be used to teach any transferable skills

(D) It requires no supervision at all

Lời giải chi tiết

Off-the-job training (e.g. external courses) is usually more expensive — course fees plus the output lost while the employee is away from their normal role — compared with cheaper on-the-job training. **(B)**.

Bài tập luyện tập

Case study. A new employee joins a manufacturing firm and spends her first two days learning the location of fire exits, meeting her team, and being shown the company's health and safety rules, before starting any actual production work. What type of training is this, and explain one benefit to the employer of providing it.

Lời giải chi tiết

This is **induction training**. **Benefit to the employer:** it reduces the risk of costly accidents/mistakes by an unfamiliar new starter, helps the employee feel welcomed and settle in faster (which can reduce early labour turnover), and ensures legal health-and-safety obligations are met from day one.

Bài tập luyện tập

A business wants employees to feel a genuine sense of ownership over their work and gives teams real authority to decide how to organise their own daily tasks without needing management sign-off. This non-financial motivator is best described as:

(A) Job rotation

(B) Empowerment

(C) Piece-rate pay

(D) Induction training

Lời giải chi tiết

Giving employees genuine authority/control over decisions relating to their own work is **empowerment**. **(B)**.

Bài tập luyện tập

Case study. Two managers debate how to boost productivity. Manager A wants to cut wages and increase strict supervision. Manager B wants to redesign jobs to give staff more responsibility and recognition for good work. Using Herzberg's theory, evaluate which manager's approach is more likely to succeed, and why.

Lời giải chi tiết

According to **Herzberg**, pay is a **hygiene factor** — cutting it is likely to *increase dissatisfaction* (and could increase labour turnover/absenteeism) rather than motivate greater effort, and stricter supervision removes autonomy, which Herzberg would predict harms motivation further. Manager B's approach — increasing responsibility and recognition — targets genuine **motivators**, which Herzberg's research found to be the real drivers of extra effort and job satisfaction. On this theory, **Manager B's approach is more likely to succeed**, though a full evaluation should note that some minimum standard of pay (hygiene) must still be maintained to avoid dissatisfaction undermining any gains from the new motivators.

Bài tập luyện tập

A business chooses to advertise a vacancy only among its own existing staff before considering outside applicants. This describes:

(A) External recruitment
(B) Internal recruitment
(C) Off-the-job training
(D) Delayering

Lời giải chi tiết

Filling a vacancy using existing employees only is **internal recruitment**. **(B)**.

Bài tập luyện tập

Case study. A software company allows its programmers to choose their own start and finish times each day, provided they complete 8 hours and attend core meetings. Identify this practice and explain *one* advantage and *one* disadvantage for the employer.

Lời giải chi tiết

This is **flexitime**, a form of flexible working. **Advantage:** it can improve staff morale, work–life balance and loyalty (potentially reducing labour turnover), and may widen the pool of candidates willing to apply (e.g. parents managing childcare). **Disadvantage:** it can make coordinating meetings and teamwork more difficult if staff are not present at the same times, and may complicate supervision of individual workloads.

Bài tập luyện tập

Which statement correctly distinguishes delegation from consultation?

(A) Delegation only asks for opinions; consultation passes down real authority
(B) Delegation passes down real authority to act; consultation only asks for opinions before a decision is made
(C) They mean exactly the same thing
(D) Delegation can only be used by autocratic leaders

Lời giải chi tiết

Delegation passes down actual authority to make/act on a decision; **consultation** is simply asking for employees' opinions before management makes the final decision itself. **(B)**.

Bài tập luyện tập

Case study. A retail chain's staff turnover rate has risen from 12% to 35% over the past year, alongside a rise in customer complaints about service quality. Using relevant motivation theory, suggest *two* specific changes the company could make to address this, and explain how each links to a named theory.

Lời giải chi tiết

(1) **Introduce recognition schemes and clearer promotion paths** (e.g. "employee of the month", genuine opportunities for advancement) — linking to **Herzberg's motivators** (recognition, advancement), which are what create genuine job satisfaction rather than merely preventing dissatisfaction. (2) **Improve job security and basic working conditions** (e.g. guaranteed minimum hours, safer break facilities) — linking to **Maslow's safety needs** and **Herzberg's hygiene factors**; if these basic needs are currently unmet, no amount of higher-level motivator will succeed, since Maslow's theory holds that lower needs must be satisfied before higher ones can motivate behaviour. Both changes directly target likely causes of high labour turnover and poor service (demotivated, insecure staff).

Bài tập luyện tập

A firm's chain of command becomes very long as the organisation grows, causing messages from senior management to become distorted by the time they reach front-line staff. Which of the following would most directly help solve this specific problem?

(A) Introducing piece-rate pay

(B) Reducing the number of hierarchy levels (delayering) and/or improving direct, two-way communication channels

(C) Switching to laissez-faire leadership

(D) Increasing the frequency of one-way memos

Lời giải chi tiết

A long chain of command distorting messages is best solved by shortening that chain (delayering) and/or introducing more direct, two-way channels that allow verification and feedback rather than relying on messages passing through many intermediate levels. **(B)**.

Bài tập luyện tập

Case study. An engineering firm is recruiting a Chief Financial Officer. Draft, in note form, three items that would typically appear in the *person specification* (not the job description) for this role.

Lời giải chi tiết

Typical person specification items: (1) a recognised professional accounting qualification (e.g. ACCA/CPA-equivalent); (2) a minimum of 8–10 years' senior financial management experience; (3) strong analytical, strategic and communication skills, including the ability to present complex financial information clearly to a non-specialist board of directors. (These describe the *ideal candidate's* qualifications and qualities, as opposed to a job description, which would instead list the role's *duties* such as "prepare annual financial statements" or "manage the finance department".)

Bài tập luyện tập

Case study. A hotel chain employed an average of 180 staff last year, of whom 63 left during the year. (a) Calculate the labour turnover rate. (b) The industry average is 20%. Comment on this firm's figure and suggest one possible cause.

Lời giải chi tiết

(a) Labour turnover rate $= \frac{63}{180} \times 100 = 35\%$.

(b) At 35%, this is significantly **above** the 20% industry average, suggesting a more serious-than-usual motivation, pay, management or working-conditions problem — the firm should investigate through staff exit interviews. A possible cause could be uncompetitive pay relative to nearby hotels, poor management/leadership style, or a lack of career progression opportunities (linking to Herzberg's motivators and Maslow's needs).

Bài tập luyện tập

Which organisational structure involves an employee reporting to both a functional manager (e.g. their usual department head) and a separate project manager for the duration of a specific project?

(A) Functional structure
(B) Matrix structure
(C) Flat structure
(D) Tall structure

Lời giải chi tiết

Reporting simultaneously to two different managers — a functional manager and a project manager — describes a **matrix structure**. **(B)**.

Bài tập luyện tập

Case study. A manufacturing firm introduces a new appraisal system in which annual reviews focus almost entirely on listing every mistake an employee made during the year, with no discussion of achievements, future goals, or training support. Using Herzberg's theory, predict the likely effect on staff motivation, and suggest one improvement.

Lời giải chi tiết

Using **Herzberg's** framework, an appraisal focused purely on criticism, with no recognition of achievement and no discussion of future growth/responsibility, is likely to **increase dissatisfaction** rather than motivate staff — it removes the potential motivating effect of recognition and advancement while emphasising a purely negative, supervisory tone. **Improvement:** redesign the appraisal to balance constructive feedback with genuine recognition of achievements, and to agree specific future goals and training/development opportunities with the employee — directly targeting Herzberg's motivators (achievement, recognition, growth) rather than only highlighting past failures.

Bài tập luyện tập

A firm's total available working days last month were 4,400 (staff-days), of which 220 days were lost to staff absence. What is the absenteeism rate?

(A) 2%
(B) 5%
(C) 10%
(D) 20%

Lời giải chi tiết

Absenteeism rate $= \frac{220}{4{,}400} \times 100 = 5\%$. **(B)**.

Bài tập luyện tập

Case study. A large electronics company organises staff from its engineering, marketing and finance departments into a temporary team to launch a single new product, with each team member still also reporting to their usual department head. Identify this organisational structure and explain *one* advantage and *one* disadvantage of using it for this purpose.

Lời giải chi tiết

This is a **matrix structure**. **Advantage:** it draws together specialist expertise from across different departments (engineering, marketing, finance) specifically for the needs of the new product launch, encouraging cross-departmental collaboration and a faster, more coordinated launch than if each department worked separately. **Disadvantage:** team members answering to both their usual functional manager *and* the project manager can face unclear priorities or conflicting instructions (the "two bosses" problem), and may struggle to balance their ongoing departmental duties with the demands of the temporary project.

Bài tập luyện tập

Case study. A retail chain finds that in stores where managers hold regular team meetings and actively ask staff for their opinions, absenteeism is noticeably lower than in stores where managers rarely interact with staff beyond giving instructions — even though pay and working hours are identical across all stores. Which motivation theorist's findings does this most directly support?

Lời giải chi tiết

This supports **Elton Mayo's Hawthorne studies**, which found that social factors — being consulted, feeling valued, and belonging to a supportive team — significantly affect motivation and productivity, independent of pay or physical working conditions. The fact that identical pay produces different outcomes purely based on the level of manager attention/consultation is a direct real-world illustration of the **Hawthorne effect**.

Bài tập luyện tập

A national redundancy scheme pays one week's wage for every complete year of service. An employee earning $450 per week is made redundant after 12 complete years of service. Calculate her total redundancy pay.

(A) $450
(B) $5,400
(C) $4,950
(D) $5,850

Lời giải chi tiết

Redundancy pay $= 12 \times 450 = \$5{,}400$. **(B)**.

Bài tập luyện tập

Case study. A national supermarket chain is restructuring and plans to make 60 warehouse roles redundant. Under the statutory scheme, affected employees (averaging 7 years' service each, earning an average of $380 per week) receive one week's pay per complete year of service. Calculate the firm's total redundancy pay budget.

Lời giải chi tiết

Redundancy pay per employee $= 7 \times 380 = \$2{,}660$. Total for 60 employees $= 60 \times 2{,}660 = \$159{,}600$.

Bài tập luyện tập

Which form of industrial action involves employees doing only the minimum required by their employment contract, avoiding all unpaid flexibility or goodwill, without a full stoppage of work?

(A) Strike action
(B) Work-to-rule
(C) Redundancy
(D) Collective bargaining

Lời giải chi tiết

Doing only the contractual minimum, without any extra flexibility, while continuing to work (not stopping entirely), is a **work-to-rule**. **(B)**.

Bài tập luyện tập

Case study. A factory generating $25,000 of daily revenue faces a 4-day strike by its 150 employees, who each normally earn $100 per day. Calculate (a) the total revenue lost by the firm over the strike period, and (b) the total wages lost by the striking workers over the same period. (c) Explain why this calculation illustrates why both sides usually prefer a negotiated settlement.

Lời giải chi tiết

(a) Revenue lost $= 4 \times 25{,}000 = \$100{,}000$.
(b) Wages lost by workers $= 150 \times 100 \times 4 = \$60{,}000$.
(c) Both the firm ($100,000 in lost revenue, though not all of it lost profit since some variable

costs are also avoided) and the workers ($60,000 in lost wages) suffer substantial financial harm the longer the dispute continues, giving both sides a strong incentive to negotiate a settlement rather than allow the strike to drag on.

Bài tập luyện tập

Case study. Two companies produce almost identical products. In Company A, staff are encouraged to admit and openly discuss mistakes so the team can learn from them; in Company B, admitting a mistake typically leads to blame and punishment, so staff try to hide problems instead. Explain, using the concept of organisational culture, why Company A is more likely to detect and fix quality problems early.

Lời giải chi tiết

Company A's **organisational culture** treats mistakes as learning opportunities, so staff are willing to raise problems openly and quickly once noticed — allowing management to identify and fix quality issues at an early stage, similar in spirit to **quality assurance** thinking. In Company B's blame-based culture, staff are instead incentivised to **hide** mistakes to avoid punishment, meaning problems are likely to go unreported and unresolved for longer, potentially escalating into larger, more costly quality failures reaching the customer before anyone in management becomes aware of them.

Bài tập luyện tập

Which of the following best describes organisational culture?

(A) The formal organisational chart showing who reports to whom

(B) The shared values, attitudes and unwritten norms that shape how people actually behave within a business

(C) The total number of hierarchy levels in a business

(D) The specific wording of a company's mission statement

Lời giải chi tiết

Organisational culture refers to the shared values and unwritten behavioural norms within a business, not the formal chart, hierarchy count, or the exact wording of official statements. **(B)**.

2.6.1 Extended case study: Rovanta Logistics

Bài tập luyện tập

Extended case study. Rovanta Logistics employs 320 warehouse and delivery staff across 5 hierarchy levels. Its labour turnover rate has risen from 14% to 31% over the past two years, and an employee survey shows most leavers cite "feeling like just a number" and "no say in how my shift is organised" as their main reasons for leaving, despite pay being roughly in line with competitors. The board is considering three proposals: (i) removing one management layer to cut costs; (ii) introducing team-based "cells" where small groups organise their own daily workload; (iii) raising the trade union recognition threshold to make collective bargaining harder to trigger.

(a) Calculate the number of staff who left last year, if the average number of staff employed

was 300 and the current labour turnover rate is 31%.
(b) Using Herzberg's Two-Factor Theory, explain why raising pay alone is unlikely to solve Rovanta's labour turnover problem.
(c) Evaluate proposal (ii) — introducing team-based "cells" — as a response to the survey findings, referring to relevant motivation theory.
(d) Explain *one* likely effect of proposal (i) on the span of control of Rovanta's remaining managers.
(e) Advise the board whether proposal (iii) is likely to improve staff motivation. Justify your answer.

Lời giải chi tiết

(a) Number of leavers $= 0.31 \times 300 = 93$ staff left last year.

(b) According to **Herzberg**, pay is a **hygiene factor**: since pay is already roughly in line with competitors, it is not the source of dissatisfaction, and raising it further is unlikely to address the actual causes of leaving — "feeling like just a number" and "no say in how my shift is organised" point instead to unmet **motivators** (recognition, autonomy/responsibility), which pay increases do not directly provide.

(c) Team-based cells would give staff greater **autonomy and responsibility** over organising their own work — directly targeting the survey's key complaints (no say in shift organisation) and aligning with Herzberg's motivators and the higher levels of Maslow's hierarchy (esteem, self-actualisation). This is likely to improve motivation and reduce the sense of being "just a number" by fostering closer, more socially connected teams (echoing Mayo's Hawthorne findings on the motivating effect of social belonging). A balanced evaluation would note implementation risk: cells require training staff to take on new responsibilities and may initially reduce productivity/efficiency during the transition, and success depends on genuinely delegating real decision-making authority rather than only the appearance of it.

(d) Removing a management layer while keeping (or barely reducing) total staff numbers means the remaining managers must supervise more staff each — the span of control **widens**. Combined with existing motivation problems, this risks further reducing the quality of individual support/supervision each employee receives, potentially worsening (not improving) the turnover problem unless carefully managed.

(e) Advice: this proposal is unlikely to improve motivation, and may worsen it. Making collective bargaining harder does not address any of the specific causes identified in the survey (lack of recognition, lack of autonomy) — instead, it risks signalling to staff that management is trying to reduce their collective voice/influence, which could deepen feelings of being undervalued ("just a number") rather than resolve them. A more effective response would combine proposal (ii) with genuine efforts to recognise individual contributions, rather than restricting union recognition.

Bài tập luyện tập

A manager delegates authority to a team leader to approve customer refunds up to $100 without further sign-off, while remaining ultimately answerable if the team leader consistently makes poor refund decisions. This scenario illustrates that:

(A) Delegation removes the manager's own responsibility entirely

(B) Delegation passes down authority to act, but the manager retains ultimate responsibility for the outcome

(C) This is an example of an autocratic leadership style

(D) This is an example of off-the-job training

Lời giải chi tiết

Delegation transfers the **authority** to make a decision, but the delegating manager keeps **ultimate responsibility** for the outcome — exactly as described. **(B)**.

Bài tập luyện tập

Case study. A logistics firm currently has 500 staff across 6 hierarchy levels, with an average span of control of 5 per manager at every level below the top. To reduce management costs, the board plans to cut to 4 hierarchy levels while keeping all 500 staff. Explain *two* likely consequences of this change, beyond the immediate cost saving.

Lời giải chi tiết

(1) **Wider span of control** — with fewer levels of management overseeing the same total staff, each remaining manager will need to directly supervise significantly more subordinates, which can reduce the quality of individual supervision, coaching and support each employee receives.
(2) **Faster decision-making and communication** — a shorter chain of command generally means instructions and feedback pass through fewer intermediate levels, reducing the risk of messages being delayed or distorted as they travel between senior management and front-line staff, and potentially speeding up the overall pace of decision-making across the organisation.

Bài tập luyện tập

Which pay method is most likely to motivate a salesperson to actively pursue as many sales as possible, since their income rises directly with each additional sale made?

(A) A fixed annual salary

(B) Time-rate pay

(C) Commission

(D) A one-off signing bonus

Lời giải chi tiết

Commission is paid as a percentage of each sale made, directly linking a salesperson's income to the number/value of sales they achieve. **(C)**.

Bài tập luyện tập

Case study. A manufacturing company introduces a new appraisal system that includes specific, measurable performance targets agreed jointly between each employee and their manager, along with a genuine discussion of training needs and career progression. Predict, with reasons, the likely effect on staff motivation compared with the firm's previous system of an annual pay review with no individual discussion at all.

Lời giải chi tiết

The new system is likely to **improve** motivation. By jointly agreeing specific, measurable targets, it gives employees clearer, SMART-style objectives to work toward (supporting a sense of achievement when met) and, crucially, opens a genuine discussion of training and career progression — directly targeting Herzberg's **motivators** (achievement, advancement, growth) that a purely automatic annual pay review (with no individual discussion) could never provide. The previous system offered no opportunity for recognition or two-way communication about an individual's specific contribution or ambitions, meaning any motivating potential was limited to the pay review itself (a hygiene factor, at best only preventing dissatisfaction rather than actively motivating).

Bài tập luyện tập

A new employee is placed under the close supervision of an experienced colleague, learning the job by directly performing real tasks from her first day, with guidance given as issues arise. This is best described as:

(A) Off-the-job training
(B) On-the-job training
(C) Induction training only
(D) External recruitment

Lời giải chi tiết

Learning while actually performing the job, under supervision from an experienced colleague, is **on-the-job training**. **(B)**.

Bài tập luyện tập

Case study. A firm currently spends $40,000 per year sending 20 staff on external off-the-job training courses ($2,000 per person), during which time each employee is away from work for one full week, losing an estimated $600 of output each. (a) Calculate the total cost of this training programme, including lost output. (b) Suggest one reason the firm might consider on-the-job training as a partial alternative.

Lời giải chi tiết

(a) Course fees $= 20 \times 2{,}000 = \$40{,}000$. Lost output $= 20 \times 600 = \$12{,}000$. Total cost $= 40{,}000 + 12{,}000 = \$52{,}000$.
(b) On-the-job training would avoid most of the $12,000 in lost output (employees remain productive, at least partially, while learning) and would not require the $2,000 per-person course fee, making it a substantially cheaper option — though it may not provide the same breadth of externally-recognised qualifications or specialist expert instruction that the off-the-job course offers.

Bài tập luyện tập

Which of the following best describes the difference between a firm's formal and informal communication channels?

(A) Formal channels follow the official chain of command (e.g. a memo from a manager); informal channels are unofficial exchanges between colleagues (e.g. casual conversation) that can spread information quickly but may be inaccurate

(B) They are identical in every respect

(C) Informal channels are always more accurate than formal ones

(D) Formal channels can only be used by the most senior director

Lời giải chi tiết

Formal channels follow the official structure/chain of command; informal channels (the ”grapevine”) are unofficial and can spread information fast, but risk inaccuracy or distortion as messages pass between colleagues outside official reporting lines. **(A)**.

Bài tập luyện tập

Case study. A large hospital wants to reduce the number of medication errors caused by miscommunication between night-shift and day-shift nursing staff during handover. Currently, handover consists only of a brief written note left in a folder, with no opportunity for the outgoing and incoming staff to discuss it directly. Recommend a specific change to the communication method used, and explain why it would likely reduce errors.

Lời giải chi tiết

Recommendation: replace (or supplement) the written note with a brief **face-to-face handover meeting** between outgoing and incoming staff for each patient, allowing incoming staff to ask immediate clarifying questions. **Reason:** the current written note is a purely **one-way** communication method with no feedback loop, meaning any ambiguity, illegible handwriting, or missing detail cannot be clarified before the incoming nurse must act on it — a direct, **two-way** verbal handover allows misunderstandings to be caught and corrected immediately, directly addressing one of the most common causes of communication-related errors in a safety-critical setting like patient handover.

Bài tập luyện tập

A business with a very tall (many-layered) hierarchy notices that instructions from senior management often arrive at front-line staff altered or diluted from their original intent. This is most likely an example of which barrier to communication?

(A) Wrong choice of medium only

(B) Distortion of the message as it passes through a long chain of command

(C) A well-motivated workforce

(D) Excessive delegation of responsibility

Lời giải chi tiết

A long chain of command increases the number of times a message is relayed and re-interpreted, raising the risk that its content is altered or diluted before reaching the intended recipient. **(B)**.

Bài tập luyện tập

Case study. A retail chain is comparing two candidates for a new area manager role. Candidate X is an existing assistant store manager with 6 years' company experience but limited experience overseeing multiple stores. Candidate Y is an external applicant with 10 years' multi-site management experience at a competitor, but no knowledge of this company's specific systems. Using the concepts of internal and external recruitment, advise the retail chain which candidate to appoint, considering both options.

Lời giải chi tiết

Case for Candidate X (internal): she already understands the company's culture, systems and existing staff relationships, requiring less induction/settling-in time, and her appointment would motivate other internal staff by demonstrating a genuine path for promotion — but her lack of multi-site experience is a real gap for a role that specifically requires overseeing several stores at once. **Case for Candidate Y (external):** his proven multi-site management experience directly matches the core skill this specific role requires, bringing fresh ideas and established best practice from a competitor — but he would need time to learn the company's own systems and would not have existing relationships with store staff, and external recruitment is typically slower/costlier to arrange. **Advice:** given that multi-site management is the specific, core skill this new role demands (which Candidate X currently lacks), **Candidate Y** may be the stronger appointment on skills-fit grounds alone — though the company could also mitigate this by appointing Candidate X now and pairing her with structured mentoring/training in multi-site management, if it wishes to prioritise internal promotion and staff motivation instead.

Bài tập luyện tập

Which of the following would be the clearest sign of a positive, low-blame organisational culture?

(A) Employees are afraid to report near-miss safety incidents in case they are punished

(B) Employees openly discuss mistakes and near-misses so the team can learn and prevent recurrence

(C) All decisions must be approved by the most senior director personally

(D) Staff are only ever assessed once a year with no other feedback

Lời giải chi tiết

A culture where employees feel safe openly discussing mistakes/near-misses so the organisation can learn from them is the clearest sign of a positive, low-blame culture. **(B)**.

2.7 Employment contracts and legal protections in depth

An **employment contract** is a legally binding agreement between employer and employee setting out pay, hours, holiday entitlement, notice periods, and duties. Key legal protections typically include:

Minimum wage legislation — sets a legal floor below which hourly/weekly pay cannot fall, protecting the lowest-paid workers from exploitation, though critics argue a very high minimum wage could raise costs enough to reduce the number of jobs firms are willing to offer. **Maximum working hours legislation** — limits the number of hours an employee can be required to work (often with the option to opt out), protecting worker health and wellbeing. **Anti-discrimination legislation** — makes it illegal to treat employees or job applicants unfairly based on protected characteristics (e.g. gender, age, disability, ethnicity), widening access to opportunity and protecting businesses' own reputation by preventing unfair practices. **Health and safety legislation** — requires employers to provide a safe working environment, reducing workplace accidents and the associated costs (compensation claims, lost productivity, reputational damage).

Cost impact of a minimum wage rise

A logistics firm employs 250 workers at the current minimum wage of $14/hour, each working a standard 35-hour week ($490/week per worker). The government raises the minimum wage to $15.50/hour. New weekly wage per worker $= 15.50 \times 35 = \$542.50$, an increase of $52.50 per worker per week. Across 250 workers, the firm's total additional weekly wage cost $= 52.50 \times 250 = \$13{,}125$, or approximately $13{,}125 \times 52 \approx \$682{,}500$ per year — a substantial cost increase the firm must plan for, whether through price rises, productivity improvements, or reduced profit margins.

VN GIẢI THÍCH TIẾNG VIỆT

Hợp đồng lao động (employment contract) quy định lương, giờ làm, ngày nghỉ phép, thời gian báo trước và nhiệm vụ. Luật bảo vệ người lao động bao gồm: **lương tối thiểu** (bảo vệ người lao động thu nhập thấp), **giờ làm tối đa** (bảo vệ sức khoẻ), **chống phân biệt đối xử** (giới tính, tuổi tác, khuyết tật...), và **an toàn lao động** (giảm tai nạn và chi phí liên quan).

Bài tập luyện tập

Case study. A warehouse employs 180 workers at $12.50/hour for a standard 30-hour week. The government raises the minimum wage to $13.80/hour. (a) Calculate the new weekly wage per worker. (b) Calculate the firm's total additional weekly wage cost across all 180 workers.

Lời giải chi tiết

(a) New weekly wage $= 13.80 \times 30 = \$414$ per worker (up from $12.50 \times 30 = \$375$).
(b) Additional cost per worker per week $= 414 - 375 = \$39$. Total additional weekly cost $= 39 \times 180 = \$7{,}020$.

Bài tập luyện tập

Which piece of legislation is specifically designed to prevent an employer from refusing to hire a fully qualified candidate purely because of their age?

(A) Minimum wage legislation
(B) Anti-discrimination legislation
(C) Health and safety legislation
(D) Maximum working hours legislation

Lời giải chi tiết

Preventing unfair treatment based on a protected characteristic such as age is the specific purpose of **anti-discrimination legislation**. **(B)**.

2.8 Workforce planning

Workforce planning is the process of forecasting a firm's future staffing needs (numbers, skills, timing) and planning how to meet them, whether through recruitment, training, redeployment, or planned redundancy.

Effective workforce planning considers: expected changes in demand for the firm's products (requiring more or fewer staff), expected staff turnover/retirements (creating replacement needs), skills gaps that may require training or new recruitment, and the impact of new technology (which may reduce the need for certain roles while creating demand for new specialist skills). Poor workforce planning can leave a firm dangerously understaffed during a busy period, or carrying costly excess staff during a quiet one.

A workforce planning calculation

A firm currently employs 180 production staff. It forecasts 15% output growth next year, expects to lose 20 staff to retirement, and expects a new automated packing line to reduce the packing team's staffing need by 12 people. Assuming staffing needs scale roughly in proportion to output for production roles other than packing (150 of the 180 staff, with the remaining 30 in the packing team): new production staffing requirement (excluding packing) $= 150 \times 1.15 = 172.5 \approx 173$; new packing team requirement $= 30 - 12 = 18$. Total new staffing requirement $= 173 + 18 = 191$. Accounting for the 20 expected retirements from the current 180 total: net new recruitment needed $= 191 - (180 - 20) = 191 - 160 = 31$ additional staff.

VN GIẢI THÍCH TIẾNG VIỆT

Lập kế hoạch nhân sự (workforce planning) là quá trình dự báo nhu cầu nhân sự tương lai (số lượng, kỹ năng, thời điểm) và lên kế hoạch đáp ứng thông qua tuyển dụng, đào tạo, điều chuyển hoặc dư thừa lao động có kế hoạch. Cần xem xét: thay đổi nhu cầu sản phẩm, tỷ lệ nghỉ việc/nghỉ hưu dự kiến, khoảng cách kỹ năng, và tác động của công nghệ mới.

Bài tập luyện tập

Case study. A call centre employs 220 staff. It forecasts 10% growth in call volume next year and expects to lose 25 staff to natural turnover, while a new AI chatbot system is expected to handle enough routine queries to reduce the required headcount by 18 people (applied after accounting for the volume growth). (a) Calculate the new total staffing requirement. (b) Calculate the net number of new staff the firm needs to recruit.

Lời giải chi tiết

(a) Staffing need before the chatbot adjustment $= 220 \times 1.10 = 242$. After the chatbot reduces this by 18: $242 - 18 = 224$.
(b) Staff remaining after turnover $= 220 - 25 = 195$. Net new recruitment needed $= 224 - 195 = 29$ staff.

Bài tập luyện tập

Which of the following is a key input into effective workforce planning?

(A) The colour scheme of the company logo

(B) Forecast changes in product demand, expected staff turnover, and the likely impact of new technology on staffing needs

(C) The company's dividend policy only

(D) The exact wording of the company's mission statement

Lời giải chi tiết

Workforce planning is built on forecasting future staffing needs using demand changes, expected turnover, and the impact of new technology on required headcount. **(B)**.

2.9 McGregor's Theory X and Theory Y

Douglas McGregor proposed two contrasting sets of assumptions managers may hold about their workforce, which strongly shape their chosen management style.

Theory X managers assume employees inherently dislike work, avoid responsibility, and must be closely controlled, directed and threatened with punishment to perform — leading naturally to an **autocratic** management style with tight supervision and limited delegation. **Theory Y managers** assume employees can find work naturally satisfying, will seek out responsibility, and are capable of self-direction if genuinely committed to shared objectives — leading naturally to a more **democratic**, delegative management style with greater trust and autonomy given to staff.

Theory X vs Theory Y in practice

A Theory X factory manager insists every worker clock in/out precisely, closely monitors output every hour, and makes all decisions himself without consulting staff — consistent with an assumption that workers need close control to perform. A Theory Y manager in a similar factory instead sets clear overall targets, trusts teams to organise their own work schedules, and actively invites staff suggestions for improving the process — consistent with an assumption that workers are self-motivated and capable of responsibility. Neither approach is universally "correct": a Theory Y approach tends to work best with skilled, experienced, intrinsically motivated staff (echoing laissez-faire/democratic leadership and Herzberg's motivators), while a Theory X approach may be more appropriate for unskilled, inexperienced staff needing close initial guidance, or time-critical, safety-critical tasks.

VN GIẢI THÍCH TIẾNG VIỆT

Thuyết X và Y của McGregor mô tả hai giả định trái ngược của nhà quản lý về nhân viên. **Thuyết X**: nhân viên vốn không thích làm việc, né tránh trách nhiệm, cần bị kiểm soát chặt chẽ → dẫn đến phong cách quản lý **độc đoán**. **Thuyết Y**: nhân viên có thể tìm thấy sự thoả mãn trong công việc, chủ động tìm kiếm trách nhiệm, có khả năng tự định hướng → dẫn đến phong cách quản lý **dân chủ**, trao quyền nhiều hơn.

Bài tập luyện tập

A manager who believes staff are naturally lazy, dislike responsibility, and must be closely supervised at all times to get any work done is operating under which of McGregor's theories?

(A) Theory X
(B) Theory Y
(C) Herzberg's hygiene theory
(D) Maslow's esteem theory

Lời giải chi tiết

Assuming staff dislike work and responsibility, requiring close supervision, is the defining assumption of **Theory X**. **(A)**.

Bài tập luyện tập

Case study. A research laboratory employing highly qualified scientists currently uses a strict Theory X management approach, with the lab director personally approving every experimental decision. Staff report feeling frustrated and undervalued. Recommend, with justification, whether a Theory Y approach might be more appropriate here.

Lời giải chi tiết

Recommendation: yes, a Theory Y approach is likely more appropriate. Highly qualified, specialist scientists are exactly the type of skilled, intrinsically-motivated workforce for whom Theory Y assumptions (that staff can be self-directed, seek out responsibility, and find genuine satisfaction in meaningful work) are most likely to hold true — closely echoing the conditions under which laissez-faire/democratic leadership and Herzberg's motivators (achievement, responsibility) are most effective. The current Theory X approach (requiring the director's personal approval for every decision) is likely frustrating precisely because it denies these highly capable staff the autonomy and responsibility they are both capable of and motivated by, consistent with the staff's reported frustration. Shifting toward greater delegation and trust (Theory Y) is likely to improve motivation, morale, and potentially the pace/quality of research, without the bottleneck of requiring the director's sign-off on every decision.

2.10 The psychological contract

Beyond the formal, written employment contract, employees and employers develop an unwritten **psychological contract** — a set of mutual, informal expectations about what each side owes the other (e.g. the employee expects fair treatment, recognition and reasonable job security in exchange for effort and loyalty; the employer expects commitment, honesty and reasonable flexibility in exchange for fair pay and treatment).

When the psychological contract is **honoured** (both sides broadly meet each other's informal expectations), trust and motivation tend to be high, even without every detail being formally written down. When it is **breached** (e.g. an employer makes promises about promotion or job security that are then broken, or an employee's efforts consistently go unrecognised despite repeated informal assurances), motivation, trust and loyalty can collapse very quickly — often more severely than a similar breach of the *formal* written contract, because the psychological contract touches on deeper feelings of fairness and respect.

A breached psychological contract

A firm's managers repeatedly tell a long-serving employee, informally, that she is "next in line" for promotion whenever a suitable role opens up, over several years. When a suitable senior role finally becomes available, an external candidate is hired instead with no explanation given to the employee. Even though nothing in her *written* contract was broken (there was never a formal, contractual promise of promotion), the employee feels a profound sense of betrayal and rapidly disengages from her work, and eventually resigns — illustrating how breaching the unwritten psychological contract can have consequences just as severe as (or more severe than) breaching a formal written agreement.

VN GIẢI THÍCH TIẾNG VIỆT

Hợp đồng tâm lý (psychological contract) là những kỳ vọng ngầm, không chính thức giữa người lao động và người sử dụng lao động (ngoài hợp đồng lao động chính thức) — ví dụ nhân viên kỳ vọng được đối xử công bằng, công nhận và ổn định công việc hợp lý, đổi lại sự nỗ lực và trung thành. Khi hợp đồng tâm lý bị VI PHẠM (dù hợp đồng chính thức không hề bị phá vỡ), niềm tin và động lực có thể sụp đổ nhanh chóng, đôi khi nghiêm trọng hơn cả việc vi phạm hợp đồng chính thức.

Bài tập luyện tập

Case study. A firm's written contracts and pay are entirely unchanged, but staff morale collapses after management repeatedly cancels informally-promised team social events and ignores previously-agreed flexible working arrangements without explanation. Explain, using a relevant concept, why staff morale has fallen so sharply despite no formal contractual terms being broken.

Lời giải chi tiết

This illustrates a breach of the **psychological contract** — the unwritten, informal expectations staff had built up (e.g. trust that previously-agreed flexible arrangements and promised social events would be honoured) have been broken, even though the formal written employment contract and pay remain unchanged. Because the psychological contract touches on deeper feelings of trust, fairness and respect, breaching it can damage morale and motivation just as severely as (or more severely than) a formal contractual breach, since staff may feel management's word cannot be relied upon even where no legal obligation was ever created.

2.11 Extended case study: Farrow Engineering

Bài tập luyện tập

Extended case study. Farrow Engineering employs 260 staff across 5 hierarchy levels, with an average span of control of 4. Labour turnover has risen from 11% to 29% over 18 months, and exit interviews reveal common complaints: "my manager never explains why decisions are made," "I never get to use my own judgement," and "training only ever covers the bare minimum to do my current job." The board is debating three responses: (i) delayering to remove one management level; (ii) shifting toward a more democratic/Theory Y leadership style with greater delegation; (iii) introducing a structured off-the-job training and career-development programme.

(a) If Farrow currently employs an average of 250 staff and its turnover rate is 29%, calculate the approximate number of staff who left in the past year.
(b) Using McGregor's theory, explain which management assumption (Theory X or Theory Y) the exit interview complaints suggest is currently dominant at Farrow, and justify your answer.
(c) Evaluate proposal (ii) as a response to the specific complaints raised.

(d) Explain *one* likely effect of proposal (i) on the span of control of Farrow's remaining managers.
(e) Recommend which of the three proposals (or combination) the board should prioritise, with justification.

Lời giải chi tiết

(a) Staff who left $= 0.29 \times 250 = 72.5 \approx 73$ staff.

(b) The complaints ("never explains why decisions are made," "never get to use my own judgement") strongly suggest a currently dominant **Theory X** management style — managers are making unilateral decisions without consultation and denying staff autonomy/responsibility, consistent with an assumption that employees cannot be trusted with genuine decision-making authority.

(c) Shifting toward a democratic/Theory Y style, with greater delegation and explanation of decisions, directly targets the specific complaints raised (lack of explanation, lack of autonomy) and aligns with Herzberg's motivators (responsibility, recognition) — likely to improve morale and reduce turnover. A balanced evaluation would note that this shift requires time and genuine trust-building (staff who have experienced years of Theory X management may initially be skeptical of a sudden change), and works best when paired with adequate training (proposal iii) so staff feel equipped to handle newly-delegated responsibility rather than merely overwhelmed by it.

(d) Removing one management level while keeping total staff roughly constant means each remaining manager must supervise more staff directly — the span of control **widens**, which (combined with existing dissatisfaction around lack of explanation/autonomy) risks further reducing the quality of individual support each employee receives unless carefully managed.

(e) Recommendation: prioritise (ii) combined with (iii), and treat (i) with caution. The exit interview complaints point directly and specifically at leadership style and training gaps (proposals ii and iii) as the root causes of dissatisfaction — addressing these targets the actual stated reasons staff are leaving. Delayering (proposal i) does not address any of the specific complaints raised, and — by widening the span of control — could actually worsen the "my manager never explains why decisions are made" complaint, since managers would have even less time per subordinate. The board should therefore focus resources on leadership style change and structured training first, and only consider delayering separately (if cost pressures genuinely require it) once the underlying culture and skills issues have begun to improve.

2.12 Types of employment contract

Not all employees work under the same terms. Businesses choose different types of employment contract to balance flexibility, cost and staff commitment.

Full-time contracts — typically 35–40+ hours per week, usually with the fullest access to benefits (paid holiday, pension contributions, job security); best suited to core roles requiring consistent, ongoing commitment.
Part-time contracts — fewer contracted hours per week; allow a business to match staffing levels to predictable quieter periods (e.g. weekday mornings in a restaurant) and can widen the recruitment pool to those unable to work full-time (parents, students).
Temporary/fixed-term contracts — employment for a specified period or project only (e.g. seasonal retail staff over a holiday period, or maternity cover); give a business flexibility to scale its workforce up or down without a long-term commitment, but may reduce staff loyalty/motivation given the lack of job security.
Zero-hours contracts — the employer is not obliged to offer a minimum number of hours, and the worker is not obliged to accept any hours offered; maximise flexibility for the employer (very useful for firms with highly unpredictable demand) but can leave workers with unstable, unpredictable income, raising ethical/CSR concerns and potentially harming staff motivation and retention.
Freelance/self-employed contracts — the individual is not a direct employee but is contracted for specific pieces of work (e.g. a freelance graphic designer); the business avoids ongoing employment costs (pension contributions, paid holiday) but has less day-to-day control over how and when the work is done.

Choosing a contract type to match demand

A seaside ice-cream parlour sells almost all of its annual revenue between May and September. Employing all staff on full-time, permanent contracts year-round would mean paying full wages through the quiet winter months with very little revenue to cover them. Instead, the owner employs 2 full-time staff year-round (core management/admin) and hires an additional 10 staff on **fixed-term summer contracts** covering only the 5 peak months. This matches the wage bill closely to the pattern of revenue, avoiding the cost of paying for idle capacity during the off-season, while the fixed-term staff know from the outset that the role is temporary, reducing the risk of unexpected redundancy disputes.

VN GIẢI THÍCH TIẾNG VIỆT

Hợp đồng toàn thời gian (full-time): ổn định, đầy đủ phúc lợi, phù hợp vai trò cốt lõi. **Hợp đồng bán thời gian (part-time)**: linh hoạt theo nhu cầu thấp điểm. **Hợp đồng có thời hạn/tạm thời (temporary/fixed-term)**: linh hoạt tăng giảm nhân sự theo mùa vụ/dự án. **Hợp đồng không giờ cố định (zero-hours)**: linh hoạt tối đa cho người sử dụng lao động nhưng thu nhập bấp bênh cho người lao động — gây lo ngại về đạo đức kinh doanh. **Lao động tự do (freelance)**: doanh nghiệp tiết kiệm chi phí phúc lợi nhưng ít kiểm soát cách thức/thời gian làm việc.

Redundancy pay — a worked example

A firm makes a 45-year-old employee redundant after 12 complete years of continuous service. Under a typical statutory redundancy formula, the employee is entitled to 1.5 weeks' pay for each complete year of service in this age band, at a weekly pay rate of $620.

$$\text{Redundancy pay} = 12 \times 1.5 \times 620 = \$11{,}160.$$

Redundancy (the role itself is no longer needed, e.g. due to automation or a closed department) is legally and ethically distinct from **dismissal** (the employee is removed for individual conduct or performance reasons) — redundant employees are entitled to redundancy pay precisely because the job loss is not their fault, whereas a fairly dismissed employee typically is not.

VN GIẢI THÍCH TIẾNG VIỆT

Sa thải do dư thừa lao động (redundancy): vị trí công việc không còn cần thiết nữa (ví dụ do tự động hoá) — người lao động được hưởng trợ cấp thôi việc vì đây không phải lỗi của họ. **Sa thải kỷ luật (dismissal)**: chấm dứt hợp đồng do hành vi/hiệu suất cá nhân của người lao động — khác biệt hoàn toàn về bản chất pháp lý và đạo đức so với redundancy.

Bài tập luyện tập

A business hires extra retail staff only for the eight-week period before a major holiday season, with both parties aware from the outset that the role will end after that period. This is best described as a:

(A) Zero-hours contract

(B) Fixed-term (temporary) contract

(C) Full-time permanent contract

(D) Freelance contract

Lời giải chi tiết

Employment for a specified, agreed period only is a **fixed-term (temporary) contract**. **(B)**.

Bài tập luyện tập

Case study. A 38-year-old employee with 8 complete years of continuous service is made redundant when their entire department is automated. Their weekly pay is $540, and the applicable redundancy formula for their age band is 1 week's pay per complete year of service. Calculate their total statutory redundancy pay.

Lời giải chi tiết

Redundancy pay $= 8 \times 1 \times 540 = \$4{,}320.$

Bài tập luyện tập

Which of the following is the most significant drawback of zero-hours contracts *from the employee's perspective*?

(A) They guarantee too many hours of work each week

(B) They can leave workers with unstable and unpredictable income, since no minimum hours are guaranteed

(C) They always pay a higher hourly rate than full-time contracts

(D) They are illegal in most countries

Lời giải chi tiết

Since the employer is not obliged to offer any minimum number of hours, zero-hours workers can face highly unpredictable, unstable income. **(B)**.

2.13 Trade unions and industrial relations

Trade unions

A **trade union** is an organisation that represents the collective interests of employees, negotiating with employers on their behalf over pay, working conditions, and job security — a process known as **collective bargaining**. Because an individual employee typically has very little bargaining power alone, union membership gives employees much greater negotiating strength as a group. If negotiations fail to reach agreement, unions may organise **industrial action** such as a strike (employees collectively refuse to work) to pressure the employer, though this comes at a direct cost to both sides — lost wages for striking workers, and lost output/revenue for the employer.

Benefits of trade unions to employees: stronger collective bargaining power than any individual could achieve alone; support and representation in individual disputes (e.g. unfair dismissal claims); a collective voice in workplace decision-making.
Benefits of trade unions to employers: a single, organised channel for communicating with the whole workforce (rather than negotiating individually with every employee); can help identify and resolve workplace problems before they escalate into more disruptive action.
Costs/risks: industrial action (strikes) can be highly disruptive and costly for the business (lost production, missed deadlines, reputational damage with customers), and prolonged, adversarial negotiations can slow down decision-making and create a more confrontational workplace culture than one without union representation.

Cost of a strike

A factory generating \$40,000 of revenue per production day is hit by a 6-day strike after pay negotiations with the trade union break down. **Direct lost revenue** $\approx 40{,}000 \times 6 = \$240{,}000$ over the strike period (before considering any lost profit margin, contractual penalties for late delivery to customers, or longer-term reputational damage). This illustrates why most employers strongly prefer to reach a negotiated settlement with a union *before* industrial action begins, even if that means offering a somewhat higher pay increase than originally intended.

VN **GIẢI THÍCH TIẾNG VIỆT**

Công đoàn (trade union): tổ chức đại diện quyền lợi tập thể của người lao động, thương lượng với người sử dụng lao động về lương, điều kiện làm việc thông qua **thương lượng tập thể (collective bargaining)**. Nếu đàm phán thất bại, công đoàn có thể tổ chức **đình công (strike)** — gây thiệt hại cho cả hai bên (người lao động mất lương, doanh nghiệp mất doanh thu/sản lượng). Công đoàn mang lại lợi ích (tiếng nói tập thể, hỗ trợ tranh chấp cá nhân) nhưng cũng có chi phí/rủi ro (gián đoạn sản xuất, đàm phán kéo dài).

Bài tập luyện tập

Case study. A trade union representing 500 factory workers demands a 9% pay rise, citing rising inflation; management initially offers only 3%. Explain *one* reason management might ultimately agree to a rise closer to the union's demand, and *one* reason it might instead risk industrial action by holding firm at 3%.

Lời giải chi tiết

Reason to move closer to 9%: avoiding a strike protects the firm from potentially far larger losses (lost production, missed customer deadlines, reputational damage) than the extra cost of a higher pay settlement, and helps maintain good long-term employee relations and motivation. **Reason to hold firm at 3%:** if the firm's costs are already under severe pressure (e.g. from high raw material costs or intense price competition), a 9% rise across 500 workers may be genuinely unaffordable without unsustainable price rises or job cuts elsewhere, and management may judge that the union is unlikely to actually follow through with a costly, prolonged strike.

Bài tập luyện tập

The process by which a trade union negotiates pay and conditions with an employer on behalf of its members, rather than each employee negotiating individually, is known as:

(A) Delayering
(B) Collective bargaining
(C) Labour turnover
(D) Appraisal

Lời giải chi tiết

Union negotiation with the employer on behalf of the collective workforce is **collective bargaining**. **(B)**.

2.14 On-the-job vs. off-the-job training: a cost comparison

On-the-job training takes place at the workplace itself, typically under the guidance of an experienced colleague (e.g. shadowing, mentoring) while the trainee continues to contribute to production. **Advantages:** relatively low direct cost; trainees remain productive (partially) during training; content is directly relevant to the specific job.
Off-the-job training takes place away from the immediate workplace (e.g. a college course, an external training provider, a residential course). **Advantages:** exposure to broader, more transferable skills and expert instruction not available in-house; a change of environment can boost motivation. **Drawbacks:** higher direct cost (course fees, travel), and the trainee is entirely unproductive at work (and may need cover) during the training period.

Comparing the total cost of two training methods

A firm is deciding how to train 10 new machine operators. **On-the-job option:** an experienced operator mentors trainees for 2 weeks, during which trainees still produce at 50% of normal output (so the firm loses half of 10 workers' output for 2 weeks — a lost-output cost estimated at $6,000) plus no additional course fees. **Off-the-job option:** sending the same 10 trainees to an external 1-week technical course costs $500 per person in course fees ($10 \times 500 = \$5{,}000$) plus a lost-output cost while they are absent, estimated at $9,000 (since trainees produce nothing at all while off-site), for a total of $5{,}000 + 9{,}000 = \$14{,}000$. **Comparison:** the on-the-job option costs only $6,000 versus $14,000 for the off-the-job option in this case — but the off-the-job course may deliver more comprehensive, expert-led training on the specific new machinery, which could reduce costly errors and accidents later, an important consideration alongside the higher immediate financial cost.

VN GIẢI THÍCH TIẾNG VIỆT

Đào tạo tại chỗ (on-the-job training): chi phí thấp hơn, học viên vẫn đóng góp một phần sản lượng trong khi học. **Đào tạo ngoài nơi làm việc (off-the-job training)**: chi phí cao hơn (học phí, mất toàn bộ sản lượng trong thời gian đào tạo) nhưng thường mang lại kỹ năng chuyên sâu, chuyển giao được từ chuyên gia bên ngoài. Quyết định chọn phương pháp nào cần cân nhắc cả chi phí trực tiếp lẫn chất lượng/độ sâu của kỹ năng thu được.

Bài tập luyện tập

Case study. A firm trains 8 new staff. On-the-job training costs an estimated $4,000 in lost output over 1 week. Off-the-job training costs $300 per person in course fees plus $7,000 in total lost output. Calculate the total cost of each option and identify the cheaper one.

Lời giải chi tiết

On-the-job total cost $= \$4{,}000$. Off-the-job total cost $= (8 \times 300) + 7{,}000 = 2{,}400 + 7{,}000 = \$9{,}400$. The **on-the-job option is cheaper** ($4,000 versus $9,400).

Marketing

Mục tiêu Unit: Nghiên cứu thị trường (sơ cấp/thứ cấp, định tính/định lượng, phương pháp lấy mẫu); phân khúc thị trường và thị trường mục tiêu; marketing mix 4Ps (sản phẩm, giá, phân phối, xúc tiến) và chu kỳ sống sản phẩm; chiến lược marketing (marketing ngách và marketing đại trà); marketing quốc tế.

3.1 The role and purpose of marketing

Marketing is the management function that identifies, anticipates and satisfies customer requirements profitably. Rather than simply "selling" whatever a business happens to produce, effective marketing starts with understanding what customers actually want, and then designs the product, price, distribution and promotion around that need. Marketing objectives typically include increasing sales revenue, growing market share, building brand loyalty, and successfully launching new products.

Market share — a firm's sales as a percentage of total sales in that market:

$$\text{Market share} = \frac{\text{Firm's sales}}{\text{Total market sales}} \times 100$$

A rising market share suggests a firm is growing *faster* than its overall market (winning customers from rivals); a falling market share can occur even while a firm's own sales are rising, if the whole market is growing even faster.

Market share calculation

Total annual sales in a national snack-food market are $5,000,000. A firm's own sales are $750,000.

$$\text{Market share} = \frac{750{,}000}{5{,}000{,}000} \times 100 = 15\%.$$

If the firm's sales rise to $900,000 the following year while the total market grows to $7,500,000, its new market share is $900{,}000/7{,}500{,}000 \times 100 = 12\%$ — a **fall** in market share despite a *rise* in the firm's own sales, because competitors captured an even larger share of the market's growth.

VN **GIẢI THÍCH TIẾNG VIỆT**

Marketing là chức năng quản lý nhằm xác định, dự đoán và đáp ứng nhu cầu khách hàng một cách có lợi nhuận — thay vì chỉ "bán" bất cứ thứ gì doanh nghiệp sản xuất ra. **Thị phần (market share)** = doanh số của doanh nghiệp / tổng doanh số thị trường × 100. Thị phần có thể GIẢM ngay cả khi doanh số của doanh nghiệp TĂNG, nếu toàn bộ thị trường tăng trưởng nhanh hơn.

3.2 Market research

Market research reduces the risk of business decisions by identifying customer needs and preferences, testing new product ideas before launch, forecasting demand, and monitoring competitors' activity.

Primary (field) research — gathering original, first-hand data specifically for the firm's own purposes: questionnaires/surveys, face-to-face or telephone interviews, focus groups, and direct observation of customer behaviour. Advantages: highly relevant, up to date, and can be tailored to answer a firm's exact question. Disadvantages: time-consuming and often expensive to design and carry out, and results may be biased by a small or unrepresentative sample.
Secondary (desk) research — using data that already exists, collected for another purpose: government statistics, published market reports, trade publications, competitors' own websites/annual reports, and general internet sources. Advantages: cheap and quick to access. Disadvantages: may be out of date, may not be specific enough to the firm's particular product or market, and is available to competitors too (no competitive advantage from having it).

Qualitative research explores opinions, attitudes and motivations in depth (e.g. focus groups, in-depth interviews) — rich, detailed insight but from a small sample, harder to generalise and to analyse statistically. **Quantitative** research produces numerical data that can be statistically analysed (e.g. questionnaires with tick-box answers) — easier to summarise objectively and can use a large sample, but gives less insight into *why* customers feel a certain way.

Sampling methods

Random sampling — every member of the target population has an equal chance of being selected (e.g. names drawn at random from a customer database). Free from selection bias, but by chance may still under-represent some groups.
Quota sampling — the researcher sets fixed numbers (quotas) to be interviewed from each demographic group (e.g. 50 men and 50 women aged 18–30), then selects any convenient respondents until each quota is filled. Ensures a set structure matching the target market, but is not truly random and relies on interviewer judgement in who is approached.
Stratified sampling — the population is divided into sub-groups (strata) by a relevant characteristic (e.g. age band), and a sample is drawn from each stratum in *proportion* to its share of the whole population, using random selection within each stratum. Combines representativeness with genuine randomness, but requires good prior data on the structure of the population.

VN GIẢI THÍCH TIẾNG VIỆT

Nghiên cứu **sơ cấp (primary)**: dữ liệu do chính doanh nghiệp thu thập lần đầu (khảo sát, phỏng vấn, nhóm tập trung — focus group) — sát thực tế nhưng tốn kém, mất thời gian. Nghiên cứu **thứ cấp (secondary)**: dữ liệu có sẵn (thống kê chính phủ, báo cáo ngành) — rẻ, nhanh nhưng có thể không sát nhu cầu cụ thể hoặc đã lỗi thời. **Định tính (qualitative)**: khám phá thái độ/cảm nhận (mẫu nhỏ, khó phân tích thống kê). **Định lượng (quantitative)**: dữ liệu số, dễ phân tích thống kê (mẫu lớn). Phương pháp lấy mẫu: **ngẫu nhiên (random)** — ai cũng có cơ hội được chọn như nhau; **theo hạn ngạch (quota)** — chọn đủ số lượng cố định từ mỗi nhóm; **phân tầng (stratified)** — chia dân số thành các nhóm rồi lấy mẫu ngẫu nhiên theo đúng tỷ lệ của mỗi nhóm.

Choosing an appropriate sampling method

A cosmetics firm wants its national survey sample to reflect the country's actual age structure: 20% aged 18–25, 45% aged 26–45, 35% aged 46+. If it surveys 400 people in total, a **stratified sample** would select $0.20 \times 400 = 80$ respondents aged 18–25, $0.45 \times 400 = 180$ aged 26–45, and $0.35 \times 400 = 140$ aged 46+, with individuals chosen *randomly* within each age band — ensuring the sample structure mirrors the population while still avoiding selection bias within each group.

(!) Lỗi thường gặp: Do not confuse **quota** sampling with **stratified** sampling: both divide the population into groups with target numbers, but stratified sampling additionally requires *random* selection within each group, whereas quota sampling allows the researcher/interviewer to pick any convenient respondent until the quota is filled (introducing more potential for interviewer bias).

3.2.1 Digital marketing

The rise of the internet and social media has added a distinct set of promotional and research tools to the traditional marketing toolkit.

Search engine marketing — paying to appear prominently in search engine results for relevant keywords, reaching customers at the exact moment they are actively searching for a related product.
Social media marketing — building a brand presence and engaging directly with customers on social platforms; can be highly cost-effective and allows two-way interaction (comments, reviews) that traditional advertising cannot.
Influencer marketing — paying individuals with a large, engaged online following to promote a product to their audience, borrowing the influencer's credibility/trust with their followers.
Viral marketing — content designed to be shared rapidly and widely by users themselves, generating exposure far beyond the firm's own direct advertising spend, though success cannot be guaranteed or fully controlled by the firm.

Digital marketing tools can be far more precisely **targeted** (by demographic, location, browsing behaviour) than traditional mass media, and results (click-through rates, conversion rates, engagement) can be measured in real time — allowing a firm to adjust a campaign quickly if it is underperforming, unlike a print or television advert that, once bought, cannot easily be changed mid-campaign.

VN GIẢI THÍCH TIẾNG VIỆT

Marketing kỹ thuật số: quảng cáo trên công cụ tìm kiếm, mạng xã hội, người ảnh hưởng (influencer), và marketing lan truyền (viral). Ưu điểm lớn nhất so với quảng cáo truyền thống: có thể **nhắm mục tiêu chính xác** hơn và **đo lường kết quả theo thời gian thực**, cho phép điều chỉnh chiến dịch nhanh chóng nếu hiệu quả chưa tốt.

3.3 Market segmentation and targeting

Market segmentation is the process of dividing a broad market into smaller groups (segments) of customers who share similar characteristics and needs, so a business can design and target its marketing mix precisely at each segment.

Common bases for segmentation: **demographic** (age, gender, income, family size), **geographic** (region, urban/rural, climate), **psychographic/lifestyle** (values, interests, social class, personality), and **behavioural** (usage rate, brand loyalty, occasion of purchase).

Benefits of segmentation include: the ability to design a marketing mix that precisely matches each segment's needs; the potential to charge a premium price to segments willing to pay more; a competitive advantage over rivals using a "one size fits all" approach; and the ability to identify and enter new, currently under-served segments.

GIẢI THÍCH TIẾNG VIỆT
VN
Phân khúc thị trường (segmentation) chia thị trường lớn thành các nhóm khách hàng nhỏ hơn có đặc điểm/nhu cầu tương đồng, để doanh nghiệp thiết kế marketing mix phù hợp cho từng nhóm. Các tiêu chí phân khúc phổ biến: **nhân khẩu học** (tuổi, giới tính, thu nhập), **địa lý** (vùng miền), **tâm lý/lối sống** (giá trị sống, tầng lớp xã hội) và **hành vi** (mức độ sử dụng, lòng trung thành với thương hiệu).

(!) Lỗi thường gặp: Market **segmentation** (dividing customers into groups by shared characteristics) is not the same as **product differentiation** (making one's own product stand out from competitors', e.g. through a unique feature or branding) — a very common exam confusion. A firm can differentiate its product *within* a single market segment.

3.3.1 Analysing market research data

Raw market research data is often summarised numerically before being used for decisions.

Interpreting a simple survey result

A questionnaire of 400 randomly-selected customers asks whether they would buy a proposed new flavour of yoghurt. 260 say yes, 90 say no, and 50 are undecided.

$$\text{\% in favour} = \frac{260}{400} \times 100 = 65\%.$$

A firm might set a threshold (e.g. "launch only if over 60% respond positively") before committing to a costly product launch; here the 65% result clears that threshold, though the firm should also consider the size and representativeness of the 400-person sample before making a final decision.

GIẢI THÍCH TIẾNG VIỆT
VN
Dữ liệu khảo sát thô thường được tóm tắt bằng phần trăm trước khi dùng để ra quyết định. Ví dụ: nếu 65% người được hỏi ủng hộ sản phẩm mới và ngưỡng đặt ra là 60%, doanh nghiệp có thể quyết định ra mắt sản phẩm — nhưng vẫn cần xem xét quy mô và tính đại diện của mẫu khảo sát.

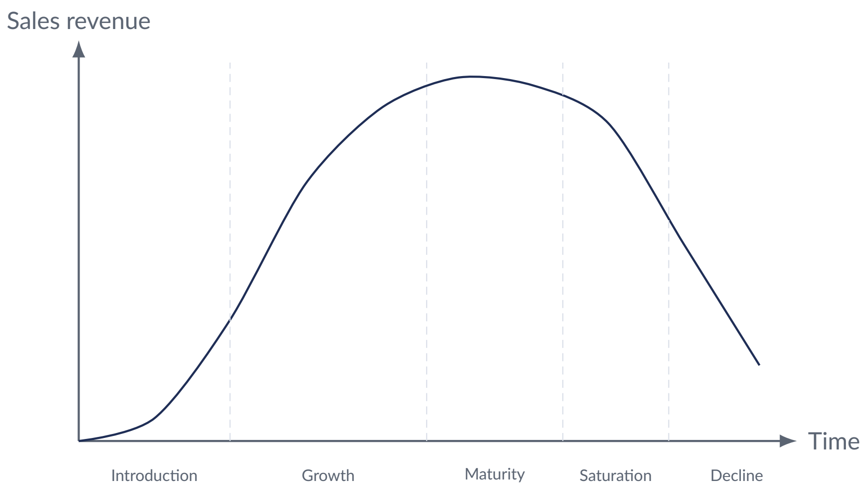
3.4 The marketing mix: Product

Product is the good or service itself, which must meet customer needs through its features, quality, design, reliability and branding. A strong product typically has a **unique selling point (USP)** — a distinctive feature or benefit that competitors do not offer, giving customers a clear reason to choose it over rivals.

Branding

Branding gives a product a distinctive identity (name, logo, packaging, values/personality) that differentiates it from competitors, builds customer recognition and trust, allows premium pricing, and encourages repeat purchase and loyalty. Strong brands can survive product recalls or bad publicity far better than unbranded/generic products, because customers have accumulated trust in the brand as a whole, not just in one item.

Every product passes through a **product life cycle (PLC)**: sales typically follow the pattern below.



The product life cycle: sales rise through introduction and growth, peak around maturity/saturation, then fall in decline. Firms use **extension strategies** to prolong maturity and delay decline.

Introduction — product just launched; sales are low and rising slowly, promotion spending is high (building awareness), and the firm often makes a loss.
Growth — sales rise rapidly as awareness spreads; competitors begin entering the market; the firm reinvests profit into extra capacity and wider distribution.
Maturity — sales growth slows and peaks; the market is now crowded with competitors; the firm focuses on defending market share (branding, loyalty schemes).
Saturation — most potential customers already own/have tried the product; sales plateau or grow only very slowly.
Decline — sales fall steadily as the product becomes outdated or is replaced by newer alternatives; the firm may withdraw the product or run it down at minimal cost.
Extension strategies (used to prolong maturity/delay decline): new packaging or variants, entering new markets/regions, price changes (discounts or repositioning), and fresh advertising/promotion campaigns.

Cash flow and profit across the PLC

A toy manufacturer launches a new board game. During **introduction**, revenue is low ($10,000/month) but marketing spend is high ($15,000/month), giving a monthly loss of $5,000 — typical of this stage, financed from the firm's other, more established products or from external finance. By **growth**, revenue reaches $60,000/month against costs of $35,000/month (a $25,000 monthly profit) as word-of-mouth and repeat purchase build momentum without needing proportionally higher marketing spend. This illustrates why firms often accept short-term losses on new-product launches in anticipation of much larger profits during growth and maturity.

VN **GIẢI THÍCH TIẾNG VIỆT**

Mỗi sản phẩm đều trải qua **chu kỳ sống (product life cycle)**: **giới thiệu** (doanh số thấp, chi phí quảng cáo cao, thường lỗ) → **tăng trưởng** (doanh số tăng nhanh, đối thủ bắt đầu xuất hiện) → **trưởng thành** (doanh số đạt đỉnh, cạnh tranh gay gắt) → **bão hoà** (doanh số đi ngang) → **suy thoái** (doanh số giảm dần). Doanh nghiệp dùng **chiến lược kéo dài (extension strategies)** như đổi bao bì, mở rộng thị trường mới, thay đổi giá, làm mới quảng cáo để kéo dài giai đoạn trưởng thành.

3.4.1 Branding strategies and USP in depth

Manufacturer/family branding — a single brand name is used across an entire range of products (e.g. one confectionery company branding all its products under one family name), building broad brand recognition but risking that a scandal affecting one product can damage the reputation of the whole range.
Individual branding — each product/product line has its own distinct brand identity, even from the same parent company, isolating any single product's reputation problems from the rest of the portfolio, though at higher total marketing cost (each brand must be built up separately).
Own-label (private label) branding — a retailer sells products manufactured by a third party under the *retailer's own* brand name (e.g. a supermarket's own-brand cereal), typically priced below famous manufacturer brands while still building loyalty to the retailer itself.

VN GIẢI THÍCH TIẾNG VIỆT

Thương hiệu gia đình (family branding): dùng một tên thương hiệu cho toàn bộ dòng sản phẩm — dễ nhận diện nhưng rủi ro lan truyền nếu một sản phẩm gặp sự cố. **Thương hiệu riêng lẻ (individual branding)**: mỗi sản phẩm có thương hiệu riêng — cô lập rủi ro nhưng tốn kém hơn. **Nhãn hàng riêng (own-label)**: nhà bán lẻ bán sản phẩm do bên thứ ba sản xuất dưới thương hiệu riêng của mình, thường giá thấp hơn thương hiệu nổi tiếng.

3.5 The marketing mix: Price

Cost-plus pricing — add a fixed profit margin (mark-up) on top of the unit cost. Simple and guarantees a margin on every unit sold, but ignores what competitors charge and what customers are actually willing to pay.
Penetration pricing — set a deliberately *low* initial price to gain market share quickly when entering a competitive market, then raise the price gradually once a loyal customer base is established.
Price skimming — set a deliberately *high* initial price for a genuinely new/innovative product with little direct competition, to maximise revenue from early adopters before the price is lowered as competitors enter.
Competitive pricing — set a price closely in line with rivals' prices, common in mature markets with many similar competing products.
Psychological pricing — set a price just below a round number (e.g. \$9.99 rather than \$10.00) because customers tend to perceive it as meaningfully cheaper.

Cost-plus pricing calculation

A unit costs \$18 to produce (materials, labour and an allocated share of overheads). The firm wants a 40% mark-up on cost.

$$\text{Selling price} = 18 \times (1 + 0.40) = 18 \times 1.40 = \$25.20.$$

If competitors are selling an equivalent product for \$22, the firm's cost-plus price of \$25.20 may be uncompetitive — illustrating why cost-plus pricing should be checked against the market, not used in isolation.

VN GIẢI THÍCH TIẾNG VIỆT

Định giá chi phí cộng lợi nhuận (cost-plus): cộng thêm một tỷ lệ lợi nhuận cố định vào chi phí đơn vị. **Định giá thâm nhập (penetration)**: giá thấp ban đầu để nhanh chóng chiếm thị phần.

Định giá hớt váng (skimming): giá cao ban đầu cho sản phẩm mới/độc đáo, sau đó giảm dần. **Định giá cạnh tranh**: theo sát giá đối thủ. **Định giá tâm lý**: đặt giá thấp hơn một số tròn (ví dụ $9.99) để khách hàng cảm thấy rẻ hơn.

3.6 The marketing mix: Place

Place refers to the distribution channel(s) used to get a product from the producer to the final customer.

Direct distribution — selling straight from producer to customer (e.g. a firm's own website, a factory outlet), with no intermediaries: the firm keeps the full margin and full control over the customer relationship, but must handle all logistics, payment and customer service itself.
Indirect distribution — selling through one or more **intermediaries**: a **wholesaler** buys in bulk from the producer and breaks it down into smaller quantities for **retailers**, who then sell to the final consumer. This reaches many more customers with far less logistics effort for the producer, but each intermediary takes a margin, raising the final price and reducing the producer's control over how the product is presented/sold.

The growth of **e-commerce** has made direct online distribution dramatically more accessible even for small firms, cutting out traditional wholesale/retail intermediaries (**disintermediation**), lowering costs, widening potential customer reach (including internationally), and providing rich data on customer behaviour — though it also removes the ability for customers to physically inspect goods before buying, and requires investment in a reliable website, secure payment systems and a delivery/logistics network.

VN GIẢI THÍCH TIẾNG VIỆT

Phân phối trực tiếp: bán thẳng từ nhà sản xuất đến khách hàng (website riêng) — giữ toàn bộ biên lợi nhuận nhưng phải tự lo hậu cần. **Phân phối gián tiếp**: qua trung gian — nhà bán buôn (wholesaler) mua số lượng lớn rồi bán lại cho nhà bán lẻ (retailer), tiếp cận được nhiều khách hàng hơn nhưng mỗi trung gian lấy một phần lợi nhuận, đẩy giá cuối cùng lên cao hơn. **Thương mại điện tử (e-commerce)** giúp phân phối trực tiếp dễ dàng hơn nhiều, kể cả với doanh nghiệp nhỏ.

3.7 The marketing mix: Promotion

Above-the-line promotion — paid-for advertising placed in *independent* media that the firm does not control (television, radio, print, online display/search advertising). Reaches a mass audience but is expensive and cannot be closely targeted at individuals.
Below-the-line promotion — promotional activity controlled directly by the business itself: sales promotions (discounts, "buy-one-get-one-free", loyalty cards, competitions), sponsorship, direct mail/email marketing, personal selling, public relations (PR), and social media/influencer marketing. Often cheaper and more targeted/measurable than above-the-line advertising, especially through digital and social channels.

VN GIẢI THÍCH TIẾNG VIỆT

Xúc tiến trên đường (above-the-line): quảng cáo trả phí trên các kênh truyền thông độc lập (TV, báo, quảng cáo tìm kiếm trực tuyến) — tiếp cận số đông nhưng đắt và khó nhắm mục tiêu cụ thể. **Xúc tiến dưới đường (below-the-line)**: hoạt động do chính doanh nghiệp kiểm soát trực tiếp (khuyến mãi, thẻ thành viên, bán hàng cá nhân, PR, mạng xã hội/người ảnh hưởng) — thường rẻ hơn và có thể đo lường/nhắm mục tiêu chính xác hơn.

(!) Lỗi thường gặp: "Above the line" and "below the line" promotion are frequently swapped by mistake in exams. Remember: above the line = paid space in *independent* media the firm does not itself control (TV, newspapers); below the line = promotional tools the firm directly manages and controls itself (its own social media page, its own loyalty scheme, its own sales staff).

3.7.1 Coordinating the marketing mix

The 4Ps must fit together

The four elements of the marketing mix — **Product, Price, Place, Promotion** — must be *consistent* with one another and with the firm's chosen market segment/positioning. A premium (skimmed) price only makes commercial sense alongside a genuinely high-quality, well-designed product, an exclusive/selective place of distribution (premium retailers, not discount stores), and prestige-style promotion (aspirational advertising, celebrity endorsement) — mismatching any one element undermines the whole strategy.

A coordinated marketing mix

A luxury watch brand: **Product** — hand-finished mechanical movement, premium materials, limited editions. **Price** — price skimming, positioned deliberately far above mass-market watches. **Place** — sold only through select authorised boutiques and the brand's own flagship stores (not supermarkets or discount websites). **Promotion** — above-the-line adverts in high-end lifestyle magazines and below-the-line sponsorship of prestigious sporting/cultural events, reinforcing an exclusive brand image. Each element reinforces the others; selling the same watch through a discount website at a marked-down price would immediately undermine the premium positioning built by the other three Ps.

VN GIẢI THÍCH TIẾNG VIỆT

Marketing mix "4Ps": **Product** (sản phẩm), **Price** (giá), **Place** (phân phối), **Promotion** (xúc tiến). Bốn yếu tố này phải **đồng bộ (coordinated)** với nhau và phù hợp với phân khúc thị trường mục tiêu — ví dụ một sản phẩm định giá cao cấp (skimming) chỉ hợp lý khi đi kèm chất lượng cao, kênh phân phối chọn lọc và hình ảnh quảng cáo sang trọng.

3.8 Competitor analysis and the product portfolio

Before finalising a marketing strategy, firms typically analyse their competitive position and the balance of products in their overall range.

Analysing competitors

Firms monitor competitors' pricing, product features, promotional activity and market share to identify their own competitive advantages and vulnerabilities. A firm with a genuine **competitive advantage** (e.g. a lower cost base, a stronger brand, patented technology) can sustain higher profit margins or a larger market share than rivals over time; without one, a firm risks being undercut on price or outperformed on quality/features by competitors.

Many businesses sell more than one product, forming a **product portfolio**. Products at different stages of the product life cycle play different roles: newly-launched products may require heavy investment and generate little profit yet, while mature, high-market-share products generate strong, reliable cash flow that can be used to fund the next generation of new products. A balanced portfolio

— some established, profitable products alongside some newer, higher-growth-potential products — reduces a firm's overall reliance on any single product succeeding, spreading risk in a similar way to how a conglomerate spreads risk across unrelated industries (Unit 1).

Balancing a product portfolio

A drinks company earns most of its current profit from its long-established, market-leading cola brand (mature stage, high market share, strong steady cash flow), while investing a portion of that cash flow into developing and marketing a newly-launched flavoured sparkling water range (introduction/growth stage, currently loss-making but with strong growth potential). If the cola brand eventually enters decline, the firm is not left without an alternative source of future revenue, because the new range should by then be reaching its own growth/maturity stage.

VN GIẢI THÍCH TIẾNG VIỆT

Danh mục sản phẩm (product portfolio): nhiều doanh nghiệp có nhiều sản phẩm ở các giai đoạn khác nhau của chu kỳ sống. Sản phẩm mới ra mắt cần đầu tư nhiều và có thể chưa có lãi; sản phẩm trưởng thành, thị phần lớn tạo ra dòng tiền ổn định để tài trợ cho sản phẩm mới. Một danh mục cân bằng giúp doanh nghiệp giảm phụ thuộc vào sự thành công của một sản phẩm duy nhất.

3.9 Marketing budgets and measuring effectiveness

A **marketing budget** sets planned spending on market research, advertising and promotion over a period. Firms increasingly measure the **return on marketing investment (ROI)** of specific campaigns.

$$\text{Marketing ROI} = \frac{\text{Additional profit generated by the campaign}}{\text{Cost of the campaign}} \times 100$$

A positive, high marketing ROI justifies continuing or expanding a campaign; a low or negative ROI suggests the marketing spend is not being converted into sufficient additional profit, and the budget may be better redirected elsewhere.

Calculating marketing ROI

A firm spends $20,000 on a social media advertising campaign. As a direct result, it estimates additional sales generating $35,000 of additional gross profit (after deducting the extra cost of sales, but before deducting the campaign cost itself).

$$\text{Marketing ROI} = \frac{35{,}000 - 20{,}000}{20{,}000} \times 100 = 75\%.$$

A 75% return means the campaign generated $0.75 of additional net profit for every $1 spent — a strong result that would typically justify continuing or scaling up the campaign, subject to the firm confirming the sales increase can genuinely be attributed to the campaign itself (rather than other factors, such as seasonal demand).

VN GIẢI THÍCH TIẾNG VIỆT

ROI marketing (tỷ suất sinh lời từ marketing) = (lợi nhuận tăng thêm nhờ chiến dịch − chi phí chiến dịch) / chi phí chiến dịch × 100. ROI dương và cao chứng minh chiến dịch marketing hiệu quả và nên tiếp tục/mở rộng; ROI thấp hoặc âm cho thấy ngân sách marketing nên được phân bổ lại.

3.10 Marketing strategy

Niche marketing — targeting a small, specific, clearly-defined segment of the total market with a tailored marketing mix. Advantages: less direct competition (large firms often ignore small niches as not worth their scale), can charge higher prices/margins, and builds a loyal, specialist customer base. Disadvantages: limited overall growth potential (the segment itself is small), and vulnerability if the niche shrinks, changes taste, or is suddenly targeted by a large competitor.
Mass marketing — targeting the whole market with an undifferentiated (or broadly similar) marketing mix. Advantages: benefits from economies of scale in production and marketing, and can achieve very large sales volumes. Disadvantages: faces intense competition, typically lower profit margin per unit, and a "one size fits all" approach may fail to satisfy any one segment as precisely as a specialist competitor.

VN GIẢI THÍCH TIẾNG VIỆT

Marketing ngách (niche marketing): nhắm vào một phân khúc nhỏ, cụ thể — ít cạnh tranh, giá/biên lợi nhuận cao hơn nhưng tiềm năng tăng trưởng hạn chế. **Marketing đại trà (mass marketing)**: nhắm vào toàn bộ thị trường — hưởng lợi từ kinh tế theo quy mô, sản lượng lớn nhưng cạnh tranh gay gắt hơn, biên lợi nhuận mỗi đơn vị thấp hơn.

3.11 International marketing

As firms expand into overseas markets, they must decide how far to **adapt** their marketing mix to local tastes, languages, currencies, cultural norms and legal requirements, versus keeping a single **standardised (global)** marketing mix everywhere to maximise economies of scale in production and advertising. In practice most international firms use elements of both: a broadly consistent global brand identity, adapted where necessary (e.g. translated packaging, locally-relevant flavours, prices adjusted for local income levels and exchange rates).

VN GIẢI THÍCH TIẾNG VIỆT

Khi mở rộng ra thị trường quốc tế, doanh nghiệp phải cân nhắc giữa việc **thích nghi (adapt)** marketing mix theo văn hoá/ngôn ngữ/pháp luật địa phương và việc giữ một chiến lược **tiêu chuẩn hoá (standardised)** toàn cầu để tiết kiệm chi phí. Đa số doanh nghiệp quốc tế kết hợp cả hai: giữ bản sắc thương hiệu nhất quán nhưng điều chỉnh một số yếu tố cho phù hợp với từng thị trường.

3.12 Practice and consolidation

Bài tập luyện tập

A market research team conducts in-depth focus group discussions to explore how customers *feel* about a new perfume's scent. This is an example of:

(A) Quantitative secondary research
(B) Qualitative primary research
(C) Quantitative primary research
(D) Qualitative secondary research

Lời giải chi tiết

Focus groups gather original opinions/attitudes (not numbers) → **qualitative**, and the data is collected first-hand by the firm → **primary**. **(B)**.

Bài tập luyện tập

Case study. Total industry sales of sports drinks are $12,000,000 per year. Brand Zolt sells $1,800,000 of product. Calculate Zolt's market share.

Lời giải chi tiết

Market share $= \dfrac{1{,}800{,}000}{12{,}000{,}000} \times 100 = 15\%.$

Bài tập luyện tập

A product's sales are rising rapidly, several new competitors are entering the market, and the firm is reinvesting profit into extra production capacity. Which stage of the product life cycle is this?

(A) Introduction
(B) Growth
(C) Maturity
(D) Decline

Lời giải chi tiết

Rapidly rising sales with new competitors entering is the classic description of the **growth** stage. **(B)**.

Bài tập luyện tập

Case study. Recommend a pricing strategy for (a) a completely new, patent-protected smartwatch with no direct competitors, and (b) a new low-cost breakfast cereal entering a crowded, competitive market. Justify each.

Lời giải chi tiết

(a) **Price skimming** — with no direct competitors and patent protection, the firm can charge a high initial price to early adopters/innovators to maximise revenue before competitors can copy the product; price can be lowered later. (b) **Penetration pricing** — with many existing competitors, a low introductory price is needed to attract customers away from established brands and build market share quickly; price may be raised once a loyal customer base is established.

Bài tập luyện tập

A car manufacturer markets a small city car mainly to young, urban, budget-conscious first-time drivers. This is primarily segmenting the market by:

(A) Geography only
(B) Age and income
(C) Product life cycle stage
(D) Distribution channel

Lời giải chi tiết

"Young" = age, "budget-conscious" = income; "urban" adds a geographic element but the dominant bases described are age and income. **(B)**.

Bài tập luyện tập

Case study. A cinema chain wants a sample of 500 customers to reflect the age structure of its actual customer base: 30% under 18, 50% aged 18–40, 20% over 40. Explain how the cinema would construct a stratified sample of exactly 500 customers, stating the number to be surveyed from each age group.

Lời giải chi tiết

Under 18: $0.30 \times 500 = 150$. Aged 18–40: $0.50 \times 500 = 250$. Over 40: $0.20 \times 500 = 100$ (total $150 + 250 + 100 = 500$, matching the target sample size and the actual proportions of the customer base). Within each age group, individuals would then be selected **randomly**, so that the sample is both representative of the population's structure and free of interviewer selection bias.

Bài tập luyện tập

A firm sells a specialist, high-margin range of left-handed musical instruments, accepting that total sales volume will always be small. This is an example of:

(A) Mass marketing
(B) Niche marketing
(C) Penetration pricing
(D) Below-the-line promotion

Lời giải chi tiết

Deliberately targeting a small, specific segment with a tailored product is **niche marketing**. **(B)**.

Bài tập luyện tập

Case study. A unit costs $32 to produce. The firm applies a 25% cost-plus mark-up. Calculate the selling price, and state one weakness of using cost-plus pricing in this case if the firm's closest competitor sells an equivalent product for $36.

Lời giải chi tiết

Selling price $= 32 \times 1.25 = \$40$. **Weakness:** cost-plus pricing here produces a price ($40) noticeably *above* the closest competitor's price ($36), which may make the product uncompetitive — cost-plus pricing considers only the firm's own costs and ignores what competitors charge or what customers are willing to pay.

Bài tập luyện tập

Which of the following is an example of below-the-line promotion?

(A) A television advertisement broadcast nationally
(B) A newspaper advertisement
(C) A "buy-one-get-one-free" in-store promotion run by the retailer itself
(D) A billboard advertisement on a public highway

Lời giải chi tiết

A sales promotion controlled directly by the business (not placed in independent media) is **below-the-line**. **(C)**. (The other three are all paid placements in independent media — above-the-line.)

Bài tập luyện tập

Case study. A small artisan cheese producer sells directly to consumers through its own farm shop and website, avoiding wholesalers and supermarkets entirely. Explain *one* advantage and *one* disadvantage of this direct distribution strategy.

Lời giải chi tiết

Advantage: the producer keeps the *full* retail margin (no wholesaler/retailer taking a cut) and retains complete control over how the product is presented and the customer relationship (e.g. gathering direct customer feedback and data). **Disadvantage:** the producer reaches a far smaller number of potential customers than it would through wholesale/supermarket distribution, and must handle all its own logistics, payment processing, and customer service — resource-intensive for a small firm.

Bài tập luyện tập

A toothpaste brand that has been on the market for over a decade launches a new flavour variant and refreshes its television advertising campaign, even though sales had begun to plateau. This is an example of:

(A) Price skimming

(B) An extension strategy

(C) Market segmentation

(D) Vertical integration

Lời giải chi tiết

Introducing a new variant and refreshed promotion to boost a maturing/plateauing product's sales is a classic **extension strategy**. **(B)**.

Bài tập luyện tập

Case study. An online furniture retailer notices that 60% of visitors abandon their shopping cart before completing a purchase. It wants to understand *why*, in the customers' own words. Recommend an appropriate research method, and justify your choice over at least one alternative.

Lời giải chi tiết

Recommendation: qualitative primary research, e.g. in-depth follow-up interviews or an open-ended online survey/focus group with customers who abandoned their cart. **Justification:** because the firm needs to understand customers' *reasons and feelings* (why they hesitated — price, delivery cost, trust, checkout complexity), qualitative methods generate rich, explanatory detail that a purely quantitative multiple-choice survey (which would only tell the firm *how many* did what, not *why*) or secondary desk research (which would not be specific to this firm's own website/customers) could not provide.

Bài tập luyện tập

Which pricing strategy is a supermarket most likely using when it prices a common grocery item at $4.99 rather than $5.00?

(A) Price skimming
(B) Psychological pricing
(C) Penetration pricing
(D) Cost-plus pricing

Lời giải chi tiết

Pricing just below a round number to make the price feel meaningfully lower is **psychological pricing**. **(B)**.

Bài tập luyện tập

Case study. A beverage company is deciding between using identical global advertising for its energy drink in every country, or creating adapted adverts (different languages, local celebrities, culturally relevant imagery) for each major market. Discuss *one* advantage of each approach.

Lời giải chi tiết

Standardised (global) advertising: achieves significant **economies of scale** — one advert can be produced once (at high quality) and reused across all markets, dramatically lowering the total cost per country reached, and builds a single, consistent global brand image. **Adapted (localised) advertising:** is far more likely to **resonate culturally** with each specific market (relevant language, local celebrities/imagery, and sensitivity to local customs), which can improve how persuasive and relatable the advertising feels to that market's customers, even though it raises total production costs.

Bài tập luyện tập

A firm's sales of a once-popular product have fallen for three consecutive years as customers switch to newer alternatives, and the firm has stopped spending on advertising it. Which stage of the product life cycle best fits this description?

(A) Introduction
(B) Growth
(C) Saturation
(D) Decline

Lời giải chi tiết

Consistently falling sales as the product is replaced by newer alternatives, with reduced marketing spend, describes the **decline** stage. **(D)**.

Bài tập luyện tập

Case study. A firm's total market share fell from 18% to 15% last year, even though its own sales revenue rose from $3.6 million to $4.2 million. (a) Calculate the total market size in each year. (b) Explain how the firm's market share could fall despite rising sales.

Lời giải chi tiết

(a) Total market size = firm's sales ÷ market share. Year 1: $3{,}600{,}000/0.18 = \$20{,}000{,}000$. Year 2: $4{,}200{,}000/0.15 = \$28{,}000{,}000$.
(b) The total market grew from $20 million to $28 million (a 40% increase), while the firm's own sales grew from $3.6 million to $4.2 million (only a 16.7% increase) — the firm's sales grew more slowly than the market as a whole, so despite growing in absolute terms, its market *share* fell as competitors captured a larger portion of the market's overall growth.

Bài tập luyện tập

Which statement about niche marketing is correct?

(A) It always generates higher total sales revenue than mass marketing

(B) It typically faces less direct competition and can support higher profit margins, but has limited overall growth potential

(C) It relies entirely on economies of scale

(D) It is only possible for public limited companies

Lời giải chi tiết

Niche marketing targets a small segment, usually facing less competition and supporting premium prices/margins, but with inherently limited total growth potential (the segment itself is small). **(B)**.

Bài tập luyện tập

Case study. A clothing retailer currently sells only through third-party department stores (wholesale/indirect distribution) but is considering launching its own direct-to-consumer website. Evaluate whether this change is likely to be beneficial, considering both distribution and pricing implications.

Lời giải chi tiết

Potential benefits: selling direct removes the department stores' margin, allowing the retailer either to earn more profit per unit at the same retail price, or to lower its price to customers while keeping the same margin per unit; it also gives the retailer full control of branding, customer data and the ability to react quickly to trends without negotiating with department-store buyers. **Potential drawbacks:** the retailer loses the department stores' existing footfall and established customer trust/reach, and must now invest in and manage its own website, payment systems, delivery logistics and customer service — significant new costs and operational risk, especially if the retailer lacks prior e-commerce experience. **Evaluation:** the change is likely most beneficial as an *addition* to existing wholesale distribution (selling through both channels) rather than a full replacement, allowing the retailer to capture the higher margin and customer-data benefits of direct sales while retaining the reach of its established department-store presence.

Bài tập luyện tập

A firm designs a completely different marketing mix (product features, price, distribution channel and advertising style) for each of three separate customer segments it has identified. This approach is known as:

(A) Undifferentiated (mass) marketing
(B) Segmented (differentiated) marketing
(C) Price skimming
(D) Vertical integration

Lời giải chi tiết

Designing a distinct marketing mix for each identified segment is **segmented (differentiated) marketing. (B)**.

Bài tập luyện tập

Case study. A confectionery brand's market research shows 70% of its sales come from customers aged 8–16, but its current television advertising airs mainly during programmes watched by adults aged 35+. Using the concept of market segmentation, explain *one* recommendation you would make to the company.

Lời giải chi tiết

Recommendation: redirect advertising spend toward media channels and time slots that reach the 8–16 age segment directly (e.g. children's television programming, age-appropriate social media/gaming platforms), rather than adult-oriented programming. Because market research shows this age group already generates 70% of sales, targeting promotion precisely at this demographic segment is likely to be a far more cost-effective use of the marketing budget than continuing to advertise mainly to adults who are not the primary purchasers/consumers of the product — this aligns promotion (one of the 4Ps) directly with the firm's identified target segment.

Bài tập luyện tập

Case study. A firm surveys 500 randomly-selected customers about a proposed new product feature: 315 respond positively, 120 negatively, and the rest are undecided. The firm's policy is to proceed with development only if at least 60% respond positively. (a) Calculate the percentage in favour. (b) State whether the firm should proceed, according to its own policy.

Lời giải chi tiết

(a) $\frac{315}{500} \times 100 = 63\%$.
(b) Since $63\% > 60\%$, the firm's own threshold is met, so according to its stated policy it **should proceed** with development (though it may also wish to consider the size and representativeness of the 500-person sample before committing fully).

Bài tập luyện tập

A confectionery company sells chocolate bars under three completely different, independently-branded names, none of which reveal that they are made by the same parent company. This strategy is known as:

(A) Family branding
(B) Individual branding
(C) Own-label branding
(D) Penetration pricing

Lời giải chi tiết

Giving each product its own distinct, separate brand identity (rather than one shared family name) is **individual branding**. **(B)**.

Bài tập luyện tập

Case study. A small skincare start-up has almost no advertising budget but pays several well-followed social media personalities to feature its products in their posts, and its products briefly gain widespread attention after several posts are shared thousands of times without the firm paying for further promotion. Identify the *two* promotional techniques described here.

Lời giải chi tiết

(1) **Influencer marketing** — paying individuals with a large online following to promote the product, borrowing their credibility with their audience. (2) **Viral marketing** — content being shared widely by users themselves at no further direct cost to the firm, generating exposure far beyond what its advertising budget alone could achieve.

Bài tập luyện tập

Which of the following is a key advantage of digital/social media marketing compared with traditional television advertising?

(A) It can never be measured or tracked

(B) It allows precise targeting and real-time measurement of results, so campaigns can be adjusted quickly

(C) It always costs more than television advertising

(D) It is a form of primary market research only

Lời giải chi tiết

Digital marketing allows precise audience targeting and real-time performance tracking, letting a firm adjust an underperforming campaign quickly — something a already-purchased television advert cannot easily do. **(B)**.

Bài tập luyện tập

Case study. A supermarket sells its own-brand baked beans, manufactured under contract by a third-party food producer, at a lower price than the leading manufacturer brand. Explain *one* benefit to the supermarket of selling this own-label product.

Lời giải chi tiết

Benefit: the supermarket can typically earn a **higher profit margin** on its own-label product (since it avoids paying for the manufacturer's own brand-building/advertising costs, which are built into the price of a leading branded product) while still offering customers a lower shelf price than the leading brand — this can build customer loyalty specifically to the supermarket itself (since the product is only available there), rather than to a manufacturer brand available at any competing retailer.

Bài tập luyện tập

Case study. A firm spends $15,000 on an email marketing campaign, generating an estimated $27,000 of additional gross profit directly attributable to the campaign. (a) Calculate the marketing ROI. (b) Advise the firm whether the campaign was worthwhile.

Lời giải chi tiết

(a) Marketing ROI $= \dfrac{27{,}000 - 15{,}000}{15{,}000} \times 100 = 80\%$.

(b) An 80% ROI means the campaign generated $0.80 of additional net profit for every $1 spent — a strong positive return, suggesting the campaign was worthwhile and could reasonably be continued or scaled up, provided the firm is confident the additional profit is genuinely attributable to the campaign itself.

Bài tập luyện tập

A drinks company earns most of its current profit from a long-established, high-market-share cola brand, while reinvesting some of that profit into developing a newly-launched, currently loss-making flavoured water range. This approach to managing a product portfolio is primarily intended to:

(A) Maximise short-term cash flow only from the new product

(B) Spread risk and secure future revenue by balancing mature, cash-generating products with newer, growth-potential products

(C) Eliminate the need for any further market research

(D) Guarantee the new product will never enter a decline stage

Lời giải chi tiết

Balancing mature, reliable cash-generating products with newer growth products spreads risk and secures a future revenue source once the mature product eventually declines. **(B)**.

Bài tập luyện tập

Case study. Two rival smartphone manufacturers sell similar products at similar prices, but Firm X holds several patents on a unique battery technology that lasts twice as long as any competitor's. Explain how this gives Firm X a sustainable competitive advantage, and predict one likely long-run effect on its market share.

Lời giải chi tiết

The patented battery technology is a genuine, legally-protected **unique selling point (USP)** that competitors cannot simply copy (unlike, say, a temporary price discount), giving Firm X a **sustainable competitive advantage** — customers who value battery life have a concrete reason to choose Firm X over otherwise-similar rivals. **Likely long-run effect:** Firm X is likely to see a **rising market share** (and/or the ability to charge a modest price premium) as long as the patent protection lasts and battery life remains a valued feature to consumers, since rivals cannot legally replicate the exact technology to compete on equal terms.

3.12.1 Extended case study: Northwind Sportswear

Bài tập luyện tập

Extended case study. Northwind Sportswear has, for 15 years, sold mid-priced running shoes through a network of independent sports retailers (indirect distribution), using competitive pricing and mass-market television advertising. Total annual sales in the national running-shoe market are \$80,000,000; Northwind's own sales are \$9,600,000. Market research (a survey of 600 randomly-selected runners) shows 68% of respondents say they would pay a premium for a shoe made from recycled ocean plastic with a distinctive design, but only if it were available to buy online with next-day delivery. The marketing director proposes launching "Northwind ReGen": a premium-priced, recycled-material shoe range sold *only* through Northwind's own new website, supported by a \$150,000 social media and influencer marketing campaign.

(a) Calculate Northwind's current market share.
(b) Calculate the percentage of survey respondents in favour, and comment on whether this justifies proceeding with the ReGen launch.
(c) Identify the pricing strategy most appropriate for the ReGen range, and justify your choice.
(d) Evaluate whether Northwind's proposed marketing mix for ReGen (premium price, direct-only online distribution, social/influencer promotion) is well coordinated.
(e) If the \$150,000 campaign generates \$225,000 of additional gross profit directly attributable to it, calculate the marketing ROI and advise whether the campaign was worthwhile.

Lời giải chi tiết

(a) Market share $= \dfrac{9{,}600{,}000}{80{,}000{,}000} \times 100 = 12\%$.

(b) 68% of the 600 respondents are in favour. This is a strong majority and suggests genuine demand, supporting the case to proceed — though Northwind should confirm the sample of "runners" surveyed is reasonably representative of its actual broader target market before committing fully to the investment.

(c) **Price skimming** is most appropriate: ReGen is a genuinely differentiated new product (recycled material, distinctive design) with limited direct competition matching this exact combination of features, so Northwind can charge a high initial price to capture strong revenue from early-adopter customers (the 68% willing to pay a premium) before potentially lowering the price later if competitors enter this niche.

(d) The proposed mix is **well coordinated**: a premium (skimmed) price is consistent with selling through an exclusive, direct-only online channel (rather than through mass-market retailers, which would undercut the premium positioning) and with promotion via social/influencer marketing (which tends to build a distinctive, aspirational brand image well suited to a premium eco-conscious product) rather than the same mass-market TV advertising used for Northwind's core mid-priced range. Direct online distribution also matches the survey finding that customers specifically want online purchase with next-day delivery.

(e) Marketing ROI $= \dfrac{225{,}000 - 150{,}000}{150{,}000} \times 100 = 50\%$. A 50% ROI (\$0.50 of additional profit for every \$1 spent) is a solidly positive return, suggesting the campaign was worthwhile and could reasonably be continued, provided Northwind is confident the additional profit is genuinely attributable to the campaign rather than other factors.

Bài tập luyện tập

A firm researching customer opinions selects exactly 40 teenagers, 40 adults aged 25–50, and 40 adults aged 50+ from its customer database for a survey, deliberately picking convenient respondents from each age group until each quota of 40 is filled. This sampling method is:

(A) Random sampling
(B) Quota sampling
(C) Stratified sampling
(D) Qualitative sampling

Lời giải chi tiết

Setting fixed target numbers for each group and filling them with any convenient respondents (rather than randomly) is **quota sampling**. **(B)**.

Bài tập luyện tập

Case study. A company's total marketing budget for the year is \$500,000. It allocates \$320,000 to television advertising (above-the-line) and the remaining amount to a mix of loyalty-card discounts and direct email marketing (below-the-line). (a) Calculate the amount allocated to below-the-line promotion. (b) Calculate what percentage of the total budget this represents.

Lời giải chi tiết

(a) Below-the-line allocation $= 500{,}000 - 320{,}000 = \$180{,}000$.
(b) Percentage $= \dfrac{180{,}000}{500{,}000} \times 100 = 36\%$.

Bài tập luyện tập

A soft-drinks company sells an identical product worldwide but slightly adjusts the sweetness level and packaging text/language for each region, while keeping its core brand logo and positioning unchanged everywhere. This best illustrates:

(A) Pure standardisation with no adaptation at all
(B) Pure adaptation with no standardisation at all
(C) A blend of global standardisation (brand/positioning) with some local adaptation (taste, language)
(D) Price skimming

Lời giải chi tiết

Keeping the core brand consistent globally while adapting specific elements (taste, language) to local markets is a blend of **standardisation and adaptation**, the approach most international firms actually use. **(C)**.

Bài tập luyện tập

Case study. A firm's product portfolio contains one product in the decline stage generating minimal profit, one in the maturity stage generating strong, stable profit, and one newly-launched product in the introduction stage that is currently loss-making. Explain how the firm can use the profit from the maturity-stage product to support the introduction-stage product, and why this portfolio approach reduces overall business risk.

Lời giải chi tiết

The mature product's strong, reliable cash flow can be reinvested to fund the marketing, production set-up, and initial losses of the newly-launched introduction-stage product, without the firm needing to rely entirely on external finance (e.g. a loan) for the new launch. This portfolio approach reduces overall risk because the firm is not solely dependent on any single product's success: if the new product's launch struggles, the firm still has reliable income from its mature product; and once the mature product eventually enters decline, the (by-then more established) newer product should be reaching its own growth/maturity stage, providing a replacement source of profit — smoothing the firm's overall revenue and profit over time rather than experiencing a sudden gap when any one product's life cycle ends.

Bài tập luyện tập

Case study. A furniture retailer's market research shows that among its 800 survey respondents, 520 say price is their top priority when choosing furniture, while 280 say design/style is their top priority. The retailer currently sells only a single mid-range product line at one standard price point. Using the concept of market segmentation, suggest *one* way the retailer could restructure its product range to better serve both groups identified in the research.

Lời giải chi tiết

The retailer could introduce **two distinct segments/product lines**: a lower-priced, value-focused range specifically targeting the 520 respondents (65% of the sample) who prioritise price, using cost-plus or competitive pricing and simpler materials/designs to keep costs down; and a higher-priced, design-led premium range targeting the 280 respondents (35%) who prioritise style, using more distinctive designs, premium materials, and potentially price-skimming or prestige positioning. This directly matches the marketing mix to each segment's specific priority, rather than trying to serve both groups equally well with a single "one size fits all" mid-range product, which may currently be satisfying neither group as precisely as it could.

Bài tập luyện tập

A firm launches a new energy drink with an aggressive below-the-line sampling campaign (free samples at gyms and sports events) rather than paid television advertising. Which of the following is the most likely reason for choosing this promotional approach for a brand-new product?

(A) Below-the-line sampling is always more expensive than television advertising

(B) It allows precise targeting of the product's core target segment (gym-goers/sports fans) at a lower cost than mass-market television advertising

(C) Television advertising is illegal for energy drinks in most countries

(D) Below-the-line promotion cannot be measured

Lời giải chi tiết

Below-the-line sampling at gyms/sports events directly reaches the product's likely core target segment, and is typically far cheaper than a national television campaign — an efficient way to build initial trial and awareness among the most relevant potential customers. **(B)**.

Bài tập luyện tập

Case study. A cosmetics firm's own online survey shows 72% of 250 respondents would be willing to pay a premium for cruelty-free certification, but the firm's current secondary research (an industry report from three years ago) suggested this figure was closer to 40%. Explain *one* reason for this discrepancy and *one* implication for how the firm should proceed.

Lời giải chi tiết

Reason for the discrepancy: the industry report is three-year-old **secondary** data, which may simply be **out of date** — consumer attitudes toward ethical/cruelty-free products can shift substantially over just a few years, meaning the older figure may no longer reflect current attitudes, whereas the firm's own recent **primary** survey directly captures up-to-date opinion (though from a smaller, firm-specific sample of 250). **Implication:** the firm should place more weight on its own recent primary research when making pricing/positioning decisions today, while recognising the smaller sample size (250, versus a larger industry-wide report) means it may still be prudent to gather further confirming data (e.g. a larger-scale survey) before committing to a major strategic shift, such as reformulating its entire range to cruelty-free certification.

Bài tập luyện tập

A furniture brand's advertising slogan and logo remain exactly the same in every country it sells in, but the specific language, model sizes, and local celebrity endorsements used in each advert differ by country. Which term best describes this overall marketing approach?

(A) Pure global standardisation with zero local adaptation

(B) A blended approach: global standardisation of core brand identity combined with local adaptation of specific execution details

(C) Niche marketing only

(D) Price skimming

Lời giải chi tiết

Keeping the core brand identity (slogan, logo) consistent globally while adapting specific execution details (language, sizes, endorsements) locally is a blended standardisation/adaptation approach, the most common real-world international marketing strategy. **(B)**.

Bài tập luyện tập

Case study. A firm's flagship product has been in the maturity/saturation stage for several years, with sales roughly flat. The marketing team proposes three possible extension strategies: (i) a limited-edition new flavour, (ii) entering a new overseas market where the product has never been sold, (iii) a temporary price discount alongside refreshed advertising. Explain *one* advantage and *one* disadvantage of option (ii) specifically, compared with options (i) and (iii).

Lời giải chi tiết

Advantage of option (ii), entering a new overseas market: unlike options (i) and (iii), which only refresh interest within the *existing*, already-saturated market, entering a genuinely new overseas market taps into an entirely fresh pool of potential customers who have never encountered the product before — offering potentially much larger, longer-lasting sales growth than a temporary flavour variant or discount. **Disadvantage:** entering a new overseas market is likely to be far more costly and complex than options (i) or (iii) — requiring new market research, potential adaptation of the product/marketing mix to local tastes and regulations, new distribution relationships, and a longer time period before the investment pays off, compared with the relatively quick and low-cost nature of a new flavour variant or a short-term discount campaign.

3.13 Distribution channel economics

Choosing a distribution channel is also a financial decision, since each intermediary in the chain typically adds its own mark-up before the product reaches the final customer.

Mark-ups through a distribution chain

A manufacturer produces a garden tool at a cost of $8 and sells it to a wholesaler for $12 (a $4, or 50%, mark-up on cost). The wholesaler sells it on to a retailer for $16 (a $4, or 33.3%, mark-up on its own $12 cost). The retailer then sells it to the final customer for $24 (a $8, or 50%, mark-up on its own $16 cost). The final customer pays $24 for an item that cost only $8 to manufacture — a total mark-up of $24 - 8 = \$16$ (200% of manufacturing cost) accumulated across the three stages of indirect distribution. If the manufacturer instead sold directly to customers online at, say, $18, it would earn far more per unit ($10 profit margin over its $8 cost, rather than only $4 from the wholesaler) while the customer would also pay less than the $24 retail price — illustrating the potential financial appeal of direct distribution, provided the manufacturer can independently reach enough customers without the wholesaler/retailer network.

GIẢI THÍCH TIẾNG VIỆT

VN Mỗi trung gian trong chuỗi phân phối (nhà bán buôn, nhà bán lẻ) thường cộng thêm một khoản lợi nhuận (mark-up) trước khi sản phẩm đến tay khách hàng cuối. Phân phối gián tiếp qua nhiều trung gian làm giá cuối cùng cao hơn nhiều so với chi phí sản xuất ban đầu; phân phối trực tiếp (ví dụ bán qua website riêng) có thể giúp nhà sản xuất giữ lại nhiều lợi nhuận hơn và đồng thời giảm giá cho khách hàng, nếu nhà sản xuất có khả năng tự tiếp cận đủ khách hàng.

Bài tập luyện tập

Case study. A toy manufacturer's production cost per unit is $5. It sells to a wholesaler for $8, who then sells to a retailer for $11, who finally sells to customers for $17. (a) Calculate the mark-up (in dollars) added at each of the three stages. (b) Calculate the total mark-up, in dollars and as a percentage of the original manufacturing cost.

Lời giải chi tiết

(a) Manufacturer to wholesaler: $8 - 5 = \$3$. Wholesaler to retailer: $11 - 8 = \$3$. Retailer to customer: $17 - 11 = \$6$.
(b) Total mark-up $= 17 - 5 = \$12$; as a percentage of manufacturing cost, $12/5 \times 100 = 240\%$.

Bài tập luyện tập

A manufacturer selling only through wholesalers and retailers decides to also launch a direct-to-consumer website, selling the same product at a price between its wholesale price and the final retail price. Which of the following is the most likely direct benefit to the manufacturer of this dual-channel strategy?

(A) It guarantees the wholesaler and retailer will immediately stop selling the product

(B) It allows the manufacturer to earn a higher margin per unit on website sales while still reaching a wider customer base through existing wholesale/retail partners

(C) It eliminates the need for any market research

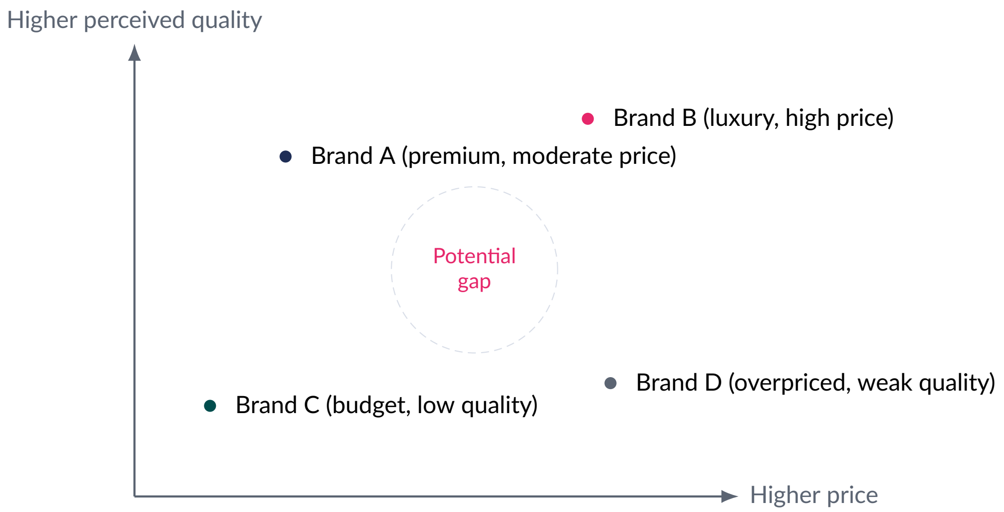
(D) It automatically qualifies the manufacturer for government subsidies

Lời giải chi tiết

Selling directly at a price between wholesale and retail lets the manufacturer capture extra margin on those units, while its existing wholesale/retail relationships continue to reach customers who prefer to shop through those channels — a genuine dual-channel benefit. **(B)**.

3.14 Product and brand positioning

Positioning refers to how a product is perceived by customers relative to competitors, typically along dimensions such as price and quality/features. A **perceptual (positioning) map** plots competing products/brands on two such dimensions, helping a firm identify both direct rivals and potential market gaps.



A perceptual (positioning) map: firms use maps like this to see how their brand compares with rivals on price and quality, and to identify possible "gaps" in the market not currently well served by any competitor.

Using a positioning map to find a market gap

A positioning map of the four brands above reveals that no existing brand occupies the mid-price, high-quality "gap" in the centre of the map — Brand A is premium but only moderately priced, Brand B is both high-quality and very expensive, while Brands C and D occupy the lower-quality space. A new entrant identifying this gap could design a product specifically targeting mid-price, high-perceived-quality positioning, potentially capturing customers who feel underserved by the existing four brands (those wanting quality without paying Brand B's premium, but unwilling to accept Brand C or D's lower quality).

VN GIẢI THÍCH TIẾNG VIỆT

Định vị (positioning) là cách khách hàng nhận thức về một sản phẩm so với đối thủ cạnh tranh, thường theo hai trục: giá cả và chất lượng/tính năng. **Bản đồ định vị (perceptual map)** giúp doanh nghiệp thấy rõ vị trí thương hiệu của mình so với đối thủ, và phát hiện những "khoảng trống thị trường" chưa được phục vụ tốt.

Bài tập luyện tập

A firm plots its own product and three rivals' products on a perceptual map with axes of price and perceived quality, and identifies an unoccupied space representing high quality at a low price. Which of the following best explains why this specific "gap" may in fact be difficult to profitably fill?

(A) No customers ever want high quality at a low price

(B) Perceptual maps are always inaccurate

(C) Offering high quality at a low price is often difficult to sustain profitably, since high quality typically requires higher production costs

(D) This gap can only be filled by a public limited company

Lời giải chi tiết

While a "high quality, low price" gap may look attractive on a map, in practice higher quality (better materials, more skilled labour, tighter quality control) usually raises production costs, making it genuinely difficult to sustain very high quality at a very low price while still earning an adequate profit margin — many apparent market "gaps" exist precisely because they are hard to fill profitably, not because no one has thought of them. **(C)**.

Bài tập luyện tập

Case study. A budget airline currently positions itself as low-price/no-frills. Market research reveals a growing segment of price-sensitive customers who would nonetheless pay a modest premium for slightly more legroom and a guaranteed carry-on bag allowance. Using the concept of positioning, suggest how the airline could respond without abandoning its core low-cost identity.

Lời giải chi tiết

The airline could introduce a clearly labelled **intermediate tier** (e.g. a modestly-priced "Plus" fare) offering slightly more legroom and a guaranteed carry-on allowance, positioned just above its existing basic no-frills fare but still well below full-service competitors — allowing it to capture this specific segment's willingness to pay a modest premium, without repositioning its *entire* core brand away from its established low-cost identity. This uses market segmentation and a small addition to its product/price mix to fill a specific gap identified by research, while keeping its main low-price, no-frills positioning intact for its core budget-focused customer base.

3.15 The Boston Matrix: a simple product portfolio tool

Building on the earlier discussion of product portfolios, one well-known analytical tool classifies products according to their **market growth rate** and **relative market share**.

Stars — high market share in a high-growth market: promising but often require heavy investment to maintain their position against competitors entering the growing market. **Cash cows** — high market share in a low-growth (mature) market: generate strong, reliable profit with relatively little further investment needed, often used to fund other products. **Question marks (problem children)** — low market share in a high-growth market: uncertain future, requiring a decision on whether to invest heavily to try to grow market share, or withdraw. **Dogs** — low market share in a low-growth market: typically generate little profit and may be considered for withdrawal from the portfolio.

Applying the Boston Matrix

A consumer electronics firm classifies its four main product lines: its market-leading television range (high share, mature/low-growth market) is a **cash cow**, generating reliable profit reinvested elsewhere; its dominant new smart-speaker range (high share, fast-growing market) is a **star**, requiring continued investment to defend its lead as competitors enter; its recently-launched fitness tracker (low share, fast-growing market) is a **question mark**, and management must decide whether to invest heavily to grow its share or exit; and its declining basic calculator range (low share, shrinking/mature market) is a **dog**, likely a candidate for discontinuation. The cash generated by the television "cash cow" is being used to fund the additional marketing investment the smart-speaker "star" needs.

VN GIẢI THÍCH TIẾNG VIỆT

Ma trận Boston (Boston Matrix) phân loại sản phẩm theo **tốc độ tăng trưởng thị trường** và **thị phần tương đối**: **Ngôi sao (star)** — thị phần cao, thị trường tăng trưởng nhanh (cần đầu tư nhiều); **Bò sữa (cash cow)** — thị phần cao, thị trường bão hoà (tạo lợi nhuận ổn định); **Dấu hỏi (question mark)** — thị phần thấp, thị trường tăng trưởng nhanh (cần quyết định đầu tư hay rút lui); **Chó (dog)** — thị phần thấp, thị trường bão hoà/suy giảm (thường bị loại bỏ khỏi danh mục).

Bài tập luyện tập

A firm's product has a high market share but operates in a mature market with very little further growth expected. Using the Boston Matrix, this product is best classified as a:

(A) Star
(B) Cash cow
(C) Question mark
(D) Dog

Lời giải chi tiết

High market share combined with a low-growth (mature) market is the definition of a **cash cow** in the Boston Matrix. **(B)**.

Bài tập luyện tập

Case study. A sportswear company classifies its running-shoe range as a "dog" (low market share, low-growth/declining market) and its new smart-fitness-watch range as a "question mark" (low market share, fast-growing market). The finance director proposes withdrawing the running-shoe range entirely and reinvesting the freed-up resources into the smart-watch range. Evaluate this proposal.

Lời giải chi tiết

Arguments for the proposal: the running-shoe "dog" is unlikely to generate significant future profit or growth given its low market share in an already low-growth/declining market, so continuing to commit resources to it (marketing, production capacity, management attention) may be an inefficient use of the firm's limited resources; withdrawing it frees these resources for the smart-watch "question mark", which — unlike the dog — operates in a genuinely fast-growing market where increased investment could plausibly convert it into a future "star" if market share can be grown. **Arguments against/risks:** the running-shoe range may still generate some positive contribution/cash flow even at low market share, and withdrawing it entirely removes that income immediately; meanwhile, the smart-watch "question mark" is inherently uncertain — extra investment does not guarantee it successfully becomes a star, and if it fails to gain share, the firm will have both withdrawn a (modestly) cash-generating product and invested further resources in an unsuccessful one. **Judgement:** the proposal has a sound underlying logic (reallocating resources from a weak, low-potential product to a higher-potential one), but the firm should first conduct further market research on the smart-watch range's realistic growth prospects before committing fully, rather than assuming investment alone guarantees success.

3.16 Advertising regulation and truthful promotion

Governments and independent bodies typically regulate advertising to protect consumers from misleading claims, directly affecting how firms can use promotion (one of the 4Ps).

Common advertising regulations prohibit: false or unsubstantiated claims about a product's performance or benefits, misleading pricing (e.g. fake "was/now" discount claims where the "was" price was never genuinely charged), and advertising that is deliberately confusing or targets vulnerable groups (e.g. children) unfairly. Breaching advertising standards can lead to the advert being banned, fines, and — perhaps most damagingly — reputational harm once the breach is publicised, which can undermine consumer trust far beyond the specific advert in question.

The cost of misleading advertising

A skincare brand claims its cream "clinically proven to reduce wrinkles by 50% in one week" without genuine supporting evidence. After a regulator investigates and upholds a complaint, the advert is banned, the firm is fined $60,000, and — following media coverage of the ruling — the brand's sales fall by an estimated 22% over the following quarter as customer trust is damaged. This illustrates why the reputational cost of a misleading advertising claim, once publicly exposed, is often far larger than any short-term sales boost the claim may have generated.

VN GIẢI THÍCH TIẾNG VIỆT

Quảng cáo bị quản lý chặt chẽ để bảo vệ người tiêu dùng khỏi các tuyên bố sai sự thật hoặc gây hiểu lầm (ví dụ: giảm giá giả, tuyên bố hiệu quả sản phẩm không có bằng chứng). Vi phạm quy định quảng cáo có thể dẫn đến việc quảng cáo bị cấm, bị phạt tiền, và — thường gây thiệt hại lớn nhất — mất uy tín thương hiệu một khi vi phạm được công khai, có thể làm giảm doanh số nghiêm trọng hơn nhiều so với khoản phạt trực tiếp.

Bài tập luyện tập

A retailer advertises a ”50% off, was $100, now $50” sale on a product that, in reality, was never actually sold at $100 before the sale began. This practice is best described as:

(A) Legitimate psychological pricing

(B) Misleading/false discount advertising, likely to breach advertising regulation

(C) Price skimming

(D) An acceptable below-the-line promotion technique

Lời giải chi tiết

Advertising a fake ”was” price that was never genuinely charged is a classic example of **misleading discount advertising**, likely to breach consumer/advertising protection regulations. **(B)**.

3.17 Extended case study: Marlow Outdoor Gear

Bài tập luyện tập

Extended case study. Marlow Outdoor Gear sells hiking equipment through independent outdoor retailers nationwide (indirect distribution) at competitive prices. Total annual sales in the national hiking-equipment market are $60,000,000; Marlow's own sales are $7,200,000. Market research (a stratified sample of 900 customers, matching the age structure of Marlow's customer base: 25% under 30, 45% aged 30–50, 30% over 50) finds that 70% of respondents under 30 would pay a premium for a lightweight, recycled-material tent range, compared with only 30% of respondents over 50. Marlow is considering launching ”Marlow Featherlite”: a premium-priced, sustainable tent range, sold exclusively through its own website with a $90,000 social-media-led marketing campaign targeting under-30 outdoor enthusiasts.

(a) Calculate Marlow's current market share.
(b) Calculate how many of the 900 survey respondents fall into the under-30 age group, based on the stated stratified sample proportions.
(c) Identify an appropriate pricing strategy for Featherlite, with justification.
(d) Evaluate whether Marlow's proposed marketing mix for Featherlite (premium price, direct-only online distribution, social-media promotion targeted at under-30s) is well coordinated with the market research findings.
(e) If the $90,000 campaign generates $126,000 of additional gross profit directly attributable to it, calculate the marketing ROI.

Lời giải chi tiết

(a) Market share $= \dfrac{7{,}200{,}000}{60{,}000{,}000} \times 100 = 12\%$.

(b) Under-30 respondents $= 0.25 \times 900 = 225$.

(c) **Price skimming** is appropriate: Featherlite is a genuinely differentiated new product (lightweight, sustainable materials) with research showing strong willingness-to-pay a premium specifically among under-30s (70%), so Marlow can charge a high initial price to this segment before potentially adjusting later as competitors respond.

(d) The mix is **well coordinated**: research shows the strongest willingness to pay a premium is concentrated among under-30 customers (70%, versus only 30% of over-50s) — exactly the segment targeted by the social-media-led campaign, and social media is a channel that reaches younger customers far more effectively than traditional channels reaching older demographics. The premium price is consistent with the differentiated, sustainable positioning, and direct-only online distribution avoids diluting this premium positioning through mass-market retail discounting, while also matching how a younger, digitally-engaged target segment is likely to prefer to shop.

(e) Marketing ROI $= \dfrac{126{,}000 - 90{,}000}{90{,}000} \times 100 = 40\%$ — a solidly positive return, suggesting the campaign was a worthwhile use of marketing budget.

3.18 E-commerce and digital marketing channels

Digital technology has transformed how many businesses reach and sell to customers, alongside — and sometimes instead of — traditional physical channels.

E-commerce (selling via a website or app) offers a business: a potentially global customer reach without the cost of physical stores in every location; lower overhead costs (no rent/staff for multiple physical branches); and the ability to trade 24 hours a day. It also brings risks: intense price transparency and competition (customers can compare prices instantly across many sellers), dependence on reliable delivery/logistics networks, cybersecurity and payment-fraud risk, and the loss of the face-to-face experience that some customers value (e.g. trying on clothing, receiving personalised advice).

Digital marketing channels include: **search engine advertising** (paying to appear at the top of search results for relevant keywords); **social media marketing** (organic posts and paid ads targeted by age, interest and location); **email marketing** (low-cost, direct communication with existing customers); and **influencer marketing** (paying individuals with a large, engaged online following to promote a product to their audience).

Comparing digital and traditional advertising cost-effectiveness

A firm compares two campaigns: a traditional local newspaper advert costing $4,000, reaching an estimated 60,000 readers (many outside the target customer profile), versus a targeted social media campaign costing $1,200, reaching a more precisely targeted 25,000 users who match the firm's ideal customer profile. **Cost per thousand reached (newspaper)** $= 4{,}000/60 = \$66.67$ per thousand. **Cost per thousand reached (social media)** $= 1{,}200/25 = \$48$ per thousand. The social media campaign is not only cheaper per thousand reached, but — because it is precisely targeted at the firm's actual customer profile — is also likely to generate a higher proportion of *actual sales* per person reached, making it doubly more cost-effective in practice than the raw cost-per-thousand figure alone suggests.

VN GIẢI THÍCH TIẾNG VIỆT

Thương mại điện tử (e-commerce): bán hàng qua website/ứng dụng, giúp tiếp cận khách hàng toàn cầu với chi phí vận hành thấp hơn cửa hàng vật lý, nhưng cạnh tranh về giá gay gắt hơn và phụ thuộc vào hệ thống giao hàng/an ninh mạng. **Kênh marketing kỹ thuật số**: quảng cáo công cụ tìm kiếm, mạng xã hội, email marketing, và tiếp thị qua người có ảnh hưởng (influencer marketing) — thường có **chi phí trên mỗi nghìn người tiếp cận** thấp hơn và độ chính xác nhắm mục tiêu cao hơn quảng cáo truyền thống.

Bài tập luyện tập

A firm spends $2,400 on a digital advertising campaign reaching a precisely targeted 40,000 potential customers. Calculate the cost per thousand people reached.

Lời giải chi tiết

Cost per thousand $= 2{,}400/40 = \$60$ per thousand reached.

Bài tập luyện tập

Which of the following is most likely to be a genuine risk of relying heavily on e-commerce (online selling) rather than physical stores?

(A) E-commerce always guarantees higher sales than physical stores

(B) Intense price transparency lets customers instantly compare prices across many competing sellers, increasing price competition

(C) E-commerce eliminates all delivery and logistics costs

(D) E-commerce removes all cybersecurity risk

Lời giải chi tiết

Online customers can very easily compare prices across many sellers at once, intensifying price competition for e-commerce businesses. **(B)**.

3.19 Extension strategies and managing the product life cycle

As explored earlier, most products eventually enter **decline** unless a business intervenes. **Extension strategies** are deliberate actions taken to prolong a product's maturity stage and delay or reverse decline, avoiding the cost of developing an entirely new product from scratch.

Common extension strategies include: **finding new markets** (e.g. exporting a mature domestic product to a new country where it is still novel); **new packaging or product variants** (e.g. a new flavour, size, or seasonal edition); **price adjustments** (temporary promotions or discounts to re-stimulate demand); **new uses for the product** (repositioning it for a different purpose or occasion); and **increased/refreshed promotion** (a new advertising campaign to re-engage lapsed customers or attract a new demographic).

Extension strategy — reviving declining sales

A breakfast cereal brand's annual sales have fallen from \$8,000,000 to \$5,600,000 over three years as the market matures and younger consumers switch to other breakfast options. The firm launches a extension strategy combining (i) a new "on-the-go" resealable pouch format targeted at commuters, and (ii) a social-media campaign repositioning the cereal as a snack food eaten at any time of day, not just breakfast. Within a year, sales recover to \$6,800,000. **Sales recovered** $= 6{,}800{,}000 - 5{,}600{,}000 = \$1{,}200{,}000$ — a clear success, though sales remain \$1,200,000 below the original peak, illustrating that a well-designed extension strategy can meaningfully slow or partially reverse decline, but does not always fully restore a product to its earlier peak popularity.

VN GIẢI THÍCH TIẾNG VIỆT

Chiến lược kéo dài vòng đời sản phẩm (extension strategy): hành động chủ động nhằm kéo dài giai đoạn trưởng thành và trì hoãn/đảo ngược giai đoạn suy thoái — ví dụ: tìm thị trường mới, thay đổi bao bì/biến thể sản phẩm, điều chỉnh giá, tìm công dụng mới, hoặc làm mới hoạt động quảng bá. Ví dụ trên cho thấy chiến lược kéo dài vòng đời có thể phục hồi một phần doanh số đã mất, nhưng không phải lúc nào cũng đưa doanh số trở lại đỉnh cao ban đầu.

Bài tập luyện tập

Case study. A soft-drink brand's sales have fallen from \$12,000,000 to \$9,000,000 as the market matures. The firm launches a new "zero-sugar" variant alongside a refreshed advertising campaign targeting health-conscious young adults. Sales recover to \$10,500,000 the following year. Calculate the amount of sales recovered, and comment on whether the extension strategy has fully restored the brand to its original sales level.

Lời giải chi tiết

Sales recovered $= 10{,}500{,}000 - 9{,}000{,}000 = \$1{,}500{,}000$. This is a genuine partial recovery, but sales remain $12{,}000{,}000 - 10{,}500{,}000 = \$1{,}500{,}000$ below the original peak — the extension strategy has therefore slowed/partially reversed the decline but has **not fully restored** the brand to its original sales level.

Bài tập luyện tập

Which of the following is the best example of a product life cycle extension strategy?

(A) Discontinuing the product entirely with no replacement

(B) Launching a new flavour variant and a refreshed advertising campaign to re-engage lapsed customers

(C) Raising the price sharply with no other changes

(D) Removing the product from all distribution channels

Lời giải chi tiết

A new variant combined with refreshed promotion, aimed at reviving demand, is a classic **extension strategy**. **(B)**.

3.20 Above-the-line vs. below-the-line promotion

Above-the-line promotion refers to paid advertising through independent media (television, newspapers, search engines, social media ads) where the business pays a third-party media owner to display its message. **Below-the-line promotion** refers to methods the business controls directly, without paying an independent media owner — sales promotions (discounts, buy-one-get-one-free), direct mail, in-store displays, loyalty schemes, and sponsorship. Above-the-line advertising is generally better for building broad brand awareness across a large audience; below-the-line techniques are generally better for driving an immediate, measurable short-term increase in sales.

Choosing between above- and below-the-line promotion

A supermarket wants to (a) build long-term awareness of a new store-brand range, and (b) clear surplus seasonal stock quickly before it becomes obsolete. For (a), a television advertising campaign (above-the-line) reaching a broad audience over several months is well suited to gradually building brand recognition and trust. For (b), an in-store "50% off, this week only" promotion (below-the-line) directly and immediately incentivises existing shoppers to buy the surplus stock before its relevance/shelf-life expires — a television campaign would be far too slow and untargeted to solve this immediate, short-term stock problem.

VN GIẢI THÍCH TIẾNG VIỆT

Above-the-line: quảng cáo trả phí qua bên thứ ba (truyền hình, báo, quảng cáo tìm kiếm/mạng xã hội) — phù hợp xây dựng nhận diện thương hiệu dài hạn. **Below-the-line**: các hình thức doanh nghiệp tự kiểm soát trực tiếp (khuyến mãi giảm giá, trưng bày tại cửa hàng, chương trình khách hàng thân thiết) — phù hợp thúc đẩy doanh số ngắn hạn, tức thời.

Bài tập luyện tập

A retailer runs an in-store "buy one, get one free" promotion for one week to clear excess seasonal stock. This is best classified as:

(A) Above-the-line promotion
(B) Below-the-line promotion
(C) Market segmentation
(D) Product positioning

Lời giải chi tiết

A directly-controlled, short-term sales promotion (not paid media advertising through a third party) is **below-the-line promotion**. **(B)**.

Operations Management

Mục tiêu Unit: Phương pháp sản xuất (đơn chiếc, theo lô, dây chuyền) và vai trò của công nghệ; chi phí sản xuất và mối liên hệ với quy mô; phân tích điểm hoà vốn (break-even analysis) bằng biểu đồ và công thức; quản lý chất lượng (kiểm soát, đảm bảo, TQM); quản lý hàng tồn kho; quyết định địa điểm kinh doanh trong nước và quốc tế.

4.1 Production methods

Operations management is the function responsible for managing the process of turning inputs (materials, labour, capital) into outputs (goods and services) as efficiently as possible.

Job production — a single, unique item made to a customer's exact specification (e.g. a wedding cake, a bespoke ship, a custom-built house). Highly flexible and personalised, commands a premium price, but is slow, labour-intensive, requires highly skilled workers, and has a high cost per unit.
Batch production — a group (batch) of identical items is made together, and then the production process is changed over to make a different batch (e.g. a bakery making 200 loaves of one bread type, then switching the ovens/moulds to make a batch of a different type). More flexible than flow production and allows some economies of scale within a batch, but requires **changeover time** between batches (machinery must be reset/cleaned), during which no output is produced.
Flow (mass) production — a continuous, highly standardised, usually automated production line making identical units non-stop (e.g. a car assembly line, a bottling plant). Achieves a very low unit cost at high volume through economies of scale and specialisation, but requires enormous upfront investment in specialised machinery, is very inflexible (expensive/slow to change the product design), and a single breakdown can halt the entire line.

	Job	Batch	Flow
Product	Unique, one-off	Groups of identical items	Continuous, identical
Flexibility	Very high	Moderate	Very low
Unit cost	Very high	Moderate	Low
Skill required	Highly skilled	Skilled + semi-skilled	Mostly automated/semi-skilled
Set-up cost	Low	Moderate	Very high

Choosing a production method

A furniture company receives an order for (a) one hand-carved, custom dining table for a client's exact measurements, and (b) 5,000 identical standard bookshelves for a national retail chain.

For (a), **job production** is appropriate — a unique specification requires flexible, skilled craftsmanship, and the client will pay a premium for a one-off item. For (b), **flow (mass) production** is far more appropriate — a large, identical order justifies the investment in automated machinery to achieve a low unit cost, since design flexibility is not required.

GIẢI THÍCH TIẾNG VIỆT

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Sản xuất đơn chiếc (job production): một sản phẩm độc nhất theo yêu cầu riêng — linh hoạt cao, giá cao, nhưng chậm và tốn kém. **Sản xuất theo lô (batch production):** sản xuất từng nhóm sản phẩm giống nhau rồi chuyển sang lô khác — linh hoạt vừa phải nhưng cần thời gian chuyển đổi giữa các lô. **Sản xuất dây chuyền (flow/mass production):** sản xuất liên tục, tự động hoá cao — chi phí/đơn vị thấp khi sản lượng lớn nhưng rất khó thay đổi thiết kế và cần đầu tư ban đầu rất lớn.

4.1.1 Technology in operations

Modern operations increasingly use **computer-aided design (CAD)** to design products/components digitally, and **computer-aided manufacture (CAM)** where computer-controlled machinery directly produces the item from that digital design. Benefits include greater precision and consistency, faster design changes, reduced waste, and the ability to run production with fewer direct labour hours (lowering long-run unit costs) — though the upfront investment is high, specialist technical staff are required, and a system fault can affect the whole production line at once.

GIẢI THÍCH TIẾNG VIỆT

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CAD (thiết kế có sự hỗ trợ của máy tính) và **CAM (sản xuất có sự hỗ trợ của máy tính)** giúp tăng độ chính xác, giảm lãng phí và giảm giờ công lao động trực tiếp — nhưng đòi hỏi vốn đầu tư ban đầu lớn và nhân sự kỹ thuật chuyên môn cao.

4.1.2 Capacity utilisation and productivity

$$\text{Capacity utilisation} = \frac{\text{Actual output}}{\text{Maximum possible output}} \times 100$$

$$\text{Labour productivity} = \frac{\text{Total output}}{\text{Number of employees (or hours worked)}}$$

Capacity utilisation shows how fully a firm is using its available production capacity. Operating well *below* 100% means fixed costs are spread over fewer units (raising average fixed cost per unit) and expensive machinery/space sits idle; operating consistently *at or very near* 100% risks an inability to meet a sudden rise in demand and can lead to excessive strain on machinery and staff (with little room for maintenance or flexibility). **Productivity** measures how efficiently inputs (usually labour) are converted into output — rising productivity (more output per worker/hour) tends to lower unit labour cost, provided quality is maintained.

Calculating capacity utilisation and productivity

A clothing factory has a maximum possible output of 12,000 garments per month, but currently produces 8,400 garments per month using 60 workers.

$$\text{Capacity utilisation} = \frac{8{,}400}{12{,}000} \times 100 = 70\%.$$

$$\text{Labour productivity} = \frac{8{,}400}{60} = 140 \text{ garments per worker per month.}$$

Operating at only 70% capacity means the factory's fixed costs (rent, machinery depreciation) are being spread over fewer units than possible, raising average fixed cost per garment; the firm might consider reducing its physical size (cutting fixed costs) or increasing marketing effort to raise demand and utilisation.

GIẢI THÍCH TIẾNG VIỆT

VN **Mức sử dụng công suất (capacity utilisation)** = sản lượng thực tế / sản lượng tối đa có thể × 100. Sử dụng công suất THẤP nghĩa là chi phí cố định bị dàn trải trên ít đơn vị hơn (chi phí bình quân cao hơn); sử dụng công suất quá CAO (gần 100%) có thể gây quá tải máy móc/nhân viên và khó đáp ứng nhu cầu tăng đột biến. **Năng suất lao động (labour productivity)** = tổng sản lượng / số lao động (hoặc số giờ làm việc) — năng suất tăng thường giúp giảm chi phí lao động trên mỗi đơn vị sản phẩm.

(!) Lỗi thường gặp: Do not confuse **capacity utilisation** (how fully existing capacity is being used, expressed as a percentage of the maximum possible) with **productivity** (output per worker or per hour) — a firm can have high productivity per worker while still operating at low capacity utilisation overall, for example if it employs few workers very efficiently but has far more unused factory space/machinery than it currently needs.

4.2 Costs of production

Fixed costs — costs that do *not* change with the level of output in the short run (e.g. rent, salaried staff, insurance, loan interest) — a firm must pay these even if it produces zero units.
Variable costs — costs that change *directly* with the level of output (e.g. raw materials, piece-rate wages, packaging) — zero output means zero variable cost.
Total cost = Fixed cost + Variable cost.
Average (unit) cost = Total cost ÷ Output.
Contribution per unit = Selling price per unit − Variable cost per unit — the amount each unit sold "contributes" first toward covering fixed costs, and then (once fixed costs are covered) toward profit.

Calculating costs and contribution

A firm has fixed costs of $40,000 per month. Each unit costs $12 in materials/labour (variable cost) and sells for $20.

- Contribution per unit $= 20 - 12 = \$8$.
- If 3,000 units are made and sold: Variable cost $= 12 \times 3{,}000 = \$36{,}000$; Total cost $= 40{,}000 + 36{,}000 = \$76{,}000$; Total revenue $= 20 \times 3{,}000 = \$60{,}000$. The firm makes a **loss** of $60{,}000 - 76{,}000 = -\$16{,}000$.
- If 6,000 units are made and sold: Total revenue $= 20 \times 6{,}000 = \$120{,}000$; Total cost $= 40{,}000 + (12 \times 6{,}000) = 40{,}000 + 72{,}000 = \$112{,}000$; Profit $= 120{,}000 - 112{,}000 = \$8{,}000$.

VN GIẢI THÍCH TIẾNG VIỆT

Chi phí cố định (fixed costs): không đổi theo sản lượng (tiền thuê, lương cố định). **Chi phí biến đổi (variable costs):** thay đổi trực tiếp theo sản lượng (nguyên vật liệu). **Chi phí bình quân:** tổng chi phí / sản lượng. **Phần đóng góp (contribution)** = giá bán − chi phí biến đổi/đơn vị — số tiền mỗi đơn vị bán ra đóng góp để bù đắp chi phí cố định, sau đó tạo lợi nhuận.

4.3 Break-even analysis

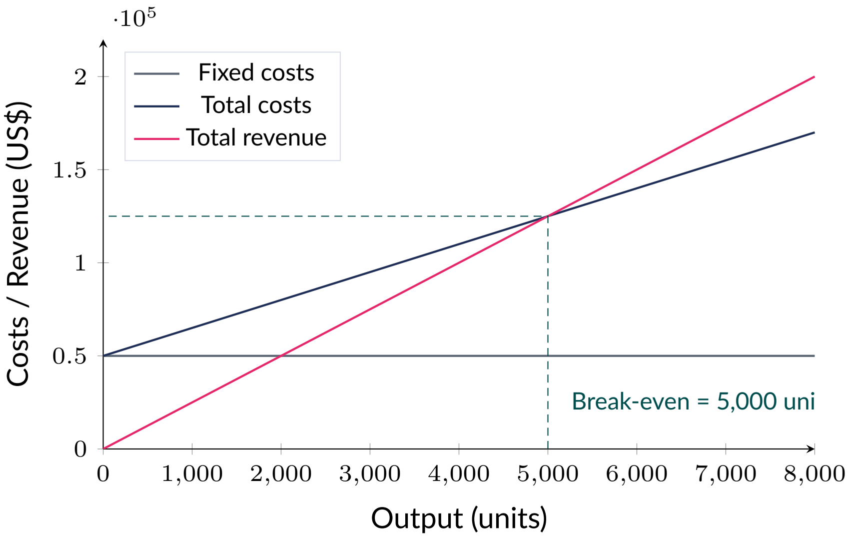
Break-even output is the level of output at which total revenue exactly equals total cost — the firm makes neither profit nor loss.

$$\text{Break-even output} = \frac{\text{Fixed costs}}{\text{Selling price} - \text{Variable cost per unit}} = \frac{\text{Fixed costs}}{\text{Contribution per unit}}$$

$$\text{Margin of safety} = \text{Actual (or budgeted) output} - \text{Break-even output}$$

$$\text{Profit (or loss)} = \text{Contribution per unit} \times (\text{Actual output} - \text{Break-even output})$$

The **margin of safety** shows by how much output/sales can fall before the firm starts making a loss — the larger the margin of safety, the lower the risk.



Break-even chart: fixed costs $50,000, selling price $25/unit, variable cost $15/unit ⇒ contribution $10/unit, break-even output = 5,000 units, break-even revenue = $125,000. Below 5,000 units the firm makes a loss (total cost line above total revenue line); above 5,000 units it makes a profit.

Full break-even worked example

Fixed costs are $50,000, selling price $25/unit, variable cost $15/unit.
Contribution per unit $= 25 - 15 = \$10$. Break-even output $= 50{,}000/10 = 5{,}000$ units.
If the firm actually sells 7,000 units: margin of safety $= 7{,}000 - 5{,}000 = 2{,}000$ units.
Profit at 7,000 units = contribution × margin of safety $= 10 \times 2{,}000 = \$20{,}000$.
Check: Total revenue $= 7{,}000 \times 25 = \$175{,}000$; total cost $= 50{,}000 + 15 \times 7{,}000 = \$155{,}000$; profit $= 175{,}000 - 155{,}000 = \$20{,}000$. (matches)

Effect of a fixed-cost change on break-even

Using the same firm (contribution \$10/unit), suppose rent rises so that fixed costs increase from \$50,000 to \$65,000. New break-even output $= 65{,}000/10 = 6{,}500$ units — break-even output has **risen** by 1,500 units. If sales remain at 7,000 units, the new margin of safety is only $7{,}000 - 6{,}500 = 500$ units (much smaller than before), and new profit $= 10 \times 500 = \$5{,}000$ (down from \$20,000) — showing how sensitive profit is to a rise in fixed costs when sales volume stays fixed.

VN GIẢI THÍCH TIẾNG VIỆT

Điểm hoà vốn (break-even output) = chi phí cố định / phần đóng góp mỗi đơn vị. **Biên độ an toàn (margin of safety)** = sản lượng thực tế − sản lượng hoà vốn — cho biết sản lượng có thể giảm bao nhiêu trước khi doanh nghiệp bắt đầu lỗ. Biên độ an toàn càng lớn thì rủi ro càng thấp. Luôn tính **contribution** trước khi tính điểm hoà vốn.

(!) Lỗi thường gặp: Break-even output is calculated using **contribution per unit** (selling price − variable cost per unit), *not* total variable cost, and *not* average total cost (which itself depends on output and would create a circular calculation). A very common exam error is dividing fixed costs by the selling price alone, ignoring variable cost entirely.

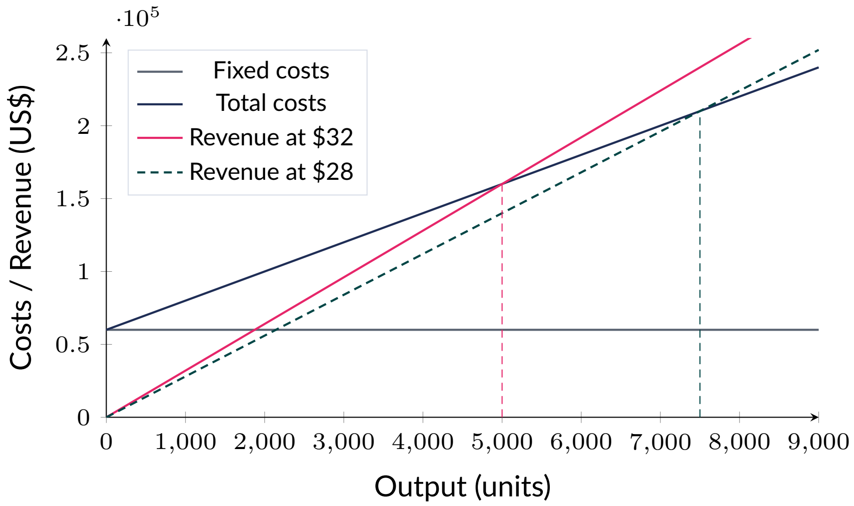
Uses and limitations of break-even analysis

Uses: helps set a minimum sales target, supports loan applications (shows lenders the sales needed to cover repayments), and allows a business to model "what if" scenarios (a change in price, costs, or fixed costs) before committing resources.
Limitations: assumes selling price and variable cost per unit stay constant regardless of output (ignoring bulk-buying discounts or the need to cut price to sell more); assumes all output produced is actually sold (ignoring unsold inventory); and it is a simplified model that cannot capture every real-world cost/revenue relationship.

4.3.1 Comparing break-even positions before and after a price change

Effect of a price change on break-even output

A firm has fixed costs of \$60,000 and variable cost per unit of \$20. At a selling price of \$32, contribution per unit $= 32 - 20 = \$12$, giving break-even output $= 60{,}000/12 = 5{,}000$ units. Facing new competition, the firm considers cutting its price to \$28: new contribution $= 28 - 20 = \$8$, giving a new break-even output $= 60{,}000/8 = 7{,}500$ units — a **rise** of 2,500 units. If the firm cannot realistically expect sales to rise from (say) 6,000 units to at least 7,500 units following the price cut, the lower price could turn what was previously a profitable position (at 6,000 units, profit was $12 \times (6{,}000 - 5{,}000) = \$12{,}000$) into a loss (at 6,000 units and the new \$28 price, the firm would be $8 \times (6{,}000 - 7{,}500) = -\$12{,}000$, i.e. a \$12,000 loss) — illustrating why a price cut must be carefully modelled against expected volume, not decided on price alone.



Cutting price from $32 to $28 rotates the revenue line downward, pushing the break-even point from 5,000 to 7,500 units — a lower price requires substantially higher sales volume just to break even.

GIẢI THÍCH TIẾNG VIỆT

VN

Khi doanh nghiệp GIẢM giá bán, phần đóng góp mỗi đơn vị giảm, khiến **sản lượng hoà vốn TĂNG** — doanh nghiệp cần bán nhiều hơn để đạt điểm hoà vốn. Do đó, quyết định giảm giá cần được mô hình hoá cẩn thận dựa trên dự báo sản lượng thực tế, không chỉ dựa vào việc giá thấp hơn có thể thu hút thêm khách hàng.

4.3.2 Supply chain and procurement

The **supply chain** is the full sequence of organisations, resources and activities involved in moving a product from raw material through to the final customer: raw material suppliers → manufacturer → wholesaler/distributor → retailer → customer. **Procurement** is the process of sourcing and purchasing the inputs (materials, components, services) a business needs.

Choosing suppliers involves balancing: **price** (lower cost improves margins), **quality** (poor-quality inputs raise defect rates and can damage the firm's own reputation), **reliability** (late or inconsistent deliveries can halt production, especially under JIT), and increasingly **ethical/environmental standards** (e.g. fair labour practices, sustainable sourcing) as part of a firm's wider CSR commitments.

GIẢI THÍCH TIẾNG VIỆT

VN

Chuỗi cung ứng (supply chain): toàn bộ chuỗi từ nhà cung cấp nguyên liệu → nhà sản xuất → nhà phân phối/bán buôn → nhà bán lẻ → khách hàng. **Thu mua (procurement)**: quá trình tìm nguồn và mua nguyên vật liệu/dịch vụ đầu vào. Khi chọn nhà cung cấp, doanh nghiệp cân nhắc giá cả, chất lượng, độ tin cậy giao hàng, và ngày càng chú trọng tiêu chuẩn đạo đức/môi trường.

4.3.3 Break-even and a target profit

Break-even analysis can be extended to find the output needed to achieve a specific **target profit**, not just to break even.

$$\text{Output required for a target profit} = \frac{\text{Fixed costs} + \text{Target profit}}{\text{Contribution per unit}}$$

This simply treats the desired profit as an additional amount (alongside fixed costs) that total contribution must cover.

Output needed for a target profit

A firm has fixed costs of $45,000, sells at $30/unit, with variable cost of $18/unit (contribution $= 30 - 18 = \$12$/unit). The firm wants to earn a target profit of $36,000 this year.

$$\text{Output required} = \frac{45{,}000 + 36{,}000}{12} = \frac{81{,}000}{12} = 6{,}750 \text{ units.}$$

Check: at 6,750 units, revenue $= 30 \times 6{,}750 = \$202{,}500$; total cost $= 45{,}000 + (18 \times 6{,}750) = 45{,}000 + 121{,}500 = \$166{,}500$; profit $= 202{,}500 - 166{,}500 = \$36{,}000$. (matches)

GIẢI THÍCH TIẾNG VIỆT

VN

Để tính sản lượng cần thiết nhằm đạt một **mục tiêu lợi nhuận** cụ thể (không chỉ hoà vốn): sản lượng cần thiết = (chi phí cố định + lợi nhuận mục tiêu) / phần đóng góp mỗi đơn vị. Công thức này tương tự công thức hoà vốn, chỉ cần cộng thêm lợi nhuận mục tiêu vào tử số.

4.3.4 Lean production

Lean production is a broad philosophy of minimising all forms of **waste** in the production process while maintaining or improving quality and output.

Common wasteful practices lean production seeks to eliminate include: excess inventory (tying up capital and storage space unnecessarily), unnecessary movement of materials or workers, waiting time (machines or staff idle between steps), overproduction (making more than is currently needed), and defects (requiring rework or scrapping). Techniques associated with lean production include **Just-in-Time** inventory, **kaizen** (continuous, incremental improvement suggested by all employees, not just management), and **cell production** (organising the workforce into small, semi-autonomous teams responsible for completing a significant part of the production process, increasing worker ownership and flexibility compared with a rigid single-task assembly line).

GIẢI THÍCH TIẾNG VIỆT

VN

Sản xuất tinh gọn (lean production) là triết lý loại bỏ mọi hình thức **lãng phí** trong quá trình sản xuất (tồn kho dư thừa, di chuyển không cần thiết, thời gian chờ, sản xuất thừa, lỗi sản phẩm) trong khi vẫn duy trì hoặc cải thiện chất lượng. Các kỹ thuật liên quan: **Just-in-Time**, **kaizen** (cải tiến liên tục từ mọi nhân viên), và **sản xuất theo tổ (cell production)** — chia nhân viên thành các nhóm nhỏ tự quản, tăng tính linh hoạt so với dây chuyền lắp ráp cứng nhắc.

4.4 Quality management

Quality control — inspecting output *at the end* of the production process (or at set checkpoints) and removing or reworking any defective items found. This is reactive: any wasted materials, labour and machine time invested in producing a defective item have already been incurred by the time it is caught.
Quality assurance — building quality checks into *every stage* of the production process, so that workers are directly responsible for checking the quality of their own output as they go, before passing it to the next stage. More proactive than quality control, and reduces the amount of wasted production because problems are caught earlier (or prevented from occurring at all).
Total Quality Management (TQM) — a company-wide philosophy that makes quality *everyone's* responsibility (not just a dedicated quality department), emphasises **continuous improvement** (kaizen — many small, ongoing improvements rather than one large change), and puts the customer's requirements at the centre of every process throughout the whole organisation.

Cost impact of quality control vs. quality assurance

A factory using only end-of-line **quality control** discovers 8% of a batch of 10,000 units (800 units) are defective after all production costs ($15/unit) have already been incurred: wasted cost $= 800 \times 15 = \$12{,}000$. After switching to **quality assurance** (checks built into every stage), the defect rate falls to 2% and most faults are caught *before* the final, most costly stages of production are completed, substantially reducing the wasted cost per defective unit as well as the number of defects overall.

VN GIẢI THÍCH TIẾNG VIỆT

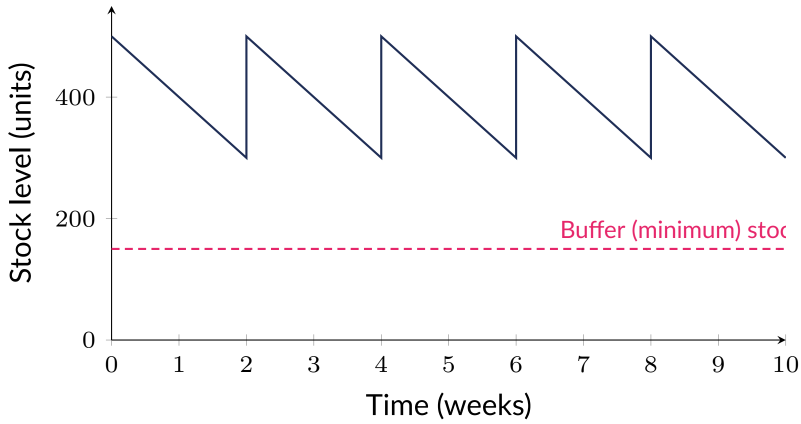
Kiểm soát chất lượng (quality control): kiểm tra sản phẩm ở CUỐI dây chuyền — mang tính bị động, chi phí sản xuất đã phát sinh trước khi phát hiện lỗi. **Đảm bảo chất lượng (quality assurance)**: kiểm tra chất lượng ở TỪNG công đoạn, công nhân tự chịu trách nhiệm — chủ động hơn, giảm lãng phí. **TQM (Quản lý chất lượng toàn diện)**: biến chất lượng thành trách nhiệm của TẤT CẢ mọi người, tập trung vào cải tiến liên tục (kaizen) và đặt khách hàng làm trung tâm.

(!) Lỗi thường gặp: "Quality control" and "quality assurance" are commonly confused: **control** = inspecting the *finished* product (or at fixed checkpoints); **assurance** = building checks into *every step* of the process as it happens. Always state clearly which one you mean, and note that TQM is broader than either — it is a whole-company *culture*, not just an inspection method.

4.5 Inventory (stock) management

Inventory (stock) includes raw materials, work-in-progress, and finished goods held by a business. Holding stock has costs (storage space, insurance, risk of damage/obsolescence, and the opportunity cost of capital tied up in unsold stock) but also benefits (avoiding running out of stock and losing sales, and being able to buy raw materials in bulk when cheap).

Buffer stock — a minimum level of stock a business aims to always keep in reserve, to guard against unexpected demand spikes or delivery delays.
Just-in-time (JIT) — an approach where raw materials and components are delivered *exactly* when needed for production, so almost no stock is held at all. Benefits: dramatically lower storage/holding costs and less capital tied up in unsold stock. Risks: the firm has *no* buffer against a late or disrupted delivery from a supplier, which can halt production entirely, so JIT requires extremely reliable suppliers and logistics.



A traditional stock-control chart: stock falls steadily as materials are used, then jumps up sharply when a new delivery (re-order) arrives — the firm re-orders before stock falls to its buffer level, to avoid running out.

VN GIẢI THÍCH TIẾNG VIỆT
Dự trữ đệm (buffer stock): mức tồn kho tối thiểu để phòng ngừa biến động bất ngờ. **Đúng thời điểm (Just-in-time — JIT)**: nguyên vật liệu được giao ĐÚNG lúc cần cho sản xuất, gần như không tồn kho — giảm mạnh chi phí lưu kho nhưng phụ thuộc hoàn toàn vào độ tin cậy của nhà cung cấp; một lần giao hàng trễ có thể làm ngừng cả dây chuyền sản xuất.

4.6 Location decisions

Key factors influencing where a business chooses to locate include: the **cost** of land/premises and local labour; **proximity to the market** (customers) — especially important for perishable goods or personal services; **proximity to raw materials/suppliers** — especially for firms using heavy, bulky or perishable inputs; the **availability of a suitably skilled workforce**; **transport and infrastructure links** (roads, ports, airports); and **government grants, subsidies or tax incentives** offered to attract investment to a particular region.

Multinational companies (MNCs), choosing an *international* location, additionally weigh: avoiding **tariffs**/trade barriers by producing *inside* a target market rather than exporting into it; access to large new overseas markets; cheaper overseas labour or raw materials; and favourable exchange rates or government incentives specifically designed to attract foreign direct investment.

Weighing up location factors

An online-only clothing retailer with no physical shop is choosing between a cheap warehouse on the edge of a small town and an expensive warehouse near a major city with excellent motorway and courier links. Because the retailer is online-only, it does not need footfall from passing customers (unlike a physical shop, proximity to the consumer market matters less), but it depends heavily on fast, reliable delivery — so transport infrastructure and courier access are the decisive factors, even at higher rent. **Recommendation:** the warehouse near the major city, since delivery speed/cost is the retailer's key competitive priority.

VN **GIẢI THÍCH TIẾNG VIỆT**

Các yếu tố quyết định vị trí: chi phí đất/mặt bằng, gần thị trường tiêu thụ, gần nguồn nguyên liệu, lao động có kỹ năng phù hợp, hạ tầng giao thông, và ưu đãi/trợ cấp của chính phủ. Công ty **đa quốc gia (MNC)** khi chọn địa điểm quốc tế còn cân nhắc: tránh thuế quan/rào cản thương mại, tiếp cận thị trường mới, lao động/nguyên liệu rẻ hơn ở nước ngoài.

4.7 Practice and consolidation

Bài tập luyện tập

A boatyard is commissioned to build one custom-designed luxury yacht to a client's exact specifications. This is an example of:

(A) Flow production
(B) Batch production
(C) Job production
(D) Mass production

Lời giải chi tiết

A single, unique item built to a specific order is **job production**. **(C)**.

Bài tập luyện tập

Case study. A firm has fixed costs of \$80,000, sells its product for \$40/unit, and variable cost per unit is \$24. Calculate (a) the break-even output, and (b) the margin of safety and profit if budgeted sales are 6,500 units.

Lời giải chi tiết

Contribution per unit $= 40 - 24 = \$16$. (a) Break-even output $= 80{,}000/16 = 5{,}000$ units. (b) Margin of safety $= 6{,}500 - 5{,}000 = 1{,}500$ units; profit $= 16 \times 1{,}500 = \$24{,}000$.

Bài tập luyện tập

Case study. A ready-meal factory trains every production-line worker to check their own portion of the process against a written standard before passing the item on, rather than only inspecting finished meals at the end. This describes:

(A) Quality control only
(B) Quality assurance
(C) Total Quality Management applied only to management
(D) Market research

Lời giải chi tiết

Checks built into every stage of the process, carried out by the workers themselves, describe **quality assurance**. **(B)**.

Bài tập luyện tập

Case study. An online-only clothing retailer is choosing between a cheap warehouse on the edge of a small town and an expensive warehouse near a major city with excellent motorway and courier links. Recommend a location and justify your answer using relevant location factors.

Lời giải chi tiết

Recommendation: the warehouse near the major city with strong transport/courier links. Because the retailer is online-only, it does not need footfall from passing customers, but it depends heavily on fast, reliable delivery — so transport infrastructure and courier access are the decisive factors, even at higher rent. The cheaper small-town site would only be preferable if delivery costs/times were not a competitive priority.

Bài tập luyện tập

A bakery makes 300 identical sourdough loaves, then reconfigures its ovens and moulds to make 200 identical rye loaves. This describes:

(A) Job production

(B) Batch production

(C) Flow production

(D) Just-in-time production

Lời giải chi tiết

Making groups of identical items, then switching over to make a different group, is **batch production**. **(B)**.

Bài tập luyện tập

Case study. A firm has fixed costs of $120,000 per year, sells its product at $60 per unit, and variable cost per unit is $35. (a) Calculate the break-even output. (b) If a new supplier contract raises variable cost per unit to $40, recalculate the break-even output. (c) Explain the direction of the change.

Lời giải chi tiết

(a) Contribution $= 60 - 35 = \$25$; break-even $= 120{,}000/25 = 4{,}800$ units.
(b) New contribution $= 60 - 40 = \$20$; new break-even $= 120{,}000/20 = 6{,}000$ units.
(c) Break-even output **rises** (from 4,800 to 6,000 units) because a lower contribution per unit means each unit sold now covers less of the fixed costs, so more units must be sold to reach break-even.

Bài tập luyện tập

Which of the following is a key risk of adopting a Just-in-Time (JIT) inventory system?

(A) It requires very large amounts of warehouse space

(B) A single late or disrupted delivery from a supplier can halt production, since little or no buffer stock is held

(C) It always increases the total cost of holding stock

(D) It eliminates the need for reliable suppliers

Lời giải chi tiết

With JIT holding almost no stock, the firm has no buffer against supply disruption — a late delivery can stop production immediately. **(B)**.

Bài tập luyện tập

Case study. A car component manufacturer currently holds two weeks' worth of buffer stock of every raw material, tying up significant working capital. Evaluate whether the firm should switch to a Just-in-Time system, considering both the potential benefits and risks.

Lời giải chi tiết

Potential benefits of JIT: substantially lower stock-holding costs (storage space, insurance, capital tied up in unsold materials) and reduced risk of holding obsolete/damaged stock, freeing up working capital for other uses. **Potential risks:** the firm becomes entirely dependent on suppliers delivering exactly on time, in the right quantity and quality — any disruption (transport delay, supplier production problem) could halt the firm's own production line completely, since there would be no buffer stock to fall back on; this is a particular risk if the firm's suppliers are geographically distant or historically unreliable. **Evaluation:** JIT is most suitable if the firm has established long-term, highly reliable supplier relationships and strong, predictable transport links; if suppliers are unreliable or distant, some buffer stock (perhaps a reduced level rather than the full two weeks) may remain the safer choice.

Bài tập luyện tập

A firm's fixed costs are $36,000, selling price is $18/unit, and variable cost is $10/unit. What is the break-even output?

(A) 2,000 units
(B) 3,600 units
(C) 4,500 units
(D) 2,880 units

Lời giải chi tiết

Contribution $= 18 - 10 = \$8$. Break-even $= 36{,}000/8 = 4{,}500$ units. **(C)**.

Bài tập luyện tập

Case study. A furniture manufacturer is considering automating part of its process using computer-aided manufacture (CAM). Identify *one* benefit and *one* drawback of this decision.

Lời giải chi tiết

Benefit: CAM typically increases precision and consistency of output while reducing waste and long-run direct labour costs, allowing the firm to produce at a lower unit cost over time. **Drawback:** the upfront investment cost is high, specialist technical staff are needed to operate and maintain the system, and a technical fault can potentially disrupt the whole production process at once (less flexible than relying on multiple independent skilled workers).

Bài tập luyện tập

Which statement about Total Quality Management (TQM) is correct?

(A) It applies only to the quality control department

(B) It makes quality the responsibility of every employee and emphasises continuous improvement

(C) It replaces the need for any quality checks during production

(D) It is identical to quality control

Lời giải chi tiết

TQM is a whole-organisation philosophy making quality everyone's responsibility, with a focus on continuous improvement (kaizen). **(B)**.

Bài tập luyện tập

Case study. A multinational electronics firm is deciding whether to build its next factory in its home country (high labour costs, close to head office) or in an overseas country with much lower labour costs but weaker transport infrastructure and a new import tariff on components it would need to bring in. Advise the firm, using relevant location factors.

Lời giải chi tiết

Case for the overseas location: significantly lower labour costs would reduce the ongoing variable cost per unit, which compounds into large savings at high production volumes over the life of the factory. **Case against:** weaker transport infrastructure could raise the time and cost of moving finished goods to market and increase the risk of delays, and a new import tariff on components would raise input costs, partially or fully offsetting the labour cost saving. **Advice:** the firm should quantify both effects — comparing the total labour-cost saving against the added transport/tariff costs — before deciding; if the tariff applies only to *imported components* (not to the finished product once made locally), the firm might mitigate this by sourcing components locally where possible, making the overseas option more attractive.

Bài tập luyện tập

A firm's contribution per unit is \$15 and its fixed costs are \$90,000. If it currently sells 8,000 units, what is its current profit?

(A) \$30,000

(B) \$40,000

(C) \$120,000

(D) \$90,000

Lời giải chi tiết

Break-even output $= 90{,}000/15 = 6{,}000$ units. Margin of safety $= 8{,}000 - 6{,}000 = 2{,}000$ units. Profit $= 15 \times 2{,}000 = \$30{,}000$. **(A)**.

Bài tập luyện tập

Case study. A juice-bottling company's break-even chart shows fixed costs of \$70,000, a total revenue line with gradient \$28/unit, and a total cost line with gradient \$18/unit (i.e. variable cost per unit). (a) Calculate the break-even output. (b) Calculate the break-even revenue. (c) If the company budgets to sell 9,000 units, calculate the expected profit.

Lời giải chi tiết

(a) Contribution $= 28 - 18 = \$10$; break-even output $= 70{,}000/10 = 7{,}000$ units.
(b) Break-even revenue $= 7{,}000 \times 28 = \$196{,}000$.
(c) Margin of safety $= 9{,}000 - 7{,}000 = 2{,}000$ units; profit $= 10 \times 2{,}000 = \$20{,}000$.

Bài tập luyện tập

Which of the following is a limitation of break-even analysis?

(A) It cannot be calculated using a formula

(B) It assumes selling price and variable cost per unit remain constant at all levels of output, and that all output is sold

(C) It always overestimates profit

(D) It cannot show the margin of safety

Lời giải chi tiết

Break-even analysis is a simplified model — it assumes constant selling price/variable cost regardless of output, and assumes all units produced are sold; in reality both assumptions can break down (e.g. bulk discounts, unsold inventory). **(B)**.

Bài tập luyện tập

Case study. A firm's finance director says: "Our income statement shows we made a healthy profit last year, so I don't understand why quality control keeps rejecting so many finished units before they reach the customer." Explain to the director, using the concept of quality control, why rejecting defective units *before* sale — even though it seems wasteful — is important for the business.

Lời giải chi tiết

Quality control exists precisely to catch defective units *before* they reach the customer, even though the materials/labour cost of making them has already been incurred (a sunk cost by that point). Rejecting a small number of defective units is far less costly to the business in the long run than allowing them to reach customers, which could cause: product returns and refunds (an even larger direct cost than the original production cost); damage to the firm's brand reputation and loss of customer trust/repeat business; and, in some industries (e.g. food or electronics), potential safety and legal liability. The "waste" the director sees is therefore a much smaller cost than the reputational and financial damage of defective products reaching the market — and a well-run quality *assurance* system (checks throughout the process, not only at the end) would ideally reduce the number of defects reaching final inspection in the first place.

Bài tập luyện tập

Case study. A furniture factory has a maximum possible output of 5,000 units per month but currently produces 3,250 units using 25 workers. (a) Calculate the capacity utilisation rate. (b) Calculate labour productivity. (c) Suggest one consequence of operating at this level of capacity utilisation.

Lời giải chi tiết

(a) Capacity utilisation $= \dfrac{3{,}250}{5{,}000} \times 100 = 65\%$.

(b) Labour productivity $= \dfrac{3{,}250}{25} = 130$ units per worker per month.

(c) At only 65% capacity, fixed costs (rent, machinery) are spread over fewer units than the factory is capable of producing, raising average fixed cost per unit; the firm may consider increasing marketing effort to raise demand, or reducing its factory size/fixed costs to better match current output.

Bài tập luyện tập

A firm currently sells 6,000 units at a price giving a break-even output of 5,000 units. It is considering a price cut that would raise the break-even output to 7,500 units, without a guaranteed rise in actual unit sales. What is the most likely risk of proceeding with this price cut?

(A) The firm's fixed costs would automatically fall

(B) The firm could move from making a profit to making a loss, since actual sales may not rise enough to reach the new, higher break-even output

(C) Break-even output is unrelated to price

(D) The firm's quality assurance system would automatically improve

Lời giải chi tiết

If break-even output rises (due to lower contribution per unit) but actual sales volume does not rise sufficiently, the firm's margin of safety shrinks and it risks moving from profit into loss. **(B)**.

Bài tập luyện tập

Case study. A food manufacturer is choosing between two potential suppliers of a key ingredient: Supplier X offers the lowest price but has a history of occasional late deliveries; Supplier Y charges 8% more but has a perfect on-time delivery record and holds recognised ethical sourcing certification. The manufacturer is planning to introduce a Just-in-Time production system. Recommend a supplier and justify your answer.

Lời giải chi tiết

Recommendation: Supplier Y. Because the manufacturer is planning to adopt **Just-in-Time** production (which holds little or no buffer stock), reliability of delivery becomes a critical priority — a single late delivery from Supplier X could halt the entire production line, at a cost likely to far exceed the 8% price premium charged by Supplier Y. Supplier Y's ethical sourcing certification is an additional benefit, supporting the manufacturer's own CSR credentials and reducing reputational risk. Supplier X's lower price would only be the safer choice if the manufacturer retained a buffer stock large enough to absorb occasional late deliveries — which contradicts the very purpose of adopting JIT.

Bài tập luyện tập

A theme park operates at 98% of its maximum daily visitor capacity throughout the busiest summer month. Which of the following is a likely risk of operating at such a high level of capacity utilisation?

(A) Fixed costs per visitor rise sharply

(B) There is little room to handle unexpected surges in demand, and equipment/staff face greater strain with less time for maintenance

(C) The park's contribution per visitor automatically falls to zero

(D) Capacity utilisation above 90% is not possible in practice

Lời giải chi tiết

Operating very close to maximum capacity leaves little flexibility to absorb any unexpected extra demand and increases strain on staff and equipment, with less opportunity for routine maintenance. **(B)**. (High utilisation actually *lowers*, not raises, fixed cost per unit, since fixed costs are spread over more output.)

Bài tập luyện tập

Case study. A firm has fixed costs of $54,000, sells its product at $22/unit, and variable cost per unit is $14. Calculate the output required to achieve a target profit of $40,000.

Lời giải chi tiết

Contribution per unit $= 22 - 14 = \$8$. Output required $= \dfrac{54{,}000 + 40{,}000}{8} = \dfrac{94{,}000}{8} = 11{,}750$ units.

Bài tập luyện tập

A manufacturer reorganises its assembly line into small teams, each responsible for completing a significant share of the production process (rather than each worker repeating one single task all day), aiming to increase flexibility and worker ownership. This describes:

(A) Job production

(B) Cell production

(C) Just-in-Time

(D) Quality control

Lời giải chi tiết

Organising workers into small, semi-autonomous teams responsible for a larger share of the process is **cell production**, a technique associated with lean production. **(B)**.

Bài tập luyện tập

Case study. A car component factory currently has fixed costs of $96,000, sells at $45/unit with variable cost of $29/unit, and wants to know the output required to achieve a target profit of $64,000. Additionally, calculate how many *more* units beyond break-even this target-profit output represents.

Lời giải chi tiết

Contribution per unit $= 45 - 29 = \$16$. Break-even output $= 96{,}000/16 = 6{,}000$ units. Output for target profit $= \dfrac{96{,}000 + 64{,}000}{16} = \dfrac{160{,}000}{16} = 10{,}000$ units. This represents $10{,}000 - 6{,}000 =$

$4{,}000$ units beyond break-even (consistent with the check: $16 \times 4{,}000 = \$64{,}000$ profit, matching the target).

Bài tập luyện tập

Which of the following is *not* typically considered a form of waste that lean production seeks to eliminate?

(A) Excess inventory tying up capital unnecessarily

(B) Unnecessary movement of materials or workers

(C) Continuous, incremental improvement suggested by employees (kaizen)

(D) Defects requiring rework or scrapping

Lời giải chi tiết

Kaizen (continuous improvement) is a lean *technique* used to *reduce* waste, not itself a form of waste. **(C)**. (The other three are all classic forms of waste lean production targets.)

4.7.1 Extended case study: Halden Precision Parts

Bài tập luyện tập

Extended case study. Halden Precision Parts manufactures metal components in batches for the automotive industry. Its factory has a maximum possible output of 40,000 components per month; it currently produces 26,000 components per month using 40 workers. Fixed costs are $180,000 per month; each component sells for $28 and costs $16 in variable cost to produce. A major new client has offered a long-term contract that would require Halden to guarantee 34,000 components per month, but only if Halden can prove its quality-control failure rate (currently 6% of output rejected at final inspection) can be reduced to below 2%. Halden is considering investing in computer-aided manufacture (CAM) to both raise capacity and improve consistency.

(a) Calculate Halden's current capacity utilisation rate and its current labour productivity (components per worker per month).
(b) Calculate the current break-even output and the current margin of safety.
(c) At its current 6% rejection rate, calculate how many of the 26,000 components produced per month are rejected, and calculate the total production cost wasted on these rejects (using variable cost per unit).
(d) Explain, using the distinction between quality control and quality assurance, one specific change Halden could make to move toward the client's required below-2% rejection rate.
(e) Evaluate whether Halden should invest in CAM in order to win the new contract.

Lời giải chi tiết

(a) Capacity utilisation $= \dfrac{26{,}000}{40{,}000} \times 100 = 65\%$. Labour productivity $= \dfrac{26{,}000}{40} = 650$ components per worker per month.

(b) Contribution per unit $= 28 - 16 = \$12$. Break-even output $= 180{,}000/12 = 15{,}000$ components. Margin of safety $= 26{,}000 - 15{,}000 = 11{,}000$ components.

(c) Rejected components $= 0.06 \times 26{,}000 = 1{,}560$ components. Wasted variable cost $= 1{,}560 \times 16 = \$24{,}960$ per month (this is a conservative estimate of the waste, since it ignores any fixed-cost/labour time already invested in producing the rejected items).

(d) Halden currently relies on **quality control** (inspection at final stage, catching the 6% only after full production cost has been incurred). Moving toward **quality assurance** — training operators at *every* stage of the batch process to check their own work against a written standard before passing components to the next stage — would catch defects earlier (or prevent them occurring at all), which is likely to be far more effective at reaching a sub-2% rejection rate than simply inspecting more thoroughly at the end.

(e) Arguments for investing in CAM: it would likely raise both capacity (helping meet the client's 34,000-unit requirement, well above Halden's current 26,000 output and closer to its current 40,000 maximum) and consistency/precision (directly addressing the rejection-rate requirement), potentially achieving both conditions the client has set in a single investment. **Arguments against:** CAM requires a large upfront investment and specialist technical staff, and if the new contract fell through after the investment was made, Halden would have added significant fixed costs (raising its break-even output) without the guaranteed extra revenue to justify them. **Judgement:** given that meeting the client's rejection-rate condition is likely difficult through quality assurance/training alone within a short timeframe, and CAM would also solve the capacity gap (34,000 vs current 26,000) at the same time, investing in CAM is probably justified — provided Halden first secures a sufficiently binding long-term commitment from the client to reduce the risk of the investment going unrewarded.

Bài tập luyện tập

A firm's contribution per unit is $9 and its fixed costs are $63,000. Calculate the output required to achieve a target profit of $27,000.

(A) 7,000 units
(B) 10,000 units
(C) 3,000 units
(D) 9,000 units

Lời giải chi tiết

Output required $= \dfrac{63{,}000 + 27{,}000}{9} = \dfrac{90{,}000}{9} = 10{,}000$ units. **(B)**.

Bài tập luyện tập

Case study. A textile factory currently operates at 55% capacity utilisation, producing 4,400 units per month from a maximum possible output of 8,000 units. Fixed costs are $96,000 per month. Management is considering closing part of the factory floor to reduce maximum capacity to 5,000 units, which would lower fixed costs to $68,000 per month, with output unchanged at 4,400 units. Calculate the new capacity utilisation rate and evaluate whether this proposal makes sense.

Lời giải chi tiết

New capacity utilisation $= \dfrac{4{,}400}{5{,}000} \times 100 = 88\%$ (up sharply from 55%). **Evaluation:** this proposal appears sensible on efficiency grounds — the firm was previously paying $96,000 in fixed costs to maintain far more capacity (8,000 units) than it was actually using (only 4,400, i.e. 55%), representing costly idle capacity. Reducing maximum capacity to more closely match actual demand cuts fixed costs by $96{,}000 - 68{,}000 = \$28{,}000$ per month while output (and therefore revenue) stays exactly the same, directly increasing profit by $28,000/month. The main risk is reduced flexibility: at 88% utilisation the firm now has much less spare capacity to respond to any future rise in demand without further investment.

Bài tập luyện tập

Which of the following is most closely associated with cell production, a technique used in lean manufacturing?

(A) One worker repeats a single task all day on a continuous assembly line

(B) Small, semi-autonomous teams take responsibility for completing a significant share of the production process

(C) Products are inspected only once, at the very end of the process

(D) Materials are stockpiled in very large quantities to avoid ever running short

Lời giải chi tiết

Cell production organises workers into small teams responsible for a substantial part of the process, increasing flexibility and ownership compared with a single-task assembly line. **(B)**.

Bài tập luyện tập

Case study. A frozen food producer is deciding between two potential factory sites: Site A is near major arterial roads and a large regional population centre (high rent); Site B is near its main potato and vegetable suppliers in a rural area (lower rent, but 90 minutes further from its main urban customer base). Recommend a location, considering the specific nature of a frozen food business.

Lời giải chi tiết

Recommendation: this depends on which factor dominates the firm's specific cost structure, but Site B (near suppliers) is often preferable for a frozen food producer. Proximity to raw material suppliers (fresh potatoes and vegetables) is particularly important for a food producer, since fresh produce should be processed quickly after harvest to preserve quality and minimise spoilage/transport costs of heavy, bulky raw materials — locating near suppliers reduces these input costs and preserves freshness. Since the finished product is *frozen* (not fresh) once processed, it can typically be transported the extra distance to urban markets without the same urgency or spoilage risk as fresh produce, meaning the extra 90 minutes to reach customers is less commercially damaging than it would be for a fresh (non-frozen) food business. Site A would be more clearly justified only if the firm's finished product required very rapid, frequent, low-volume deliveries (less typical of frozen goods, which can be stored and transported in bulk).

Bài tập luyện tập

Case study. A print shop's fixed costs are $28,000 per year, it sells each printed order for an average of $50, and variable cost per order is $30. (a) Calculate the break-even number of orders. (b) If the shop currently completes 1,900 orders per year, calculate its current profit. (c) Calculate the number of orders needed to achieve a target profit of $16,000.

Lời giải chi tiết

(a) Contribution per order $= 50 - 30 = \$20$. Break-even $= 28{,}000/20 = 1{,}400$ orders.
(b) Margin of safety $= 1{,}900 - 1{,}400 = 500$ orders; profit $= 20 \times 500 = \$10{,}000$.
(c) Orders for target profit $= \dfrac{28{,}000 + 16{,}000}{20} = \dfrac{44{,}000}{20} = 2{,}200$ orders.

Bài tập luyện tập

A manufacturer decides to replace 15 assembly-line workers (each costing \$32,000 per year in wages and benefits) with a single automated robotic arm costing \$180,000 to purchase, with annual maintenance costs of \$25,000. (a) Calculate the current total annual labour cost of the 15 workers. (b) Calculate how many years it would take for the annual maintenance-cost saving (compared with the labour cost) to repay the \$180,000 purchase price, ignoring any other costs or benefits.

Lời giải chi tiết

(a) Current annual labour cost $= 15 \times 32{,}000 = \$480{,}000$.
(b) Annual saving from automation $= 480{,}000 - 25{,}000 = \$455{,}000$ per year. Years to repay purchase price $= 180{,}000/455{,}000 \approx 0.4$ years (about 5 months) — suggesting the investment could pay for itself very quickly on labour-cost grounds alone, though a full evaluation should also consider redundancy costs for the displaced workers, the risk of the robotic arm breaking down, and the loss of human flexibility/judgement that the workers previously provided.

Bài tập luyện tập

Which of the following would most likely *increase* a firm's capacity utilisation rate, assuming maximum possible output stays the same?

(A) A fall in actual output due to weak demand

(B) A rise in actual output as a new marketing campaign successfully increases sales

(C) An increase in the factory's maximum possible output

(D) Closing the factory for a week of planned maintenance

Lời giải chi tiết

Since capacity utilisation $=$ actual output $\div$ maximum possible output, a rise in actual output (with maximum capacity unchanged) directly raises the utilisation rate. **(B)**.

Bài tập luyện tập

Case study. A bottling plant's break-even output is 12,000 units per month at its current selling price. Its actual sales are 15,000 units per month, giving a margin of safety of 3,000 units. Contribution per unit is \$4. (a) Calculate the plant's current monthly profit. (b) If fixed costs unexpectedly rise by \$8,000 per month with no other change, calculate the new break-even output and the new margin of safety (assuming sales remain at 15,000 units).

Lời giải chi tiết

(a) Profit $=$ contribution $\times$ margin of safety $= 4 \times 3{,}000 = \$12{,}000$.
(b) An \$8,000 rise in fixed costs raises break-even output by $8{,}000/4 = 2{,}000$ units, from 12,000

to **14,000** units. New margin of safety $= 15{,}000 - 14{,}000 = 1{,}000$ units (down sharply from 3,000), and new profit $= 4 \times 1{,}000 = \$4{,}000$ — a fall of $8,000, exactly matching the rise in fixed costs, since sales volume and contribution per unit are unchanged.

Bài tập luyện tập

Which of the following is the most accurate description of "changeover time" in batch production?

(A) The time taken to train a brand-new employee

(B) The time during which no output is produced while machinery/equipment is reconfigured to switch from one batch to a different one

(C) The time a customer waits for a job-produced item to be completed

(D) The total lifetime of a piece of flow-production machinery

Lời giải chi tiết

Changeover time is the (unproductive) time needed to reconfigure machinery between producing one batch and the next, a key limitation of batch production compared with continuous flow production. **(B)**.

4.8 Make-or-buy and outsourcing decisions

Firms must often decide whether to produce a component/service themselves (**make**) or purchase it from an outside specialist supplier (**buy/outsource**).

Reasons to make in-house: greater control over quality and scheduling, protection of proprietary know-how/trade secrets, and avoiding dependence on an external supplier's reliability. **Reasons to outsource/buy:** the specialist supplier may achieve lower unit costs through its own economies of scale, allows the firm to focus its own resources and management attention on its core activities, and avoids the firm having to invest in specialised equipment/skills it would only use occasionally.

A make-or-buy cost comparison

A firm currently outsources a component, paying $14 per unit for 20,000 units per year ($= \$280{,}000$ total). It is considering making the component itself, requiring machinery costing $120,000 (assume fully used up, i.e. depreciated, over the next 4 years, so $30,000/year) plus a variable cost of $9 per unit. Annual in-house cost $= 30{,}000 + (9 \times 20{,}000) = 30{,}000 + 180{,}000 = \$210{,}000$, compared with the current outsourced cost of $280,000 — a saving of $280{,}000 - 210{,}000 = \$70{,}000$ per year if brought in-house, before considering any quality-control or management-attention trade-offs of taking on production directly.

VN GIẢI THÍCH TIẾNG VIỆT

Quyết định tự sản xuất hay mua ngoài (make-or-buy): doanh nghiệp cân nhắc giữa tự sản xuất linh kiện/dịch vụ (kiểm soát chất lượng tốt hơn, bảo vệ bí quyết công nghệ) hoặc mua từ nhà cung cấp bên ngoài (tận dụng kinh tế theo quy mô của nhà cung cấp, tập trung nguồn lực vào hoạt động cốt lõi). Quyết định thường dựa trên so sánh chi phí giữa hai phương án.

Bài tập luyện tập

Case study. A firm currently pays an outside supplier $22 per unit for 8,000 units per year ($= \$176{,}000$ total). Making the component in-house would require machinery costing $60,000 (depreciated over 5 years, i.e. $12,000/year) plus a variable cost of $16 per unit. (a) Calculate the annual in-house production cost. (b) Recommend whether the firm should make or buy the component.

Lời giải chi tiết

(a) Annual in-house cost $= 12{,}000 + (16 \times 8{,}000) = 12{,}000 + 128{,}000 = \$140{,}000$.
(b) Since $140,000 (make) is lower than $176,000 (buy) — a saving of $36,000 per year — the firm should, on cost grounds, **make the component in-house**, provided it is confident it can maintain the same quality standard as the outside specialist supplier and can free up sufficient management attention to oversee the new production process.

Bài tập luyện tập

Which of the following is a valid reason for a firm to choose to outsource (buy) a component rather than manufacturing it in-house?

(A) Outsourcing always guarantees higher quality than in-house production

(B) The specialist supplier may achieve lower unit costs through its own economies of scale, and outsourcing frees the firm's management to focus on its core activities

(C) Outsourcing removes all financial risk from the firm entirely

(D) In-house production is always cheaper than outsourcing

Lời giải chi tiết

A key genuine advantage of outsourcing is benefiting from a specialist supplier's own economies of scale/expertise while freeing the firm's own management attention for its core business. **(B)**.

4.9 Health and safety in operations

Businesses have both a legal and moral duty to provide a safe working environment. Beyond compliance with health and safety legislation (Unit 2), effective operations management builds safety directly into production planning.

Poor workplace safety carries direct costs: compensation claims and potential legal penalties, lost output while an incident is investigated and equipment is checked, higher insurance premiums, damaged staff morale/increased absenteeism, and reputational harm if serious incidents become public. Good safety management (risk assessments, protective equipment, regular staff training, well-maintained machinery) is therefore not only an ethical/legal obligation but also directly protects a firm's operational efficiency and costs.

The cost of a workplace safety failure

A warehouse experiences a forklift accident caused by poorly-maintained equipment, injuring an employee. Direct costs include: $45,000 in compensation and legal costs, $8,000 in lost output while the warehouse floor is closed for a full safety inspection, and a 15% rise in the firm's annual insurance premium (an extra $6,000 per year going forward). Total first-year cost $= 45{,}000 + 8{,}000 + 6{,}000 = \$59{,}000$ — dramatically more than the cost of the routine equipment maintenance that could have prevented the accident in the first place, illustrating why proactive safety investment is usually far cheaper than reacting to an incident after it occurs.

VN GIẢI THÍCH TIẾNG VIỆT

Doanh nghiệp có nghĩa vụ pháp lý và đạo đức đảm bảo môi trường làm việc an toàn. Sự cố an toàn lao động gây ra chi phí trực tiếp: bồi thường, mất sản lượng do điều tra sự cố, phí bảo hiểm tăng, tinh thần nhân viên giảm sút và tổn hại uy tín. Đầu tư chủ động vào an toàn lao động thường rẻ hơn nhiều so với chi phí xử lý hậu quả sau khi sự cố xảy ra.

Bài tập luyện tập

Case study. A factory spends $15,000 per year on routine machine safety inspections and staff safety training. Without this spending, safety experts estimate the factory would face an average of one serious accident every 3 years, each costing approximately $90,000 in compensation, lost output and increased insurance combined. (a) Calculate the average annual cost of accidents if the $15,000 preventive spending were stopped. (b) Advise the factory on whether the preventive spending is worthwhile, based purely on these figures.

Lời giải chi tiết

(a) Average annual accident cost without prevention $= 90{,}000/3 = \$30{,}000$ per year.
(b) Since the $15,000 annual preventive spending is **less than** the $30,000 average annual cost of accidents it likely prevents, the spending appears clearly worthwhile on cost grounds alone — saving an average of $15,000 per year $(30{,}000 - 15{,}000)$, even before considering the additional (harder to quantify) benefits of protecting staff wellbeing, morale, and the firm's reputation.

Bài tập luyện tập

Which of the following is most likely to be a direct cost of a serious workplace safety incident?

(A) An automatic reduction in the firm's fixed costs

(B) Compensation payments, lost output during investigation, and higher future insurance premiums

(C) A guaranteed increase in market share

(D) No effect on the firm at all if it is not publicised

Lời giải chi tiết

A serious safety incident typically brings compensation costs, lost output during the resulting investigation, and higher ongoing insurance premiums. **(B)**.

4.10 Critical path analysis: an introduction

For complex projects with many interdependent tasks (e.g. constructing a new factory), operations managers often use **network (critical path) analysis** to identify the shortest possible time in which a project can be completed.

The **critical path** is the sequence of dependent tasks that determines the minimum total project duration — any delay to a task on the critical path directly delays the whole project, whereas tasks *not* on the critical path have some **float** (spare time) and can be delayed slightly without affecting the overall completion date. Identifying the critical path helps managers focus monitoring and resources on the tasks that matter most for staying on schedule.

A simple critical path example

A small project has three possible task sequences to completion: Path A (design → approval → build) taking $5+3+12=20$ days; Path B (design → testing → build) taking $5+6+12=23$ days; Path C (design → sourcing materials → build) taking $5+9+12=26$ days. Since Path C takes the longest (26 days) and all three paths must be completed before the project can finish, Path C is the **critical path** — the project cannot finish in under 26 days no matter how quickly Paths A and B are completed. Paths A and B have **float**: Path A could be delayed by up to $26-20=6$ days, and Path B by up to $26-23=3$ days, without delaying the overall project — but any delay to a task on Path C (sourcing materials) directly delays the whole project.

VN GIẢI THÍCH TIẾNG VIỆT

Phân tích đường găng (critical path analysis) xác định chuỗi công việc phụ thuộc lẫn nhau quyết định THỜI GIAN TỐI THIỂU để hoàn thành dự án — bất kỳ sự chậm trễ nào ở đường găng đều làm trễ toàn bộ dự án. Các công việc KHÔNG nằm trên đường găng có **thời gian dự trữ (float)** — có thể trễ một chút mà không ảnh hưởng đến ngày hoàn thành chung.

Bài tập luyện tập

Case study. A project has three task sequences: Path X takes 18 days, Path Y takes 24 days, and Path Z takes 21 days, all of which must be completed before the project finishes. (a) Identify the critical path and the minimum project duration. (b) Calculate the float available on Path X and Path Z.

Lời giải chi tiết

(a) The critical path is the *longest* sequence, **Path Y (24 days)** — the project cannot finish in under 24 days regardless of how quickly the other paths are completed.
(b) Float on Path X $=24-18=6$ days. Float on Path Z $=24-21=3$ days.

Bài tập luyện tập

On a critical path analysis network, a task that lies on the critical path is delayed by 4 days due to a supplier issue. What is the most likely effect on the overall project completion date, assuming no other changes are made?

(A) No effect at all, since critical path tasks have unlimited float

(B) The overall project completion date is delayed by the same 4 days

(C) The project would actually finish 4 days earlier

(D) Only non-critical tasks are affected

Lời giải chi tiết

Tasks on the critical path have **zero float** — any delay to a critical path task delays the entire project by the same amount, here 4 days. **(B)**.

4.11 Environmental impact of operations

Operations decisions have direct environmental consequences, and increasingly firms must weigh production efficiency against sustainability.

Ways operations can reduce environmental impact include: reducing energy and water use per unit produced, minimising packaging and production waste, sourcing recycled/sustainable raw materials, and designing products for longer life or easier recycling. These changes can raise short-term costs but increasingly reduce long-run costs too (e.g. lower energy bills), while also protecting the firm from tightening environmental regulation and appealing to increasingly environmentally-conscious customers.

Cost-benefit of a sustainability investment

A factory invests $180,000 in more energy-efficient machinery, expected to reduce its annual energy bill from $240,000 to $165,000. Annual saving $= 240{,}000 - 165{,}000 = \$75{,}000$. Payback period (ignoring any other costs/benefits) $= 180{,}000/75{,}000 = 2.4$ years — after which the investment continues to generate a $75,000 annual saving indefinitely (until the machinery needs replacing), alongside the added benefit of reduced carbon emissions that may help the firm meet increasingly strict environmental regulations and appeal to sustainability-conscious customers.

VN **GIẢI THÍCH TIẾNG VIỆT**

Các quyết định vận hành có tác động trực tiếp đến môi trường. Doanh nghiệp có thể giảm tác động môi trường bằng cách: giảm tiêu thụ năng lượng/nước trên mỗi đơn vị sản phẩm, giảm thiểu bao bì và chất thải sản xuất, sử dụng nguyên liệu tái chế/bền vững, và thiết kế sản phẩm dễ tái chế hơn. Các thay đổi này có thể tốn chi phí ban đầu nhưng thường giảm chi phí dài hạn (ví dụ hoá đơn năng lượng thấp hơn) và bảo vệ doanh nghiệp khỏi quy định môi trường ngày càng chặt chẽ.

Bài tập luyện tập

Case study. A bottling plant invests $96,000 in water-recycling equipment, reducing its annual water bill from $130,000 to $82,000. Calculate the annual saving and the payback period on this investment.

Lời giải chi tiết

Annual saving $= 130{,}000 - 82{,}000 = \$48{,}000$. Payback period $= 96{,}000/48{,}000 = 2$ years.

4.12 Extended case study: Kestrel Precision Engineering

Bài tập luyện tập

Extended case study. Kestrel Precision Engineering manufactures aircraft components in batches. Its factory has a maximum possible output of 32,000 components per month; it currently produces 22,400 components per month using 32 workers. Fixed costs are $210,000 per month; each component sells for $34 and costs $19 in variable cost. Kestrel's quality control currently rejects 7% of output at final inspection. A regulator requires any aerospace supplier to demonstrate a rejection rate below 1.5% before being certified for a lucrative new contract requiring 26,000 components per month. Kestrel is considering (i) investing $150,000 in CAM technology (depreciated over 5 years, i.e. $30,000/year in fixed costs) that would raise maximum capacity to 34,000/month and cut the rejection rate to an estimated 1%, or (ii) hiring and training additional quality-assurance staff at every production stage, at a cost of $18,000/month in extra fixed costs, estimated to cut the rejection rate to 2%.

(a) Calculate Kestrel's current capacity utilisation rate and labour productivity.
(b) Calculate the current break-even output and margin of safety.
(c) Calculate how many components are currently rejected per month, and the variable cost wasted on them.
(d) Compare options (i) and (ii) against the regulator's two requirements (capacity of 26,000/month and rejection rate below 1.5%), and recommend which option Kestrel should pursue.
(e) Calculate the new break-even output under your recommended option.

Lời giải chi tiết

(a) Capacity utilisation $= \dfrac{22{,}400}{32{,}000} \times 100 = 70\%$. Labour productivity $= \dfrac{22{,}400}{32} = 700$ components per worker per month.

(b) Contribution $= 34 - 19 = \$15$. Break-even $= 210{,}000/15 = 14{,}000$ components. Margin of safety $= 22{,}400 - 14{,}000 = 8{,}400$ components.

(c) Rejects $= 0.07 \times 22{,}400 = 1{,}568$ components. Wasted variable cost $= 1{,}568 \times 19 = \$29{,}792$ per month.

(d) Option (i), CAM: raises maximum capacity to 34,000/month (comfortably above the required 26,000) and cuts the rejection rate to 1% (below the required 1.5% threshold) — **meets both regulator requirements**. **Option (ii), extra QA staff:** does not increase maximum capacity at all (remains 32,000/month, still above 26,000, so this requirement would still technically be met) but only cuts the rejection rate to 2%, which remains **above** the required 1.5% threshold — failing this specific certification requirement. **Recommendation: Option (i), CAM investment**, since it is the only option that satisfies *both* of the regulator's specific requirements simultaneously.

(e) New fixed costs under Option (i) $= 210{,}000 + 30{,}000 = \$240{,}000$. New break-even output $= 240{,}000/15 = 16{,}000$ components (up from 14,000, but still comfortably below Kestrel's now much higher 34,000 maximum capacity and the 26,000-unit contract requirement).

4.13 Procurement and supplier relationships

Procurement is the process of sourcing and purchasing the goods, materials and services a business needs to operate, from selecting suppliers through to receiving and paying for deliveries.

Key considerations when choosing and managing suppliers include: **price** (raw cost per unit); **quality and reliability** (consistent quality avoids costly production disruption or customer complaints); **delivery lead time** (how quickly and dependably a supplier can deliver, affecting how much buffer stock is needed); and **payment terms** (how long a business has to pay after delivery, affecting its own cash flow/working capital).
Bulk buying (purchasing large quantities in a single order) can secure a substantial discount per unit from suppliers, since the supplier benefits from a larger guaranteed order and lower per-order administrative cost. However, bulk buying ties up more cash in inventory at once and increases the risk of holding unsold or obsolete stock if demand later falls, alongside higher storage costs.

Bulk-buying discount — a worked example

A restaurant chain normally buys cooking oil in 20-litre containers at $3.20 per litre. A supplier offers a 12% discount per litre if the chain instead commits to ordering in bulk 2,000-litre deliveries.

$$\text{Discounted price} = 3.20 \times (1 - 0.12) = 3.20 \times 0.88 = \$2.816 \text{ per litre.}$$

Saving per litre $= 3.20 - 2.816 = \$0.384$. Saving on a 2,000-litre order $= 2{,}000 \times 0.384 = \$768$.

This saving must be weighed against the extra storage space, capital tied up in the larger single delivery, and the risk of the oil's shelf life expiring before it can all be used, compared with the flexibility of smaller, more frequent 20-litre deliveries.

VN GIẢI THÍCH TIẾNG VIỆT

Mua sắm/thu mua (procurement): quá trình lựa chọn và mua nguyên vật liệu/dịch vụ cần thiết, cân nhắc giá cả, chất lượng, độ tin cậy, thời gian giao hàng và điều khoản thanh toán. **Mua hàng số lượng lớn (bulk buying)** thường được chiết khấu giá mỗi đơn vị nhưng làm tăng vốn bị ứ đọng trong hàng tồn kho và rủi ro hàng tồn kho lỗi thời/hết hạn nếu nhu cầu giảm.

Bài tập luyện tập

A firm normally pays $4.50 per unit for a component, buying in small batches. A supplier offers a 10% bulk-order discount if the firm commits to ordering 5,000 units at once. Calculate the discounted price per unit and the total saving on the 5,000-unit order compared with the normal price.

Lời giải chi tiết

Discounted price $= 4.50 \times (1 - 0.10) = 4.50 \times 0.90 = \$4.05$ per unit. Saving per unit $= 4.50 - 4.05 = \$0.45$. Total saving on 5,000 units $= 5{,}000 \times 0.45 = \$2{,}250$.

Bài tập luyện tập

Which of the following is most likely to be a genuine risk of committing to a large bulk-buying order to secure a discount?

(A) Bulk buying always guarantees higher product quality

(B) More cash is tied up in inventory at once, and there is greater risk of holding unsold or obsolete stock

(C) Bulk buying eliminates all storage costs

(D) Bulk buying is illegal in most industries

Lời giải chi tiết

A large single order ties up more working capital in inventory and increases the risk of stock becoming unsold or obsolete before it can be used. **(B)**.

4.14 Automation and technology investment

Investing in automated machinery or technology can cut long-run production costs, but requires careful evaluation of whether the upfront cost is justified by the resulting savings.

Evaluating an automation investment

A firm currently pays 18 workers $32,000 per year each to perform a task manually — a total annual labour cost of $18\times 32{,}000 = \$576{,}000$. An automated machine costing $720,000 upfront could perform the same task using only 4 supervising workers (at the same $32,000 salary), plus $40,000 per year in machine maintenance costs.

$$\text{New annual cost} = (4 \times 32{,}000) + 40{,}000 = 128{,}000 + 40{,}000 = \$168{,}000.$$

Annual saving $= 576{,}000 – 168{,}000 = \$408{,}000$. Simple payback period $= \dfrac{720{,}000}{408{,}000} \approx 1.76$ years.

With annual savings of $408,000 recovering the $720,000 upfront cost in under two years, and the machine likely to operate for many years afterward, this automation investment appears financially attractive — though the firm must also weigh the human cost of the resulting redundancies (14 fewer roles needed) and any redundancy pay obligations, as well as the risk of the new machine breaking down or becoming technologically outdated.

GIẢI THÍCH TIẾNG VIỆT

VN

Đầu tư vào **tự động hoá** có thể cắt giảm đáng kể chi phí sản xuất dài hạn. Ví dụ trên tính **tiết kiệm chi phí hàng năm** và **thời gian hoàn vốn đơn giản (simple payback period)** = chi phí đầu tư ban đầu chia cho tiết kiệm hàng năm. Doanh nghiệp cũng cần cân nhắc chi phí con người (sa thải nhân viên dư thừa, trợ cấp thôi việc) và rủi ro công nghệ lỗi thời khi ra quyết định đầu tư.

Bài tập luyện tập

Case study. A firm pays 10 workers $28,000 per year each to perform a task manually. A machine costing $500,000 could replace them with 2 supervising workers (same salary) plus $25,000/year maintenance. (a) Calculate the current annual labour cost and the new annual cost under automation. (b) Calculate the annual saving and the simple payback period.

Lời giải chi tiết

(a) Current annual cost $= 10 \times 28{,}000 = \$280{,}000$. New annual cost $= (2 \times 28{,}000) + 25{,}000 = 56{,}000 + 25{,}000 = \$81{,}000$.
(b) Annual saving $= 280{,}000 - 81{,}000 = \$199{,}000$. Payback period $= 500{,}000/199{,}000 \approx 2.51$ years.

Bài tập luyện tập

Which of the following is a genuine risk that must be weighed against the financial benefits of an automation investment, even when the payback period looks attractive?

(A) Automation always increases total annual cost

(B) The human cost of resulting redundancies, and the risk of the technology becoming outdated or breaking down

(C) Automation eliminates the need for any maintenance spending

(D) Automation always reduces product quality

Lời giải chi tiết

Even a financially attractive automation investment carries real risks — redundancy costs/impacts on staff, and the possibility of breakdown or technological obsolescence — that must be weighed alongside the cost savings. **(B)**.

4.15 The cost of quality failure

The full cost of poor quality includes far more than just the wasted materials in a rejected unit. **Internal failure costs** arise when a defect is caught *before* the product reaches the customer (wasted materials/labour, cost of reworking or scrapping). **External failure costs** arise when a defect reaches the customer (refunds, replacement costs, warranty claims, and — hardest to quantify but often largest of all — lost future sales from damaged reputation and lost customer trust).

Comparing internal and external failure costs

A firm produces 20,000 units per month at a variable cost of $12 per unit. **Scenario A — caught internally:** 400 defective units are identified and scrapped before shipping; internal failure cost $= 400 \times 12 = \$4{,}800$. **Scenario B — reaches the customer:** the same 400 defective units instead reach customers, triggering refunds of $20 per unit (the full retail price) plus an estimated $15,000 in lost future sales from damaged reputation; external failure cost $= (400 \times 20) + 15{,}000 = 8{,}000 + 15{,}000 = \$23{,}000$. Comparing the two, the external failure cost ($23,000) is nearly **five times** the internal failure cost ($4,800) for the identical number of defective units — powerfully illustrating why investing in quality control/assurance to catch defects *before* they reach the customer is almost always financially worthwhile, even before considering the difficult-to-quantify reputational damage.

VN GIẢI THÍCH TIẾNG VIỆT

Chi phí lỗi nội bộ (internal failure cost): phát hiện lỗi trước khi sản phẩm đến tay khách hàng (chi phí nguyên liệu/lao động lãng phí, làm lại). **Chi phí lỗi bên ngoài (external failure cost)**: lỗi đến tay khách hàng (hoàn tiền, bảo hành, và đặc biệt là mất doanh số tương lai do mất uy tín) — thường lớn hơn nhiều so với chi phí lỗi nội bộ, như ví dụ trên minh hoạ (gấp gần 5 lần).

Bài tập luyện tập

Case study. A firm scraps 250 defective units internally at a variable cost of $8 per unit. Compare this with a scenario where the same 250 units instead reach customers, triggering $15 refunds per unit plus an estimated $8,000 in lost future sales. Calculate both costs and comment on the difference.

Lời giải chi tiết

Internal failure cost $= 250 \times 8 = \$2{,}000$. External failure cost $= (250 \times 15) + 8{,}000 = 3{,}750 + 8{,}000 = \$11{,}750$. The external failure cost is more than **5.8 times** larger than the internal failure cost, reinforcing why catching defects before they reach customers is financially far preferable.

Bài tập luyện tập

Which of the following best distinguishes an internal failure cost from an external failure cost?

(A) Internal failure costs only apply to service businesses

(B) An internal failure cost arises when a defect is caught before reaching the customer; an external failure cost arises after the defect has reached the customer

(C) External failure costs are always smaller than internal failure costs

(D) There is no meaningful distinction between the two

Lời giải chi tiết

Internal failure costs occur pre-delivery (scrapping/rework); external failure costs occur post-delivery (refunds, reputational damage) and are usually far larger. **(B)**.

Financial Information and Decisions

Mục tiêu Unit: Vai trò của thông tin tài chính và các bên sử dụng báo cáo tài chính; nguồn vốn (nội bộ/bên ngoài, ngắn hạn/dài hạn); dự báo và quản lý dòng tiền (cash flow forecast); vốn lưu động; báo cáo thu nhập (income statement) và bảng cân đối kế toán (balance sheet); phân tích các tỷ số tài chính (khả năng sinh lời và khả năng thanh toán).

5.1 The purpose of financial information

Every business must record and report financial information, both to satisfy legal requirements and to support good decision-making. Different **users of accounts** have different interests:

Owners/shareholders — assess how profitably their capital is being used and whether to invest further.
Managers — use financial data to plan, monitor performance against budgets, and make pricing/investment decisions.
Employees/trade unions — assess job security and the firm's ability to afford pay rises.
Lenders/banks — assess whether the firm can repay loans/interest (creditworthiness).
Suppliers — assess whether the firm is likely to pay for goods/services supplied on credit.
Government — assesses tax liability and monitors compliance with regulation.
Competitors — benchmark their own performance against a rival's published results.

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Thông tin tài chính được nhiều bên sử dụng: **chủ sở hữu/cổ đông** (đánh giá hiệu quả sử dụng vốn), **nhà quản lý** (lập kế hoạch, ra quyết định), **nhân viên** (đánh giá sự ổn định công việc), **ngân hàng** (đánh giá khả năng trả nợ), **nhà cung cấp** (đánh giá khả năng thanh toán), **chính phủ** (thuế) và **đối thủ cạnh tranh** (so sánh hiệu quả).

5.2 Sources of finance

Internal sources (from within the business itself): retained profit, sale of unused/surplus assets, sale of excess inventory, and the owner's own personal savings. Advantage: no interest cost and no loss of control/ownership. Disadvantage: often limited in amount, and using it may reduce the business's own cash reserves (liquidity).
External sources (from outside the business): **bank loan** (a fixed sum repaid with interest over an agreed period — suitable for a specific, identifiable long-term purchase); **bank overdraft** (flexible short-term borrowing up to an agreed limit, interest charged only on the amount used, but usually at a higher rate than a loan); **share issue** (selling new shares raises permanent capital with no repayment obligation, but dilutes existing shareholders' ownership/control and share of future profit); **trade credit** (delaying payment to suppliers, e.g. "30 days to pay" — effectively an interest-free short-term loan, but may damage supplier relationships or forfeit early-payment discounts if used excessively); **leasing** (renting equipment/vehicles rather than buying them outright — avoids a large upfront cost but total cost over time is usually higher than buying); and **government grants** (money, often non-repayable, sometimes tied to conditions such as location or job creation).

Source	Internal/External	Short/Long term	Key feature
Retained profit	Internal	Either	No interest, no loss of control, but limited
Bank loan	External	Usually long	Fixed repayments + interest
Overdraft	External	Short	Flexible, higher interest rate
Share issue	External	Long (permanent)	No repayment, but dilutes control
Trade credit	External	Short	Effectively interest-free delay in payment

The choice of finance depends on: the **amount** of capital needed; its **purpose** (a short-term cash-flow gap should be matched with short-term finance like an overdraft; a long-term asset purchase should be matched with long-term finance like a loan or share issue — a common exam error is mismatching term length with purpose); the **cost** of the finance (interest rates, arrangement fees); and the effect on **ownership and control** (share issues dilute existing owners' control, while loans do not dilute control but do raise financial risk through fixed interest obligations, known as increasing **gearing**).

Matching finance to purpose

A manufacturing firm needs $2,000,000 to build a new factory that will operate for the next 25 years. A **long-term bank loan** or a **share issue** is appropriate — both provide a large sum matched to a long-lived asset. An **overdraft** would be entirely unsuitable: overdrafts are designed for short-term, fluctuating cash needs and could be recalled by the bank at short notice, creating serious risk if used to fund a 25-year asset.

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Nguồn vốn **nội bộ** (lợi nhuận giữ lại, bán tài sản không dùng) không tốn lãi và không mất quyền kiểm soát, nhưng có hạn. Nguồn vốn **bên ngoài**: vay ngân hàng (trả lãi cố định, phù hợp mua tài sản dài hạn), thấu chi (linh hoạt, ngắn hạn, lãi cao hơn), phát hành cổ phiếu (không phải hoàn trả nhưng làm loãng quyền sở hữu), tín dụng thương mại (trì hoãn thanh toán nhà cung cấp). Nguyên tắc quan trọng: **khớp thời hạn nguồn vốn với mục đích sử dụng** — nhu cầu ngắn hạn dùng nguồn ngắn hạn, tài sản dài hạn dùng nguồn dài hạn.

(!) Lỗi thường gặp: Using short-term finance (e.g. an overdraft) to fund a long-term asset (e.g. a new factory) is a serious financial planning error — the lender can recall an overdraft at short notice, potentially forcing the firm into a cash crisis long before the asset has generated enough return to repay it. Always match the *term* of finance to the *purpose* it is funding.

5.2.1 Further sources of finance for new and growing businesses

Venture capital — specialist investment firms provide capital (usually in exchange for a share of ownership/equity) to high-growth-potential but higher-risk businesses, often also providing management expertise and industry contacts alongside the money.
Business angels — wealthy private individuals who invest their own money in a promising early-stage business, again typically in exchange for a share of equity, and often play an active mentoring role.
Crowdfunding — raising many small amounts of money from a large number of people, usually via an online platform, often in exchange for early access to a product, a small reward, or (in "equity crowdfunding") a small ownership stake.
Each of these sources brings in outside investors who will expect a share of *future* profit or ownership in return for taking on risk at an early, unproven stage — a further example of the risk/reward trade-off explored in Unit 1.

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Vốn mạo hiểm (venture capital): quỹ đầu tư chuyên rót vốn vào doanh nghiệp tiềm năng tăng trưởng cao nhưng rủi ro, đổi lấy cổ phần. **Nhà đầu tư thiên thần (business angels)**: cá nhân giàu có đầu tư vốn cá nhân vào doanh nghiệp giai đoạn đầu, thường kèm theo tư vấn. **Gọi vốn cộng đồng (crowdfunding)**: huy động số tiền nhỏ từ đông đảo người qua nền tảng trực tuyến, đổi lại sản phẩm, phần thưởng nhỏ, hoặc cổ phần nhỏ.

5.3 Cash flow forecasts

Cash is money immediately available to a business (in the bank or as physical cash); **profit** is the surplus of revenue over costs *recorded* in the accounts, which can be very different from the cash a business actually holds at any moment (e.g. a sale made "on credit" boosts recorded revenue/profit immediately, but the cash is not received until the customer actually pays, weeks or months later).

A **cash flow forecast** predicts monthly cash inflows and outflows:

$$\text{Net cash flow} = \text{Cash inflows} - \text{Cash outflows}$$

$$\text{Closing balance} = \text{Opening balance} + \text{Net cash flow}$$

This month's **closing balance** becomes next month's **opening balance**. A cash flow forecast is essential because a business can be profitable *on paper* yet still run out of cash if receipts and payments are badly timed — a situation known as **overtrading** (expanding sales too fast for the cash available to fund day-to-day operations).

	January	February	March
Opening balance ($)	2,000	3,500	1,200
Cash inflows ($)	15,000	14,000	16,000
Cash outflows ($)	13,500	16,300	14,500
Net cash flow ($)	1,500	−2,300	1,500
Closing balance ($)	3,500	1,200	2,700

A three-month cash flow forecast. Note February's negative net cash flow still leaves a positive closing balance because January ended with a healthy cash buffer — but a further negative month could push the balance below zero.

Building a cash flow forecast

A start-up expects: April opening balance $1,000; inflows $8,000, outflows $9,200. May inflows $9,500, outflows $8,800. June inflows $10,000, outflows $9,000.

- April: net cash flow $= 8{,}000 - 9{,}200 = -\$1{,}200$; closing balance $= 1{,}000 - 1{,}200 = -\$200$.
- May opening balance $= -\$200$; net cash flow $= 9{,}500 - 8{,}800 = \$700$; closing balance $= -200 + 700 = \$500$.
- June opening balance $= \$500$; net cash flow $= 10{,}000 - 9{,}000 = \$1{,}000$; closing balance $= 500 + 1{,}000 = \$1{,}500$.

The forecast reveals a cash shortfall (negative balance) in April — the owner should arrange an overdraft facility, or delay a non-urgent payment, *before* April, rather than discovering the shortfall only after it happens.

GIẢI THÍCH TIẾNG VIỆT

VN Dòng tiền dự báo hàng tháng: **dòng tiền ròng** = dòng tiền vào − dòng tiền ra; **số dư cuối kỳ** = số dư đầu kỳ + dòng tiền ròng (số dư cuối kỳ này trở thành số dư đầu kỳ tháng sau). Doanh nghiệp có thể **có lãi trên sổ sách nhưng vẫn hết tiền mặt** nếu thời điểm thu/chi không hợp lý — đây là lý do dự báo dòng tiền vô cùng quan trọng.

If a cash flow forecast reveals a future shortage, a business can: arrange/extend an **overdraft**; delay non-essential payments to suppliers (using trade credit); chase up money owed by customers (**trade receivables/debtors**) faster; delay or cancel a planned major purchase; or inject fresh capital (owner's savings, a loan, or a share issue).

(!) Lỗi thường gặp: A common exam error is to assume "profitable" automatically means "has enough cash". A business can report a healthy profit for the year yet fail (go into liquidation) purely due to a cash flow crisis, if, for example, customers are slow to pay while suppliers and staff must be paid immediately. Always treat profit and cash as *separate* concepts.

5.3.1 Working capital

Working capital is the cash a business has available for its day-to-day operations:

$$\text{Working capital} = \text{Current assets} - \text{Current liabilities}$$

Positive working capital means a firm can comfortably cover its short-term debts as they fall due; persistently negative or falling working capital is an early warning sign of potential cash flow (liquidity) problems.

5.4 Income statements

The **income statement** (profit and loss account) summarises a business's financial performance over a period (e.g. one year).

$$\text{Revenue} - \text{Cost of sales} = \textbf{Gross profit}$$

$$\text{Gross profit} - \text{Expenses (overheads)} = \textbf{Profit for the year (net profit)}$$

Revenue – total income from sales. **Cost of sales** – the direct cost of the goods/services actually sold (materials, direct labour). **Expenses** – indirect running costs not directly tied to production (rent, administrative salaries, marketing, insurance).

Constructing an income statement

Revenue \$200,000; Cost of sales \$120,000 ⇒ Gross profit $= 200{,}000 - 120{,}000 = \$80{,}000$.
Expenses \$50,000 ⇒ Profit for the year $= 80{,}000 - 50{,}000 = \$30{,}000$.

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Báo cáo thu nhập (income statement): Doanh thu (revenue) – Giá vốn hàng bán (cost of sales) = **Lợi nhuận gộp (gross profit)**; Lợi nhuận gộp – Chi phí hoạt động (expenses) = **Lợi nhuận trong năm (profit for the year)**.

5.5 Balance sheets

The **balance sheet** is a snapshot of a business's financial position at *one single point in time* (not over a period), based on the accounting equation:

$$\textbf{Assets} = \textbf{Liabilities} + \textbf{Equity}$$

Non-current (fixed) assets – items owned for long-term use (over one year), e.g. property, machinery, vehicles.
Current assets – items expected to be converted into cash within one year: inventory (stock), trade receivables (customers who owe the business money – "debtors"), and cash.
Current liabilities – debts due for payment within one year: trade payables (money owed to suppliers – "creditors"), a bank overdraft.
Non-current liabilities – debts due after more than one year: long-term bank loans.
Equity – the owner's/shareholders' stake in the business: share capital originally invested plus retained profit accumulated over time.

Constructing a balance sheet

Non-current assets \$150,000; Current assets \$60,000 (inventory \$20,000, trade receivables \$25,000, cash \$15,000) ⇒ Total assets $= 150{,}000 + 60{,}000 = \$210{,}000$.
Current liabilities \$40,000; Non-current liabilities \$70,000 ⇒ Total liabilities $= 40{,}000 + 70{,}000 = \$110{,}000$.
Equity = Total assets – Total liabilities $= 210{,}000 - 110{,}000 = \$100{,}000$ (confirms the accounting equation: $210{,}000 = 110{,}000 + 100{,}000$).

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Bảng cân đối kế toán (balance sheet): một bức ảnh chụp tình hình tài chính tại MỘT thời điểm (không phải trong một giai đoạn). Phương trình kế toán: **Tài sản = Nợ phải trả + Vốn chủ sở**

hữu. Tài sản gồm **tài sản dài hạn** (nhà xưởng, máy móc) và **tài sản ngắn hạn** (hàng tồn kho, phải thu, tiền mặt). Nợ phải trả gồm **nợ ngắn hạn** (phải trả người bán, thấu chi) và **nợ dài hạn** (vay dài hạn).

(!) Lỗi thường gặp: Do not confuse the income statement (measures performance *over a period*, e.g. "the year ended 31 December") with the balance sheet (a snapshot *at one date*, e.g. "as at 31 December"). Also, trade receivables ("debtors") are money *owed to* the business (an asset), while trade payables ("creditors") are money the business *owes* (a liability) — these two terms are very frequently mixed up.

5.6 Ratio analysis

Ratios turn raw financial statement figures into percentages/proportions that allow meaningful comparison over time, against competitors, or against industry benchmarks.

Profitability ratios:

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Revenue}} \times 100 \qquad \text{Profit margin} = \frac{\text{Profit for the year}}{\text{Revenue}} \times 100$$

$$\text{ROCE (Return on Capital Employed)} = \frac{\text{Profit for the year}}{\text{Capital employed}} \times 100, \quad \text{where Capital employed} = \text{Equity} + \text{Non-cu}$$

Liquidity ratios (ability to pay short-term debts):

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}} \qquad \text{Acid test (quick) ratio} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$$

A current ratio around 1.5–2:1 and an acid test ratio around 1:1 are generally considered healthy benchmarks, though the "right" figure varies significantly by industry (e.g. supermarkets, which sell inventory very fast for cash, can safely operate with a lower current ratio than a manufacturer holding slow-moving stock).

Full ratio analysis worked example

Using the income statement and balance sheet from the previous examples (Revenue $200,000; Gross profit $80,000; Profit for the year $30,000; Current assets $60,000 with inventory $20,000; Current liabilities $40,000; Equity $100,000; Non-current liabilities $70,000):

$$\begin{aligned}
\text{Gross profit margin} &= \frac{80{,}000}{200{,}000} \times 100 = 40\% \\
\text{Profit margin} &= \frac{30{,}000}{200{,}000} \times 100 = 15\% \\
\text{Capital employed} &= 100{,}000 + 70{,}000 = \$170{,}000 \\
\text{ROCE} &= \frac{30{,}000}{170{,}000} \times 100 \approx 17.6\% \\
\text{Current ratio} &= \frac{60{,}000}{40{,}000} = 1.5{:}1 \\
\text{Acid test ratio} &= \frac{60{,}000 - 20{,}000}{40{,}000} = \frac{40{,}000}{40{,}000} = 1{:}1
\end{aligned}$$

Both liquidity ratios fall within the typically healthy benchmark ranges, and profitability (a 15% net margin, 17.6% ROCE) appears sound — though a full judgement would require comparing these figures against the firm's own previous years and against direct competitors.

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Tỷ suất lợi nhuận gộp đo hiệu quả giá bán so với giá vốn hàng bán; **tỷ suất lợi nhuận ròng** đo hiệu quả sau khi trừ toàn bộ chi phí; **ROCE** đo hiệu quả sử dụng toàn bộ vốn đầu tư (vốn chủ sở hữu + nợ dài hạn). **Hệ số thanh toán hiện hành (current ratio)** và **hệ số thanh toán nhanh (acid test)** đo khả năng trả nợ ngắn hạn — acid test loại bỏ hàng tồn kho vì hàng tồn kho khó chuyển thành tiền mặt nhanh chóng. Các tỷ số chỉ có ý nghĩa khi được **so sánh** — với năm trước, đối thủ cạnh tranh, hoặc chuẩn ngành.

(!) Lỗi thường gặp: Do not confuse **gross** profit margin (before operating expenses are deducted) with **profit (net) margin** (after *all* expenses) — always state clearly which one you are calculating. Also remember that a single ratio in isolation tells you very little: ratios are only genuinely useful when *compared* — against previous years, against competitors, or against an industry benchmark.

Interpreting a change in ROCE

A firm's ROCE falls from 22% last year to 14% this year, even though profit for the year rose from \$88,000 to \$98,000. This must mean capital employed grew even faster than profit: last year capital employed $= 88{,}000/0.22 = \$400{,}000$; this year capital employed $= 98{,}000/0.14 \approx \$700{,}000$. Capital employed rose by 75% while profit rose by only about 11% — the firm has raised and invested significantly more capital (e.g. through a share issue or new long-term loan), but is not yet generating a proportionate return on that additional capital, which may be a temporary effect if new investment (e.g. a new factory) has not yet reached full productive capacity.

5.6.1 A second full ratio-analysis worked example

Comparing two years of ratio data

A firm's figures for two consecutive years are: Year 1 — Revenue \$400,000, Gross profit \$160,000, Profit for the year \$48,000, Current assets \$70,000 (inventory \$25,000), Current liabilities \$50,000. Year 2 — Revenue \$460,000, Gross profit \$174,800, Profit for the year \$41,400, Current assets \$78,000 (inventory \$36,000), Current liabilities \$60,000.

$$\text{Year 1 gross margin} = \frac{160{,}000}{400{,}000} \times 100 = 40\%, \quad \text{Year 2 gross margin} = \frac{174{,}800}{460{,}000} \times 100 = 38\%$$
$$\text{Year 1 profit margin} = \frac{48{,}000}{400{,}000} \times 100 = 12\%, \quad \text{Year 2 profit margin} = \frac{41{,}400}{460{,}000} \times 100 = 9\%$$
$$\text{Year 1 current ratio} = \frac{70{,}000}{50{,}000} = 1.4{:}1, \quad \text{Year 2 current ratio} = \frac{78{,}000}{60{,}000} = 1.3{:}1$$
$$\text{Year 1 acid test} = \frac{70{,}000 - 25{,}000}{50{,}000} = 0.9{:}1, \quad \text{Year 2 acid test} = \frac{78{,}000 - 36{,}000}{60{,}000} = 0.7{:}1$$

Interpretation: despite revenue growing 15% between the two years, *every* profitability and liquidity ratio has **worsened** — gross and profit margins have both fallen (costs are rising faster than the modest revenue growth), and both liquidity ratios have slipped further below their typical healthy benchmarks (helped in part by a large build-up of inventory, which the acid test ratio correctly strips out). A manager or investor should investigate *why* costs are rising and why inventory is accumulating, rather than being reassured by revenue growth alone — this is a clear example of why ratio analysis, not just revenue, is essential to properly assess business performance.

VN **GIẢI THÍCH TIẾNG VIỆT**

Ví dụ trên cho thấy: mặc dù doanh thu tăng 15% giữa hai năm, TẤT CẢ các tỷ số lợi nhuận và thanh khoản đều XẤU ĐI — điều này cho thấy chi phí tăng nhanh hơn doanh thu và hàng tồn kho đang tích tụ. Đây là ví dụ rõ ràng cho thấy tại sao cần phân tích tỷ số tài chính đầy đủ thay vì chỉ nhìn vào con số doanh thu.

5.7 Gearing and long-term financial risk

Gearing measures the proportion of a firm's capital employed that is financed by long-term borrowing, as opposed to equity (owners' capital):

$$\text{Gearing ratio} = \frac{\text{Non-current liabilities}}{\text{Capital employed}} \times 100, \quad \text{where Capital employed} = \text{Equity} + \text{Non-current liabilities}$$

A firm with gearing **above 50%** is described as **highly geared** — it relies heavily on debt, meaning it must make fixed interest payments regardless of how well the business is performing, raising financial risk (especially if interest rates rise or profit falls). A firm with gearing **below 50%** is **low-geared** (relies mainly on equity) — generally lower financial risk, but the firm forgoes some of the potential benefits of using cheaper borrowed capital (interest is often cheaper than the return demanded by shareholders, and interest payments may be tax-deductible).

Calculating and interpreting gearing

A firm has equity of $300,000 and non-current liabilities of $700,000.

$$\text{Capital employed} = 300{,}000 + 700{,}000 = \$1{,}000{,}000.$$

$$\text{Gearing ratio} = \frac{700{,}000}{1{,}000{,}000} \times 100 = 70\%.$$

At 70%, this firm is **highly geared** — more than half its long-term capital comes from debt. It must keep making its loan interest payments even in a poor trading year, which raises the risk of default (being unable to pay) compared with a firm relying mainly on equity, where dividends can simply be reduced or skipped in a bad year without any legal default.

VN **GIẢI THÍCH TIẾNG VIỆT**

Hệ số nợ (gearing ratio) = nợ dài hạn / (vốn chủ sở hữu + nợ dài hạn) × 100 — đo tỷ lệ vốn dài hạn đến từ vay nợ. Doanh nghiệp có hệ số nợ TRÊN 50% được coi là **đòn bẩy tài chính cao (highly geared)** — rủi ro tài chính cao hơn vì phải trả lãi cố định bất kể tình hình kinh doanh, nhưng có thể tận dụng chi phí vốn vay thường rẻ hơn vốn chủ sở hữu.

(!) Lỗi thường gặp: Do not confuse gearing (the *long-term* financing mix between debt and equity) with the current ratio or acid test ratio (both *short-term* liquidity measures). A firm can be highly geared (heavily debt-financed long-term) while still having perfectly healthy short-term liquidity, and vice versa — they measure different types of financial risk.

5.8 Budgets

A **budget** is a financial plan setting targets for revenue and/or costs over a future period, used to control spending, allocate resources between departments, and measure actual performance against target (**variance analysis**). A **favourable variance** occurs when actual results are better than budgeted (e.g. costs lower than budgeted, or revenue higher than budgeted); an **adverse variance** occurs when actual results are worse than budgeted (e.g. costs higher than budgeted, or revenue lower than budgeted).

Budget variance

A department budgets $50,000 for marketing spend in a quarter but actually spends $54,000. The variance is $54{,}000 - 50{,}000 = \$4{,}000$ **adverse** (spending exceeded budget). If instead the department had budgeted revenue of $200,000 and achieved $215,000, the variance would be $215{,}000 - 200{,}000 = \$15{,}000$ **favourable** (revenue exceeded target).

VN GIẢI THÍCH TIẾNG VIỆT

Ngân sách (budget) là kế hoạch tài chính đặt ra chỉ tiêu doanh thu/chi phí cho một giai đoạn, dùng để kiểm soát chi tiêu và đo lường hiệu suất thực tế so với kế hoạch. **Chênh lệch thuận lợi (favourable variance)**: kết quả thực tế tốt hơn ngân sách. **Chênh lệch bất lợi (adverse variance)**: kết quả thực tế kém hơn ngân sách.

5.9 Practice and consolidation

Bài tập luyện tập

Case study. In May, a business has an opening cash balance of $4,000. Cash inflows for the month are $18,000 and cash outflows are $21,500. Calculate the net cash flow and the closing balance for May.

Lời giải chi tiết

Net cash flow $= 18{,}000 - 21{,}500 = -\$3{,}500$. Closing balance $= 4{,}000 + (-3{,}500) = \$500$. The business still has a positive (though much reduced) cash balance going into June.

Bài tập luyện tập

A manufacturing firm needs $2,000,000 to build a new factory that will operate for the next 25 years. Which source of finance is most appropriate?

(A) Bank overdraft
(B) Long-term bank loan or share issue
(C) Trade credit from suppliers
(D) Sale of inventory

Lời giải chi tiết

A large sum for a long-lived asset should be matched with **long-term** finance (a long-term loan or issuing shares), not a short-term source like an overdraft or trade credit. **(B)**.

Bài tập luyện tập

Case study. A firm reports revenue of $350,000, cost of sales of $210,000, and expenses of $91,000. Calculate the gross profit margin and the profit (net) margin.

Lời giải chi tiết

Gross profit $= 350{,}000 - 210{,}000 = \$140{,}000$; gross profit margin $= 140{,}000/350{,}000 \times 100 = 40\%$.
Profit for the year $= 140{,}000 - 91{,}000 = \$49{,}000$; profit margin $= 49{,}000/350{,}000 \times 100 = 14\%$.

Bài tập luyện tập

Case study. A company's balance sheet shows current assets of $45,000 (of which $15,000 is inventory) and current liabilities of $30,000. Calculate the current ratio and the acid test ratio, and briefly comment on the company's liquidity.

Lời giải chi tiết

Current ratio $= 45{,}000/30{,}000 = 1.5{:}1$ — within the healthy 1.5–2:1 benchmark. Acid test ratio $= (45{,}000 - 15{,}000)/30{,}000 = 30{,}000/30{,}000 = 1{:}1$ — exactly at the typical 1:1 benchmark, showing the company can cover short-term debts even without selling inventory. Overall liquidity appears **healthy**.

Bài tập luyện tập

Which of the following would appear as a *current liability* on a balance sheet?

(A) A five-year bank loan

(B) Trade payables (money owed to suppliers due within one year)

(C) Non-current assets such as machinery

(D) Retained profit

Lời giải chi tiết

Money owed to suppliers, due for payment within one year, is a **current liability** (trade payables). **(B)**. (A five-year loan is a non-current liability; machinery is a non-current asset; retained profit is part of equity.)

Bài tập luyện tập

Case study. A start-up's cash flow forecast for its first three months is: Month 1 — opening balance $500, inflows $4,000, outflows $5,200. Month 2 — inflows $6,000, outflows $5,000. Month 3 — inflows $5,500, outflows $4,800. Calculate the closing balance for each month, and identify which month(s) show a negative closing balance.

Lời giải chi tiết

Month 1: net cash flow $= 4{,}000 - 5{,}200 = -\$1{,}200$; closing balance $= 500 - 1{,}200 = -\$700$.
Month 2: opening balance $= -700$; net cash flow $= 6{,}000 - 5{,}000 = \$1{,}000$; closing balance $= -700 + 1{,}000 = \$300$.
Month 3: opening balance $= 300$; net cash flow $= 5{,}500 - 4{,}800 = \$700$; closing balance $= 300 + 700 = \$1{,}000$.
Only **Month 1** shows a negative closing balance ($-\$700$) — the start-up should arrange an overdraft or delay a non-essential payment specifically for that month.

Bài tập luyện tập

A firm issues new shares to the public to raise $5,000,000 for expansion. Which of the following is a direct consequence of this decision?

(A) The firm must make fixed monthly repayments with interest

(B) Existing shareholders' percentage ownership and control of the company is diluted

(C) The firm's current liabilities increase

(D) The firm's inventory automatically increases

Lời giải chi tiết

Issuing new shares brings in new shareholders, meaning existing shareholders now own a smaller *percentage* of the total company — this is **dilution** of ownership/control. **(B)**. (Unlike a loan, a share issue involves no fixed repayments or interest.)

Bài tập luyện tập

Case study. A retailer's income statement shows Revenue $480,000, Cost of sales $288,000, and Expenses $96,000. Its balance sheet shows Equity $220,000 and Non-current liabilities $60,000. Calculate (a) gross profit, (b) profit for the year, (c) ROCE.

Lời giải chi tiết

(a) Gross profit $= 480{,}000 - 288{,}000 = \$192{,}000$.
(b) Profit for the year $= 192{,}000 - 96{,}000 = \$96{,}000$.
(c) Capital employed $= 220{,}000 + 60{,}000 = \$280{,}000$; ROCE $= 96{,}000/280{,}000 \times 100 \approx 34.3\%$.

Bài tập luyện tập

Which statement correctly distinguishes profit from cash?

(A) Profit and cash always have exactly the same value at any point in time

(B) A business can be profitable on its income statement yet still run out of cash if receipts and payments are badly timed

(C) Cash flow forecasts are used only by loss-making businesses

(D) Profit is a balance sheet item, whereas cash flow is an income statement item

Lời giải chi tiết

Profit (an income statement measure over a period) and cash (money actually available) can differ substantially — a profitable firm can still fail from a cash flow crisis if payment timing is poor. **(B)**.

Bài tập luyện tập

Case study. A wholesaler's current ratio is 3.2:1, well above the typical 1.5–2:1 benchmark. Explain why an unusually *high* current ratio is not necessarily a good sign for the business, even though it indicates strong liquidity.

Lời giải chi tiết

While a current ratio of 3.2:1 confirms the wholesaler can easily cover its short-term debts, an *excessively* high ratio can suggest the firm is holding too much cash or inventory **unproductively** rather than investing it to generate a return — for example, excess cash sitting idle in a low-interest account, or excess unsold inventory tying up working capital and incurring storage costs, rather than being reinvested in growth, equipment, or returned to shareholders. Very high liquidity ratios can therefore indicate inefficient use of capital rather than pure financial strength.

Bài tập luyện tập

A firm's balance sheet shows non-current assets of $340,000, current assets of $85,000, current liabilities of $55,000, and non-current liabilities of $120,000. Calculate the firm's equity.

(A) $250,000
(B) $425,000
(C) $120,000
(D) $600,000

Lời giải chi tiết

Total assets $= 340{,}000 + 85{,}000 = \$425{,}000$. Total liabilities $= 55{,}000 + 120{,}000 = \$175{,}000$. Equity $= 425{,}000 - 175{,}000 = \$250{,}000$. **(A)**.

Bài tập luyện tập

Case study. A retailer's gross profit margin is 45% but its profit (net) margin is only 6%. Explain what this gap suggests about the business, and identify one action management could take in response.

Lời giải chi tiết

A large gap between gross profit margin (45%) and profit margin (6%) shows that, although the firm controls its direct cost of sales reasonably well relative to its selling prices, it has very high **expenses/overheads** (e.g. rent, administrative salaries, marketing) relative to revenue, which consume most of the gross profit before reaching the final "bottom line". **Action:** management should review and attempt to reduce overhead costs (e.g. renegotiate rent, cut discretionary marketing spend, improve operational efficiency) rather than assuming the core buying/selling of the business is the problem, since the gross margin itself is healthy.

Bài tập luyện tập

Which of the following would improve (raise) a firm's acid test ratio, all else being equal?

(A) Buying more inventory using cash

(B) Selling inventory for cash at exactly its cost price (no profit or loss on the sale)

(C) Taking out a new short-term overdraft and holding the proceeds as extra inventory

(D) Paying a cash dividend to shareholders

Lời giải chi tiết

The acid test ratio $=$ (current assets $-$ inventory)$/$current liabilities, i.e. (cash $+$ trade receivables) $\div$ current liabilities — inventory is deliberately excluded from the numerator. Selling inventory for cash at cost price converts an *excluded* asset (inventory) into an *included* one (cash) with current liabilities unchanged, so the numerator rises and the ratio **improves**. **(B)**. (Buying inventory with cash reduces the numerator — cash falls, inventory is excluded — so the ratio falls; an overdraft used to buy inventory raises current liabilities while adding only excluded inventory, so the ratio falls; a cash dividend reduces cash, also lowering the ratio.)

Bài tập luyện tập

Case study. Explain *two* reasons why a bank manager reviewing a loan application would want to see both the applicant's income statement *and* balance sheet, rather than just one of the two.

Lời giải chi tiết

(1) The **income statement** shows whether the business is currently *profitable* and generating enough surplus to realistically afford future loan repayments (interest and capital) out of on-going trading performance. (2) The **balance sheet** shows the business's financial *position* at a point in time — including existing debts (liabilities) already owed, and the value/liquidity of assets that could act as security for the loan or be sold if the business struggled to repay. A profitable income statement alone could hide a business that is already heavily indebted or has poor liquidity (seen only on the balance sheet), while a strong balance sheet alone would not reveal whether the business is currently loss-making — the bank needs both documents together for a complete picture of risk.

Bài tập luyện tập

Case study. A firm has equity of $450,000 and non-current liabilities of $150,000. (a) Calculate the capital employed and the gearing ratio. (b) State whether the firm is highly geared or low-geared, and explain what this means for its financial risk.

Lời giải chi tiết

(a) Capital employed $= 450{,}000 + 150{,}000 = \$600{,}000$. Gearing ratio $= 150{,}000/600{,}000 \times 100 = 25\%$.

(b) At 25% (below 50%), the firm is **low-geared** — it relies mainly on equity rather than debt for its long-term capital. This means lower financial risk, since it has relatively few fixed interest obligations that must be paid regardless of trading performance; however, it may also mean the firm is not taking full advantage of potentially cheaper borrowed capital to fund further growth.

Bài tập luyện tập

A start-up raises $40,000 from a wealthy private individual who, in exchange, receives a 15% ownership stake and agrees to mentor the founder. This is best described as finance from a:

(A) Bank loan
(B) Business angel
(C) Trade creditor
(D) Government grant

Lời giải chi tiết

A wealthy individual investing personal money in exchange for equity, and providing mentoring, is a **business angel**. **(B)**.

Bài tập luyện tập

Case study. A firm budgets $120,000 in production costs for the quarter but actually spends $108,000, while budgeting $300,000 in revenue but achieving only $276,000. Calculate each variance and state whether it is favourable or adverse.

Lời giải chi tiết

Cost variance $= 120{,}000 - 108{,}000 = \$12{,}000$ **favourable** (actual costs were lower than budgeted). Revenue variance $= 276{,}000 - 300{,}000 = -\$24{,}000$, i.e. $24,000 **adverse** (actual revenue fell short of the budgeted target).

Bài tập luyện tập

Which of the following would most directly *raise* a firm's gearing ratio?

(A) Repaying a long-term bank loan early using retained profit
(B) Issuing new shares to raise fresh equity capital
(C) Taking out a large new long-term bank loan to fund expansion
(D) Increasing the acid test ratio

Lời giải chi tiết

Taking out a large new long-term loan increases non-current liabilities relative to capital employed, directly raising the gearing ratio. **(C)**. (Repaying debt or issuing new equity would both instead *lower* gearing.)

Bài tập luyện tập

Case study. A tech start-up wants to raise $25,000 quickly from a large number of small online contributors, offering early access to its new product in return rather than giving away any ownership stake. Identify the most suitable source of finance, and explain *one* advantage and *one* disadvantage of using it.

Lời giải chi tiết

Recommendation: crowdfunding (specifically reward-based, rather than equity, crowdfunding). **Advantage:** the firm raises capital quickly from a large number of small contributors without giving up any ownership/control (unlike a business angel or venture capital investment), and a successful campaign can also generate valuable early publicity and a base of engaged early customers. **Disadvantage:** success is not guaranteed — if the campaign fails to reach its funding target, some platforms return all pledged funds to backers and the firm receives nothing despite the time invested in the campaign; there is also pressure to actually deliver the promised product/reward to a large number of backers on time.

Bài tập luyện tập

Case study. Using the two-year data in this unit (Year 1: gross margin 40%, profit margin 12%, current ratio 1.4:1, acid test 0.9:1; Year 2: gross margin 38%, profit margin 9%, current ratio 1.3:1, acid test 0.7:1), explain *two* reasons why an investor should be concerned, even though revenue grew by 15% over the same period.

Lời giải chi tiết

(1) **Falling profitability** — both the gross profit margin (40% → 38%) and profit margin (12% → 9%) have fallen, showing that costs (cost of sales and/or overheads) are rising *faster* than revenue — meaning revenue growth alone is masking a deterioration in the firm's underlying cost control and profit efficiency. (2) **Weakening liquidity** — both the current ratio (1.4:1 → 1.3:1) and, more significantly, the acid test ratio (0.9:1 → 0.7:1, now further below the typical 1:1 benchmark) have worsened, and the fact that the acid test has fallen *more* than the current ratio suggests inventory has built up disproportionately — tying up cash in unsold stock rather than in more liquid assets, raising the risk of a future cash flow problem.

Bài tập luyện tập

A firm's profit margin has fallen even though its gross profit margin has stayed exactly the same over the same period. Which of the following best explains this?

(A) Cost of sales must have fallen

(B) Revenue must have fallen to zero

(C) Operating expenses (overheads) have risen as a proportion of revenue

(D) The firm's current ratio must also have fallen

Lời giải chi tiết

If gross profit margin (which depends only on revenue and cost of sales) is unchanged, but profit margin (which additionally deducts expenses/overheads) has fallen, the cause must lie in **rising expenses relative to revenue**, since the cost-of-sales relationship captured by the gross margin has not changed. **(C)**.

Bài tập luyện tập

Case study. A seasonal ice-cream business forecasts the following: June opening balance $2,000, inflows $22,000, outflows $14,000. July inflows $26,000, outflows $15,000. August inflows $18,000, outflows $21,000. September inflows $9,000, outflows $19,000. Calculate the closing balance for each month and identify the first month, if any, in which the balance turns negative.

Lời giải chi tiết

June: net cash flow $= 22{,}000 - 14{,}000 = \$8{,}000$; closing balance $= 2{,}000 + 8{,}000 = \$10{,}000$.
July: net cash flow $= 26{,}000 - 15{,}000 = \$11{,}000$; closing balance $= 10{,}000 + 11{,}000 = \$21{,}000$.
August: net cash flow $= 18{,}000 - 21{,}000 = -\$3{,}000$; closing balance $= 21{,}000 - 3{,}000 = \$18{,}000$.
September: net cash flow $= 9{,}000 - 19{,}000 = -\$10{,}000$; closing balance $= 18{,}000 - 10{,}000 = \$8{,}000$.
The balance remains **positive** throughout all four months (thanks to a strong cash buffer built up during the peak summer months of June and July), even though both August and September individually show a negative net cash flow as seasonal demand falls.

5.9.1 Extended case study: Meridian Retail Ltd

Bài tập luyện tập

Extended case study. Meridian Retail Ltd's most recent income statement shows: Revenue \$600,000; Cost of sales \$360,000; Expenses \$150,000. Its balance sheet shows: Non-current assets \$320,000; Current assets \$95,000 (inventory \$40,000, trade receivables \$30,000, cash \$25,000); Current liabilities \$70,000; Non-current liabilities \$130,000. The directors want to raise \$250,000 to open a new store, and are choosing between (i) a long-term bank loan at 10% annual interest, or (ii) a new share issue to existing and new investors.

(a) Calculate the gross profit margin and the profit (net) margin.
(b) Calculate the firm's equity, capital employed, and ROCE.
(c) Calculate the current ratio and acid test ratio, and comment on Meridian's liquidity.
(d) Calculate the firm's current gearing ratio and state whether it is currently highly geared or low-geared.
(e) Calculate the new gearing ratio if the \$250,000 is raised entirely through (i) the bank loan, and separately through (ii) the share issue (assume non-current liabilities and equity change accordingly, with capital employed rising by \$250,000 under each option).
(f) Recommend which source of finance the directors should choose, justifying your answer.

Lời giải chi tiết

(a) Gross profit $= 600{,}000 - 360{,}000 = \$240{,}000$; gross profit margin $= 240{,}000/600{,}000 \times 100 = 40\%$. Profit for the year $= 240{,}000 - 150{,}000 = \$90{,}000$; profit margin $= 90{,}000/600{,}000 \times 100 = 15\%$.

(b) Total assets $= 320{,}000 + 95{,}000 = \$415{,}000$; total liabilities $= 70{,}000 + 130{,}000 = \$200{,}000$; equity $= 415{,}000 - 200{,}000 = \$215{,}000$. Capital employed $= 215{,}000 + 130{,}000 = \$345{,}000$. ROCE $= 90{,}000/345{,}000 \times 100 \approx 26.1\%$.

(c) Current ratio $= 95{,}000/70{,}000 \approx 1.36{:}1$ — slightly below the typical 1.5–2:1 benchmark. Acid test ratio $= (95{,}000 - 40{,}000)/70{,}000 = 55{,}000/70{,}000 \approx 0.79{:}1$ — below the typical 1:1 benchmark. Meridian's liquidity appears **slightly weak**, particularly on the acid test measure, suggesting a relatively high proportion of its current assets is tied up in inventory rather than cash/receivables.

(d) Gearing ratio $= 130{,}000/345{,}000 \times 100 \approx 37.7\%$ — **below 50%**, so Meridian is currently **low-geared**.

(e) (i) Loan: new non-current liabilities $= 130{,}000 + 250{,}000 = \$380{,}000$; new capital employed $= 345{,}000 + 250{,}000 = \$595{,}000$; new gearing $= 380{,}000/595{,}000 \times 100 \approx 63.9\%$ — this would make Meridian **highly geared**. **(ii) Share issue:** new equity $= 215{,}000 + 250{,}000 = \$465{,}000$;

non-current liabilities remain $130,000; new capital employed $= 465{,}000 + 130{,}000 = \$595{,}000$; new gearing $= 130{,}000/595{,}000 \times 100 \approx 21.8\%$ — Meridian would remain clearly **low-geared**.

(f) Recommendation: the share issue. Taking the full $250,000 as a loan would push gearing from 37.7% to approximately 63.9%, making Meridian highly geared and committing it to substantial fixed annual interest payments (10% of $250,000 $= \$25{,}000$/year) on top of an already only moderately liquid balance sheet (current ratio 1.36:1, acid test 0.79:1) — a risky combination if trading conditions weaken. The share issue keeps gearing low (about 21.8%) and avoids fixed interest obligations entirely, at the cost of diluting existing shareholders' ownership and control — a trade-off the directors should discuss directly with existing shareholders, but one that appears more prudent given Meridian's already-stretched liquidity position.

Bài tập luyện tập

A firm's balance sheet shows equity of $180,000 and non-current liabilities of $420,000. Calculate the gearing ratio and state whether the firm is highly geared or low-geared.

(A) 30%, low-geared
(B) 70%, highly geared
(C) 42%, low-geared
(D) 58%, highly geared

Lời giải chi tiết

Capital employed $= 180{,}000 + 420{,}000 = \$600{,}000$. Gearing ratio $= 420{,}000/600{,}000 \times 100 = 70\%$ — above 50%, so **highly geared**. **(B)**.

Bài tập luyện tập

Case study. A firm's users of accounts include its bank, its employees, and a rival firm monitoring its published results. Explain *one* reason why each of these three groups is interested in the firm's financial statements.

Lời giải chi tiết

The bank reviews the accounts to assess the firm's **creditworthiness** — whether it is likely to be able to repay any loan and interest it is considering advancing. **Employees** (or their trade union) review the accounts to assess **job security** and the firm's ability to afford pay rises, particularly if profit has been falling. **The rival firm** uses the published results to **benchmark** its own performance (e.g. comparing profit margins or growth rates) and to inform its own competitive strategy, such as whether the firm is a growing threat worth responding to.

Bài tập luyện tập

A firm's acid test ratio is significantly below its current ratio. This gap is most likely explained by:

(A) The firm holding a large amount of inventory relative to its other current assets
(B) The firm having no current liabilities at all
(C) An error in the balance sheet
(D) The firm being highly geared

Lời giải chi tiết

Since the acid test ratio excludes inventory from current assets while the current ratio includes it, a large gap between the two ratios typically indicates the firm holds a substantial amount of inventory relative to its other (more liquid) current assets. **(A)**.

Bài tập luyện tập

Case study. A firm's directors are debating whether to fund a $400,000 warehouse extension (expected to be used for at least 20 years) using a 2-year bank overdraft facility. Explain why this financing choice would be inappropriate, and suggest a more suitable alternative.

Lời giải chi tiết

An overdraft is a flexible, **short-term** source of finance that a bank can typically recall at relatively short notice, and is not designed to fund a large, long-lived asset like a 20-year warehouse extension — using it this way creates serious refinancing risk, since the firm could be forced to repay the full $400,000 (or have the facility withdrawn) long before the warehouse has generated sufficient extra revenue/cost savings to justify or repay that amount. A more suitable alternative would be a **long-term bank loan** (with a repayment schedule matched to the asset's productive life) or a **share issue**, both of which are designed to fund long-term capital investment without the risk of being recalled at short notice.

Bài tập luyện tập

Case study. A firm's income statement shows Revenue $520,000, Cost of sales $338,000, and Expenses $104,000. Its balance sheet shows Current assets $88,000 (inventory $28,000), Current liabilities $55,000, Equity $260,000, and Non-current liabilities $90,000. Calculate: (a) gross profit margin, (b) profit margin, (c) ROCE, (d) current ratio, (e) acid test ratio, (f) gearing ratio.

Lời giải chi tiết

(a) Gross profit $= 520{,}000 - 338{,}000 = \$182{,}000$; gross profit margin $= 182{,}000/520{,}000 \times 100 = 35\%$.
(b) Profit for the year $= 182{,}000 - 104{,}000 = \$78{,}000$; profit margin $= 78{,}000/520{,}000 \times 100 = 15\%$.
(c) Capital employed $= 260{,}000 + 90{,}000 = \$350{,}000$; ROCE $= 78{,}000/350{,}000 \times 100 \approx 22.3\%$.
(d) Current ratio $= 88{,}000/55{,}000 \approx 1.6{:}1$.
(e) Acid test ratio $= (88{,}000 - 28{,}000)/55{,}000 = 60{,}000/55{,}000 \approx 1.09{:}1$.
(f) Gearing ratio $= 90{,}000/350{,}000 \times 100 \approx 25.7\%$ — the firm is low-geared.

Bài tập luyện tập

A firm's profit for the year has risen at exactly the same rate as its capital employed over the past year. What must be true of its ROCE?

(A) ROCE must have risen
(B) ROCE must have fallen
(C) ROCE has stayed exactly the same
(D) There is not enough information to know

Lời giải chi tiết

Since ROCE $=$ profit $\div$ capital employed $\times 100$, if both the numerator (profit) and denominator (capital employed) grow at exactly the same rate, their ratio is unchanged. **(C)**.

Bài tập luyện tập

Case study. A retailer's directors are reviewing three years of gearing data: Year 1: 22%; Year 2: 41%; Year 3: 58%. Explain what this trend suggests about the firm's financing strategy and the risk implications of continuing it into Year 4.

Lời giải chi tiết

The steadily rising gearing ratio (22% $\rightarrow$ 41% $\rightarrow$ 58%) shows the firm has been relying increasingly on **debt** (relative to equity) to finance its capital employed over the three years, moving from clearly low-geared to now **highly geared** (above 50%). This trend suggests the firm may be funding growth primarily through borrowing rather than retained profit or new share capital. **Risk implications:** continuing to raise gearing further into Year 4 would increase the firm's fixed interest obligations relative to its equity base, raising financial risk — if profit or cash flow were to weaken (e.g. in an economic downturn or from rising interest rates), the firm would still be contractually required to make its interest payments, increasing the risk of default, whereas a firm funded more by equity has no equivalent fixed repayment obligation on shareholder capital.

Bài tập luyện tập

A firm's trade receivables (money owed *to* the firm by its customers) increase substantially while its cash balance falls, even though recorded profit for the year has risen. Which of the following best explains this apparent contradiction?

(A) The firm must have made an accounting error

(B) The firm is making more sales on credit, so profit is recorded before the cash is actually collected from customers

(C) Profit and cash are always identical, so this situation is impossible

(D) The firm's gearing ratio must have fallen

Lời giải chi tiết

Selling on credit means revenue (and therefore profit) is recorded immediately in the income statement, while the *cash* is only received later when customers actually pay — explaining how profit can rise while cash falls if receivables (amounts owed but not yet collected) are growing. **(B)**.

Bài tập luyện tập

Case study. A start-up's founder tells her accountant: "We made $45,000 profit this year, so I don't understand why we don't have $45,000 more in the bank." Explain, using specific balance sheet items, *two* reasons why profit for the year and the actual change in a firm's cash balance can differ.

Lời giải chi tiết

(1) **Uncollected trade receivables** — some of the year's recorded sales revenue may have been made on credit and not yet collected in cash from customers by the year end, meaning that portion of profit exists on paper (as an asset — trade receivables) but has not yet become cash. (2) **Cash spent on non-expense items** — the firm may have used cash during the year to purchase a non-current asset (e.g. new equipment) or to repay a loan; these are cash outflows but are *not* deducted as expenses on the income statement (a non-current asset purchase increases assets rather than being expensed immediately, and a loan repayment reduces a liability rather than being an expense), so they reduce the cash balance without reducing recorded profit. Both examples show why cash flow and profit must be tracked and understood *separately*.

5.10 Users of accounts and published financial statements

Larger companies, especially Plcs, are legally required to publish annual accounts (an income statement, balance sheet, and supporting notes), which are often independently checked by an **audit** — an external, independent examination confirming the accounts give a "true and fair view" of the company's financial position.

Purpose of an audit: to provide external confidence (to shareholders, lenders, and the wider public) that published accounts have not been manipulated or contain material errors, since company directors themselves prepare the original accounts and could otherwise have an incentive to present performance more favourably than the underlying reality. An unqualified ("clean") audit opinion reassures stakeholders; a qualified audit opinion (raising specific concerns) can seriously damage confidence in a company's published figures, its share price, and its ability to borrow.

VN GIẢI THÍCH TIẾNG VIỆT

Các công ty lớn, đặc biệt là Plc, thường bắt buộc phải công bố báo cáo tài chính hàng năm và được **kiểm toán độc lập (audit)** — một bên thứ ba độc lập xác nhận báo cáo phản ánh trung thực tình hình tài chính của công ty, tạo niềm tin cho cổ đông, ngân hàng và công chúng rằng ban giám đốc (người trực tiếp lập báo cáo) không thổi phồng kết quả.

Impact of a qualified audit opinion

A Plc's auditors issue a **qualified** opinion, raising specific concerns about how the company has valued a large piece of inventory. Following the announcement, the company's share price falls by 12% in a single day, and a major lender delays a previously-agreed loan renewal pending further investigation. This illustrates why an audit opinion, though a seemingly technical accounting matter, can have very direct and immediate financial consequences for a company and its stakeholders.

Bài tập luyện tập

Why are external, independent audits of a company's published accounts considered important by shareholders and lenders?

(A) Audits guarantee the company will always make a profit

(B) Audits provide independent assurance that the accounts, prepared by the company's own directors, give a true and fair view and have not been manipulated

(C) Audits replace the need for an income statement

(D) Audits are only relevant to sole traders

Lời giải chi tiết

Because company directors themselves prepare the original accounts, an independent audit provides external assurance to shareholders and lenders that the figures are accurate and have not been manipulated. **(B)**.

Bài tập luyện tập

Case study. A supplier is deciding whether to extend $50,000 of trade credit (goods supplied now, paid for in 60 days) to a new customer. The customer's most recently published, audited accounts show a current ratio of 0.6:1 and an acid test ratio of 0.3:1. Advise the supplier on the level of risk involved in extending this credit.

Lời giải chi tiết

A current ratio of 0.6:1 and an acid test ratio of 0.3:1 are both **well below** the typical healthy benchmarks (around 1.5–2:1 and 1:1 respectively), indicating the customer may have significant difficulty covering its short-term liabilities even with all its current assets, let alone its more liquid assets alone. This suggests a **high risk** that the customer could struggle to pay the supplier within the agreed 60-day period. **Advice:** the supplier should proceed with caution — perhaps requesting a smaller initial credit limit, more frequent/shorter payment terms, or additional security (e.g. partial upfront payment), rather than extending the full $50,000 of unsecured trade credit immediately, especially since the audited (verified) nature of the accounts confirms this weak liquidity position is not a data error.

5.11 Break-even and finance combined: a further worked link

Break-even analysis (Unit 4) and financial statements are closely connected: a firm's fixed costs (used in break-even calculations) appear as expenses on its income statement, and its financing choices (Unit 5) directly affect those fixed costs through interest payments.

How a financing choice changes break-even output

A firm currently has fixed costs of $120,000 (excluding any loan interest), sells at $45/unit, with variable cost of $27/unit (contribution $= \$18$/unit), giving a break-even output of $120{,}000/18 \approx 6{,}667$ units. It now takes out a $400,000 loan at 8% annual interest to fund an expansion, adding $400{,}000 \times 0.08 = \$32{,}000$ of interest to its fixed costs each year. New fixed costs $= 120{,}000 + 32{,}000 = \$152{,}000$; new break-even output $= 152{,}000/18 \approx 8{,}444$ units — a rise of nearly 1,778 units. This demonstrates directly why a firm's choice of finance (Unit 5) has consequences for its required sales volume (Unit 4): taking on debt-financed growth raises the sales volume needed just to break even, and management must be confident the expansion will generate enough additional demand to clear this higher hurdle.

VN GIẢI THÍCH TIẾNG VIỆT

Điểm hoà vốn (Unit 4) và báo cáo tài chính (Unit 5) có mối liên hệ chặt chẽ: chi phí cố định dùng trong tính toán hoà vốn xuất hiện dưới dạng chi phí trên báo cáo thu nhập, và các quyết định về nguồn vốn (ví dụ vay nợ) ảnh hưởng trực tiếp đến chi phí cố định thông qua tiền lãi phải trả — từ đó làm THAY ĐỔI sản lượng hoà vốn cần thiết.

Bài tập luyện tập

Case study. A firm has fixed costs of $84,000 (excluding loan interest), sells at $36/unit with variable cost of $24/unit. It takes out a $250,000 loan at 6% annual interest. (a) Calculate the original break-even output (before the loan). (b) Calculate the additional annual interest cost of the loan. (c) Calculate the new break-even output including the loan interest as an added fixed cost.

Lời giải chi tiết

(a) Contribution $= 36 - 24 = \$12$. Original break-even $= 84{,}000/12 = 7{,}000$ units.
(b) Additional interest $= 250{,}000 \times 0.06 = \$15{,}000$ per year.
(c) New fixed costs $= 84{,}000 + 15{,}000 = \$99{,}000$. New break-even $= 99{,}000/12 = 8{,}250$ units.

Bài tập luyện tập

If a firm funds an expansion using a share issue instead of a bank loan, what is the most likely effect on its break-even output, compared with funding the same expansion via a loan?

(A) Break-even output would rise by exactly the same amount either way

(B) Break-even output would rise less (or not at all) under a share issue, since there is no fixed interest expense added to fixed costs

(C) A share issue always lowers break-even output below its original level

(D) Break-even output is entirely unrelated to the method of finance used

Lời giải chi tiết

Unlike a loan, a share issue does not add a fixed interest expense to the firm's fixed costs, so — all else equal — break-even output would rise by less (or not at all) compared with debt-financed expansion, though the share issue instead dilutes existing owners' control. **(B)**.

5.12 Interpreting trends in published accounts

Beyond calculating individual ratios, exam questions often require interpreting a **trend** across several years of a firm's published figures, and linking that trend to plausible underlying business causes.

Interpreting a three-year trend

A firm's profit margin has moved as follows: Year 1: 18%; Year 2: 14%; Year 3: 9%, while its revenue has grown every year (Year 1: $2.0m; Year 2: $2.4m; Year 3: $2.9m). Simply looking at rising revenue might suggest the business is doing well, but the steadily **falling profit margin** reveals that costs are rising faster than revenue each year — profit itself can be calculated: Year 1 profit $= 2.0\text{m} \times 0.18 = \$360{,}000$; Year 2 profit $= 2.4\text{m} \times 0.14 = \$336{,}000$; Year 3 profit $= 2.9\text{m} \times 0.09 = \$261{,}000$. Despite revenue growing by 45% over the three years (from $2.0m to $2.9m), *profit itself has actually fallen* by more than 27% (from $360,000 to

$261,000) — a warning sign that would be completely missed by looking at the revenue trend alone, underlining why ratio trends (not just revenue trends) are essential to properly assess a firm's direction of travel.

VN GIẢI THÍCH TIẾNG VIỆT

Khi phân tích **xu hướng nhiều năm** của báo cáo tài chính, không nên chỉ nhìn vào doanh thu tăng để kết luận doanh nghiệp đang tốt lên — cần tính cả lợi nhuận thực tế và các tỷ số. Ví dụ trên cho thấy doanh thu tăng 45% nhưng lợi nhuận thực tế lại GIẢM hơn 27%, vì chi phí tăng nhanh hơn doanh thu qua từng năm — một dấu hiệu cảnh báo chỉ có thể phát hiện được khi tính đầy đủ lợi nhuận và tỷ suất lợi nhuận, không chỉ nhìn con số doanh thu.

Bài tập luyện tập

Case study. A firm's profit margin is 20% in Year 1 on revenue of $1.5 million, and 12% in Year 2 on revenue of $2.1 million. (a) Calculate the firm's actual profit in each year. (b) State whether profit rose or fell between the two years, and by how much.

Lời giải chi tiết

(a) Year 1 profit $= 1{,}500{,}000 \times 0.20 = \$300{,}000$. Year 2 profit $= 2{,}100{,}000 \times 0.12 = \$252{,}000$. (b) Profit **fell** by $300{,}000 - 252{,}000 = \$48{,}000$, despite revenue rising by $600,000 over the same period — a clear illustration of why the profit margin trend (not just the revenue trend) must be examined to properly understand a firm's financial direction.

Bài tập luyện tập

A firm's revenue rises every year for three consecutive years, but its profit margin falls every year over the same period. Which of the following is the most likely underlying explanation?

(A) The firm's costs are rising even faster than its revenue each year

(B) The firm's costs must be falling

(C) This combination of trends is mathematically impossible

(D) The firm's current ratio must also be falling

Lời giải chi tiết

Rising revenue combined with a falling profit margin means costs (cost of sales and/or expenses) are growing at a *faster rate* than revenue, eroding the margin even as the top-line revenue figure grows. **(A)**.

5.13 Break-even, finance and ratios: a combined capstone

Bài tập luyện tập

Extended case study. Ventora Sports Ltd manufactures running shoes. Fixed costs are $180,000 per year; each pair sells for $60 and costs $36 in variable cost. Its most recent balance sheet shows: Non-current assets $400,000; Current assets $110,000 (inventory $45,000, trade receivables $35,000, cash $30,000); Current liabilities $70,000; Non-current liabilities $150,000. Its income statement shows Revenue $900,000, Cost of sales $540,000, Expenses \$207,000. The directors are considering a \$200,000 expansion, financed either by a bank loan at 7% interest or a new share issue.

(a) Calculate the current break-even output and margin of safety, given current annual sales of 20,000 pairs.
(b) Calculate the current ratio, acid test ratio, and gearing ratio.
(c) Calculate the gross profit margin and profit margin.
(d) If the \$200,000 is raised via a loan, calculate the new annual fixed costs (including interest) and the new break-even output.
(e) Recommend, with justification, whether the loan or the share issue is more appropriate, referring to your gearing calculation in (b).

Lời giải chi tiết

(a) Contribution per unit $= 60 - 36 = \$24$. Break-even output $= 180{,}000/24 = 7{,}500$ pairs. Margin of safety $= 20{,}000 - 7{,}500 = 12{,}500$ pairs.

(b) Current ratio $= 110{,}000/70{,}000 \approx 1.57{:}1$ — within the healthy benchmark. Acid test ratio $= (110{,}000 - 45{,}000)/70{,}000 = 65{,}000/70{,}000 \approx 0.93{:}1$ — close to the 1:1 benchmark. Equity = total assets − total liabilities $= (400{,}000 + 110{,}000) - (70{,}000 + 150{,}000) = 510{,}000 - 220{,}000 = \$290{,}000$. Capital employed $= 290{,}000 + 150{,}000 = \$440{,}000$. Gearing ratio $= 150{,}000/440{,}000 \times 100 \approx 34.1\%$ — low-geared.

(c) Gross profit $= 900{,}000 - 540{,}000 = \$360{,}000$; gross profit margin $= 360{,}000/900{,}000 \times 100 = 40\%$. Profit for the year $= 360{,}000 - 207{,}000 = \$153{,}000$; profit margin $= 153{,}000/900{,}000 \times 100 = 17\%$.

(d) Additional annual interest $= 200{,}000 \times 0.07 = \$14{,}000$. New fixed costs $= 180{,}000 + 14{,}000 = \$194{,}000$. New break-even output $= 194{,}000/24 \approx 8{,}083$ pairs (up from 7,500).

(e) Recommendation: the loan is likely acceptable, though a share issue is also viable. Ventora's current gearing (34.1%) is comfortably **low-geared**, meaning it currently has considerable headroom to take on additional debt before becoming highly geared — even after the new \$200,000 loan, non-current liabilities would rise to \$350,000 and capital employed to \$640,000, giving new gearing of $350{,}000/640{,}000 \times 100 \approx 54.7\%$, only just above the 50% highly-geared threshold. Given this, the loan is a reasonable choice that avoids diluting existing shareholders' control, provided the directors are comfortable that the resulting break-even output (8,083 pairs) remains well within achievable sales (current sales of 20,000 pairs already comfortably exceed this). A share issue would keep gearing even lower and avoid the fixed interest obligation entirely, and may be preferred if the directors wish to minimise financial risk further or if existing shareholders are willing to accept some dilution in exchange for a stronger balance sheet.

Bài tập luyện tập

Case study. A firm's balance sheet shows Non-current assets \$260,000, Current assets \$72,000 (inventory \$30,000), Current liabilities \$48,000, Non-current liabilities \$90,000. Its income statement shows Revenue \$380,000, Cost of sales \$228,000, Expenses \$95,000. Calculate: (a) gross profit margin, (b) profit margin, (c) equity and ROCE, (d) current ratio and acid test ratio.

Lời giải chi tiết

(a) Gross profit $= 380{,}000 - 228{,}000 = \$152{,}000$; gross profit margin $= 152{,}000/380{,}000 \times 100 = 40\%$.
(b) Profit for the year $= 152{,}000 - 95{,}000 = \$57{,}000$; profit margin $= 57{,}000/380{,}000 \times 100 = 15\%$.
(c) Total assets $= 260{,}000 + 72{,}000 = \$332{,}000$; total liabilities $= 48{,}000 + 90{,}000 = \$138{,}000$; equity $= 332{,}000 - 138{,}000 = \$194{,}000$. Capital employed $= 194{,}000 + 90{,}000 = \$284{,}000$; ROCE $= 57{,}000/284{,}000 \times 100 \approx 20.1\%$.
(d) Current ratio $= 72{,}000/48{,}000 = 1.5{:}1$. Acid test ratio $= (72{,}000 - 30{,}000)/48{,}000 = 42{,}000/48{,}000 = 0.875{:}1$.

Bài tập luyện tập

A firm's capital employed rises from $400,000 to $500,000 while its profit stays exactly the same at $60,000. What happens to its ROCE?

(A) ROCE rises from 15% to 20%

(B) ROCE falls from 15% to 12%

(C) ROCE stays exactly the same

(D) ROCE cannot be calculated without more information

Lời giải chi tiết

Original ROCE $= 60{,}000/400{,}000 \times 100 = 15\%$. New ROCE $= 60{,}000/500{,}000 \times 100 = 12\%$ — ROCE **falls**, since the same profit is now spread over a larger capital base. **(B)**.

Bài tập luyện tập

Case study. A wholesaler's balance sheet shows current assets of $54,000 (inventory $36,000, the remainder split evenly between trade receivables and cash) and current liabilities of $40,000. Calculate the current ratio and the acid test ratio, and comment on what the large gap between the two ratios suggests.

Lời giải chi tiết

Current ratio $= 54{,}000/40{,}000 = 1.35{:}1$. Acid test ratio $= (54{,}000 - 36{,}000)/40{,}000 = 18{,}000/40{,}000 = 0.45{:}1$. The large gap between the two ratios (1.35:1 versus only 0.45:1) suggests the wholesaler holds a very high proportion of its current assets in **inventory** ($36,000 out of $54,000, exactly two-thirds) rather than in cash or receivables — a potential liquidity concern, since inventory cannot always be converted into cash quickly if the firm needs to settle short-term debts urgently.

5.14 Comparing sources of finance

Choosing between the many available sources of finance requires weighing cost, risk, speed of access, and impact on ownership and control.

Source	Key advantage	Key drawback
Retained profit	No interest cost; no loss of ownership/control	Only available if the firm has already earned sufficient profit; reduces cash available for other uses
Bank loan	Quick to arrange; ownership/control unaffected	Interest must be paid regardless of profit; raises gearing and financial risk
Share issue	No obligation to repay; no fixed interest burden	Dilutes existing owners' % control and share of future profit/dividends
Venture capital	Large sums available; investor expertise/contacts	Investor typically demands a significant equity stake and board influence
Trade credit	Free short-term finance; improves cash flow	Relationship with supplier can suffer if payment is persistently delayed
Overdraft	Flexible — only used (and charged) when needed	Interest rates usually higher than a standard term loan; can be recalled by the bank

Choosing between a loan and a share issue

A private limited company needs $2,000,000 to fund an expansion. **Option A — bank loan** at 8% annual interest: annual interest cost $= 2{,}000{,}000 \times 0.08 = \$160{,}000$, but the existing owners keep 100% of their current ownership stake and all future profit growth. **Option B — issuing new shares** to outside investors for $2,000,000: no interest obligation at all, but existing owners must give up an estimated 25% of company ownership to attract that investment, permanently sharing future profits and voting control with the new shareholders. **Evaluation:** the loan preserves ownership/control but adds a fixed $160,000/year cost *regardless of how profitable the expansion actually turns out to be* (raising financial risk if profits disappoint), while the share issue removes that fixed repayment risk entirely but permanently costs the existing owners a real share of future profit and decision-making power — the "right" choice depends on how confident the owners are in the expansion's success and how much control they are willing to give up.

GIẢI THÍCH TIẾNG VIỆT

VN So sánh các nguồn vốn: **lợi nhuận giữ lại** không tốn lãi nhưng phụ thuộc vào lợi nhuận đã có; **vay ngân hàng** nhanh nhưng phải trả lãi cố định dù lợi nhuận ra sao, làm tăng tỷ lệ đòn bẩy tài chính (gearing); **phát hành cổ phần** không có nghĩa vụ trả lãi nhưng làm loãng quyền sở hữu/kiểm soát của cổ đông hiện tại. Quyết định phụ thuộc vào mức độ tự tin vào khả năng sinh lời và mức độ sẵn sàng chia sẻ quyền kiểm soát của chủ sở hữu hiện tại.

Bài tập luyện tập

Case study. A company needs $1,500,000. It can borrow at 6% annual interest, or issue shares giving up 20% of ownership. (a) Calculate the annual interest cost of the loan option. (b) Explain *one* advantage of each option over the other.

Lời giải chi tiết

(a) Annual interest cost $= 1{,}500{,}000 \times 0.06 = \$90{,}000$.
(b) **Advantage of the loan over shares:** existing owners keep 100% ownership and control, and all future profit growth. **Advantage of shares over the loan:** no fixed annual repayment obligation regardless of profit performance, reducing financial risk if the expansion underperforms.

5.15 Insolvency and business failure

Insolvency

A business becomes **insolvent** when it can no longer pay its debts as they fall due, or when its liabilities exceed the value of its assets. Insolvency is the formal trigger that can lead to **liquidation** (a company's assets are sold off to repay creditors, and the business ceases to exist).

Common causes of business failure include: **poor cash flow management** (a profitable business can still fail if it runs out of *cash* to pay immediate bills — profit and cash are not the same thing); **over-reliance on debt** (a highly geared firm is especially vulnerable if interest rates rise or revenue falls unexpectedly); **poor market research/misreading customer demand**; **intense competition eroding market share and margins**; and **external economic shocks** (a recession, a sharp exchange rate movement, or a sudden rise in raw material costs).
A high **gearing ratio** increases the risk of insolvency, since a large proportion of financing is fixed-cost debt that must be serviced regardless of trading performance — if profits fall, a highly geared firm can quickly find itself unable to meet its interest and loan repayment obligations, even if it remains "profitable" on paper.

Profitable but insolvent — a cash flow trap

A firm reports a healthy annual profit of \$300,000, but 80% of its sales are made on 90-day credit terms to large retail customers, while its own suppliers demand payment within 30 days. In a fast-growing month, the firm sells \$500,000 of goods (recorded immediately as revenue/profit) but does not actually receive most of that cash for another 90 days, while still needing to pay its own suppliers within 30 days for the materials used to make those goods. If the firm's available cash reserves are insufficient to bridge this 60-day gap, it could become unable to pay its own bills on time — technically insolvent — *despite* being genuinely profitable on its income statement. This is why careful cash flow forecasting and management (not just profit) is essential to business survival.

VN GIẢI THÍCH TIẾNG VIỆT

Mất khả năng thanh toán (insolvency): doanh nghiệp không thể thanh toán nợ đến hạn, hoặc nợ phải trả vượt quá giá trị tài sản — có thể dẫn đến **giải thể/thanh lý (liquidation)**. Nguyên nhân phổ biến: quản lý dòng tiền kém, phụ thuộc quá nhiều vào nợ vay (đòn bẩy tài chính cao), nghiên cứu thị trường kém, cạnh tranh gay gắt, hoặc cú sốc kinh tế bên ngoài. Ví dụ trên cho thấy: một doanh nghiệp có thể **có lãi trên sổ sách nhưng vẫn mất khả năng thanh toán** nếu dòng tiền vào chậm hơn dòng tiền ra.

Bài tập luyện tập

Which of the following best explains how a business can be profitable on its income statement, yet still become insolvent?

(A) This is impossible; profit and cash are always identical

(B) If cash inflows (e.g. from customers on long credit terms) lag behind cash outflows (e.g. to suppliers on short credit terms), the firm may run out of cash despite reporting a profit

(C) Insolvency only affects businesses that report a loss

(D) Profit and insolvency are entirely unrelated legal concepts

Lời giải chi tiết

Profit is an accounting measure recorded when a sale is made; cash is the actual money received/paid. A mismatch in timing between cash inflows and outflows can leave even a profitable firm short of cash. **(B)**.

Bài tập luyện tập

Case study. A firm has a gearing ratio of 72% (compared with an industry average of 35%). Explain *one* way this high gearing increases the firm's risk of insolvency if interest rates rise sharply.

Lời giải chi tiết

With 72% of its capital employed financed by debt (well above the 35% industry average), the firm has a much larger fixed interest obligation relative to its size than typical competitors. If interest rates rise sharply, its interest costs increase substantially and must still be paid regardless of trading performance — if revenue or profit falls at the same time (e.g. during a downturn), the firm may struggle to generate enough cash to meet these fixed interest and repayment obligations, risking insolvency far more quickly than a lower-geared competitor with a smaller fixed debt burden.

5.16 The working capital cycle

Working capital cycle

The **working capital cycle** is the time it takes a business to convert cash spent on inputs (raw materials, labour) back into cash received from customers — the length of time cash is "tied up" in the operating cycle. A *shorter* cycle means cash is recovered faster and can be reused sooner (improving liquidity); a *longer* cycle means more cash is tied up for longer, increasing the risk of a cash flow shortfall even in a profitable business.

Calculating the working capital cycle

A manufacturer holds raw materials/work-in-progress/finished goods in inventory for an average of 45 days, then sells on credit, with customers taking an average of 60 days to pay (trade receivables period). The firm itself takes an average of 35 days to pay its own suppliers (trade payables period).

Working capital cycle $=$ inventory days$+$receivables days$-$payables days $= 45+60-35 = 70$ days.

This means cash is tied up in the operating cycle for 70 days on average — from the moment raw materials are paid for until cash is finally received from customers, minus the time the firm itself delays paying its own suppliers. **Reducing** this cycle (e.g. by negotiating longer payment terms with suppliers, chasing customer payments faster, or holding less inventory) would free up cash sooner for other uses, directly improving the firm's liquidity without needing any additional external finance.

VN GIẢI THÍCH TIẾNG VIỆT

Chu kỳ vốn lưu động (working capital cycle) = số ngày tồn kho + số ngày phải thu khách hàng – số ngày phải trả nhà cung cấp — đo lường thời gian tiền mặt bị "giữ lại" trong chu kỳ hoạt động. Chu kỳ càng **ngắn**, doanh nghiệp thu hồi tiền mặt càng nhanh và cải thiện thanh khoản mà không cần huy động thêm vốn bên ngoài.

Bài tập luyện tập

Case study. A firm holds inventory for an average of 30 days, receives payment from customers after an average of 50 days, and pays its own suppliers after an average of 40 days. Calculate the working capital cycle and explain what a reduction in the receivables period would achieve.

Lời giải chi tiết

Working capital cycle $= 30 + 50 - 40 = 40$ days. Reducing the receivables period (e.g. by chasing customer payments faster or offering an early-payment discount) would shorten the overall cycle, freeing up cash sooner and improving the firm's liquidity without needing to raise additional external finance.

Bài tập luyện tập

A firm negotiates longer payment terms with its own suppliers, extending its trade payables period from 30 days to 50 days, with no other change. What is the most likely effect on its working capital cycle?

(A) The working capital cycle lengthens, tying up more cash

(B) The working capital cycle shortens, freeing up cash sooner

(C) The working capital cycle is entirely unaffected by payables terms

(D) The firm's gearing ratio automatically falls to zero

Lời giải chi tiết

Since the working capital cycle $=$ inventory days $+$ receivables days $-$ payables days, a *longer* payables period directly **shortens** the working capital cycle, freeing up cash for longer before it must be paid out. **(B)**.

External Influences on Business Activity

Mục tiêu Unit: Ảnh hưởng kinh tế đến doanh nghiệp (lãi suất, lạm phát, tỷ giá hối đoái, thuế, chi tiêu chính phủ, chu kỳ kinh tế); các vấn đề môi trường và đạo đức kinh doanh, trách nhiệm xã hội doanh nghiệp (CSR); luật bảo vệ người tiêu dùng và người lao động; toàn cầu hoá, công ty đa quốc gia và các rào cản thương mại.

6.1 Economic influences on business

No business operates in isolation from the wider economy — changes in economic conditions directly affect costs, demand and decision-making.

Interest rates

The **interest rate** is the cost of borrowing money (and the reward for saving it). A *rise* in interest rates: increases loan and mortgage repayments for both consumers and businesses; makes consumers more likely to save rather than spend (reducing consumer demand for firms' products); makes business investment (via borrowed capital) more expensive, discouraging expansion; and raises costs for firms already carrying variable-rate debt. Savers benefit from higher returns on deposits. A *fall* in interest rates has the opposite effects — cheaper borrowing tends to stimulate both consumer spending and business investment.

Inflation

Inflation is a sustained rise in the general price level over time, typically caused by excess demand relative to supply (**demand-pull inflation**) or by rising production costs such as wages or raw materials being passed on to customers (**cost-push inflation**). High or unpredictable inflation creates planning uncertainty for businesses, raises input costs, triggers wage demands from employees seeking to protect their real income, and can make a country's exports less price-competitive internationally if domestic inflation outpaces that of trading partners.

Exchange rates

The **exchange rate** is the price of one currency in terms of another. An **appreciation** (the currency strengthens/rises in value) makes a country's exports *more expensive* to foreign buyers (harder to sell abroad) but makes imports *cheaper* to buy (benefiting firms that import raw materials). A **depreciation** (the currency weakens/falls in value) makes exports *cheaper* abroad (easier to sell) but makes imports *more expensive* (raising costs for firms reliant on imported inputs).

	Effect on exports	Effect on imports
Currency **appreciates** (strengthens)	More expensive abroad → harder to sell	Cheaper to buy → raw materials/imported goods cost less
Currency **depreciates** (weakens)	Cheaper abroad → easier to sell	More expensive to buy → imported raw materials cost more

Quantifying an interest rate shock

A manufacturing firm has \$3,000,000 of variable-rate bank loans. The central bank raises interest rates by 2 percentage points.

$$\text{Extra annual interest cost} = 3{,}000{,}000 \times 0.02 = \$60{,}000.$$

This directly reduces annual profit by \$60,000, *and* the same rate rise makes borrowing more expensive for the firm's own customers, likely reducing their spending and therefore the firm's sales revenue — a "double squeeze" of rising costs and falling demand at the same time.

Exchange rate impact on an exporter

A furniture exporter sells a chair priced at \$200 to an overseas customer paying in their own currency. If the exporter's home currency **appreciates** by 10% against the customer's currency, the overseas customer must now pay roughly 10% more of their own currency for the same \$200 chair, making it less price-competitive against local or other foreign alternatives — even though the exporter's own selling price in its home currency (\$200) has not changed at all.

VN GIẢI THÍCH TIẾNG VIỆT

Lãi suất **tăng** → vay đắt hơn, chi tiêu tiêu dùng và đầu tư doanh nghiệp giảm; lãi suất **giảm** thì ngược lại. **Lạm phát** (do cầu vượt cung — demand-pull, hoặc do chi phí tăng — cost-push) làm tăng chi phí, khó lập kế hoạch, có thể khiến hàng xuất khẩu kém cạnh tranh hơn. Nội tệ **tăng giá (appreciation)** → xuất khẩu khó bán hơn (đắt hơn với người mua nước ngoài), nhập khẩu rẻ hơn; nội tệ **giảm giá (depreciation)** thì ngược lại — xuất khẩu dễ bán hơn, nhập khẩu đắt hơn.

6.1.1 Government fiscal policy and the business cycle

Taxation: direct taxes are levied on income/profit (e.g. corporation tax on business profit, income tax on wages) — a rise directly reduces disposable income/after-tax profit. **Indirect taxes** are levied on spending (e.g. sales tax/VAT) — a rise raises the price customers pay, which can reduce demand, especially for products with many substitutes.
Government spending on infrastructure, education and healthcare can lower business costs (better roads, a more skilled workforce) and raise overall demand in the economy.
The business cycle — the economy moves through phases of **boom** (strong growth, low unemployment, rising demand and often rising inflation), **recession** (falling output over a sustained period, rising unemployment, falling demand), **recovery** (output starts growing again after a downturn) and **slump** (a deep, prolonged recession). Businesses selling luxury/non-essential goods are typically hit hardest in a recession, while sellers of essential goods (basic food, budget retailers) are more resilient.

VN GIẢI THÍCH TIẾNG VIỆT

Thuế trực thu (direct tax): đánh vào thu nhập/lợi nhuận (thuế thu nhập doanh nghiệp). **Thuế gián thu (indirect tax)**: đánh vào chi tiêu (thuế giá trị gia tăng/VAT) — tăng thuế gián thu làm giá bán tăng, có thể giảm cầu. **Chu kỳ kinh tế**: tăng trưởng (boom) → suy thoái (recession) → phục hồi (recovery) → khủng hoảng sâu (slump). Doanh nghiệp bán hàng xa xỉ chịu ảnh hưởng nặng nề nhất trong suy thoái; doanh nghiệp bán hàng thiết yếu ổn định hơn.

6.1.2 Fiscal and monetary policy

Governments use two broad sets of tools to manage the overall level of economic activity, both of which directly affect businesses.

Monetary policy — controlling interest rates and the money supply, usually set by a country's central bank, to influence borrowing, spending and inflation (as explored above).
Fiscal policy — the government's own use of taxation and government spending to influence the economy. **Expansionary fiscal policy** (cutting taxes and/or raising government spending) aims to boost demand during a slowdown/recession, benefiting businesses through higher consumer spending and possibly lower tax bills, but can increase government borrowing/debt. **Contractionary (deflationary) fiscal policy** (raising taxes and/or cutting government spending) aims to cool an overheating economy or reduce inflation/government debt, but can reduce consumer demand and business revenue in the short term.

Fiscal policy affecting a business

During a recession, a government cuts income tax rates and increases spending on public infrastructure projects (expansionary fiscal policy). A construction firm benefits directly from new government contracts (infrastructure spending), while a retailer benefits indirectly as consumers, now paying less income tax, have more disposable income to spend in shops. Conversely, if the government later raises income tax and corporation tax to reduce a large budget deficit (contractionary fiscal policy), both firms would likely see reduced demand/higher direct tax costs.

VN GIẢI THÍCH TIẾNG VIỆT

Chính sách tiền tệ (monetary policy): kiểm soát lãi suất và cung tiền, thường do ngân hàng trung ương thực hiện. **Chính sách tài khoá (fiscal policy)**: chính phủ dùng thuế và chi tiêu công để điều tiết nền kinh tế. **Chính sách tài khoá mở rộng** (giảm thuế, tăng chi tiêu) kích thích nhu cầu trong suy thoái; **chính sách tài khoá thắt chặt** (tăng thuế, giảm chi tiêu) làm hạ nhiệt nền kinh tế hoặc giảm nợ công.

6.2 Environmental and ethical influences

Business activity can cause negative externalities such as pollution, waste and resource depletion, imposing costs on third parties and future generations that are not reflected in a firm's own private costs. **Sustainable development** means meeting today's needs without compromising the ability of future generations to meet their own needs; governments increasingly enforce sustainable practice through environmental legislation (emissions limits, recycling requirements, bans on certain materials).

Corporate Social Responsibility (CSR)

CSR is a business voluntarily acting responsibly toward its stakeholders and the environment, going *beyond* the legal minimum required — for example, ethical sourcing of raw materials, paying fair wages above the legal minimum, reducing carbon emissions, and community investment. CSR can raise short-term costs (higher wages, more expensive ethically-sourced materials), but can build long-term brand reputation, customer loyalty and investor confidence, and may help attract and retain employees who value working for a responsible employer.

Businesses regularly face a genuine trade-off between maximising short-term profit and acting ethically — for example, choosing a cheaper but less sustainably-sourced raw material would boost short-term profit margin, but risks reputational damage (and potentially lost sales) if customers discover the practice, alongside possible long-term environmental or regulatory costs.

VN GIẢI THÍCH TIẾNG VIỆT

CSR (trách nhiệm xã hội của doanh nghiệp) là hành động có đạo đức, có trách nhiệm với xã hội và môi trường VƯỢT trên yêu cầu pháp luật tối thiểu — có thể tốn chi phí ngắn hạn (lương cao hơn, nguyên liệu đắt hơn) nhưng xây dựng uy tín thương hiệu và lòng trung thành của khách hàng về lâu dài. Doanh nghiệp thường phải **đánh đổi** giữa lợi nhuận ngắn hạn và đạo đức kinh doanh.

6.2.1 Consumer and employee protection legislation

Governments pass laws to protect stakeholders from being exploited by businesses: **consumer protection legislation** requires goods to be of satisfactory quality, accurately described, and safe to use, and gives consumers rights to refunds/repairs for faulty goods; **employment legislation** sets a minimum wage, maximum working hours, health and safety standards, and protection against unfair dismissal and discrimination. While such legislation raises compliance costs for businesses (e.g. a higher minimum wage raises the wage bill), it also protects a firm's own reputation by setting a "level playing field" that prevents unscrupulous competitors from undercutting prices through exploitative practices.

VN GIẢI THÍCH TIẾNG VIỆT

Luật bảo vệ người tiêu dùng yêu cầu hàng hoá phải đạt chất lượng, mô tả chính xác, an toàn khi sử dụng. Luật lao động quy định lương tối thiểu, giờ làm việc tối đa, tiêu chuẩn an toàn lao động. Các luật này làm tăng chi phí tuân thủ cho doanh nghiệp nhưng cũng tạo ra một "sân chơi công bằng", ngăn đối thủ cạnh tranh không lành mạnh hạ giá bằng cách bóc lột lao động.

6.3 Globalisation and multinational companies

Globalisation is the growing interconnectedness of the world's economies through international trade, investment, technology transfer and migration, driven by cheaper transport and communication costs and the reduction of trade barriers between countries. Globalisation gives businesses access to larger markets and cheaper/more varied inputs, but also exposes them to greater international competition.

A **multinational company (MNC)** operates production or sales facilities in more than one country, often to access lower costs (labour, land, raw materials), reach new overseas markets, avoid trade barriers by producing *inside* a target market, or take advantage of favourable government incentives abroad.
Advantages of MNCs to a host country: new jobs and reduced unemployment; inward investment; transfer of technology, skills and management expertise to the local workforce; extra tax revenue for the host government.
Disadvantages of MNCs to a host country: profits are often **repatriated** (sent back to the MNC's home country) rather than reinvested locally; risk of exploiting cheaper local labour with poor working conditions; potential environmental damage if local regulation is weaker than in the MNC's home country; and the risk of "crowding out" smaller local firms that cannot compete with an MNC's scale and resources.

Evaluating an MNC location decision

A large multinational car manufacturer is deciding whether to build its next factory in a developing country with low labour costs. **Advantage to the host country:** the factory creates thousands of local jobs and brings investment plus new technology/skills training that can spread through the local economy over time. **Disadvantage to the host country:** the MNC may pay wages that are low *relative to its home country* (even if legal locally), may repatriate most profits back to its home country rather than reinvesting them locally, and the new factory could increase local pollution if environmental regulation is weaker than in the MNC's home country.

GIẢI THÍCH TIẾNG VIỆT

VN **Toàn cầu hoá (globalisation):** sự kết nối ngày càng chặt chẽ giữa các nền kinh tế thông qua thương mại, đầu tư, công nghệ. **Công ty đa quốc gia (MNC)** hoạt động ở nhiều quốc gia để tiếp cận chi phí thấp hơn, thị trường mới, hoặc tránh rào cản thương mại. Lợi ích cho nước sở tại: việc làm, đầu tư, chuyển giao công nghệ, thuế. Bất lợi: lợi nhuận thường được **chuyển về nước mẹ (repatriated)** thay vì tái đầu tư tại chỗ, có nguy cơ bóc lột lao động giá rẻ và gây ô nhiễm môi trường.

6.3.1 Trade blocs and international organisations

A **trade bloc** is a group of countries that agree to reduce or eliminate trade barriers between themselves, often while maintaining common external tariffs against non-member countries (e.g. regional economic unions across Europe, Southeast Asia, and North America). Membership gives businesses within the bloc easier, often tariff-free, access to a much larger combined market, encouraging trade and investment between members — but non-member firms can find themselves at a competitive disadvantage when trying to sell into that bloc.
The **World Trade Organization (WTO)** is a global body that negotiates and enforces rules on international trade between its member countries, aiming to reduce trade barriers worldwide and to settle trade disputes between nations.

Business impact of joining a trade bloc

A mid-sized furniture exporter currently faces a 12% tariff when selling into a group of neighbouring countries. If its home country joins a new trade bloc with those countries, eliminating the tariff, a chair previously sold at $220 (including the tariff-inflated price) could now be sold at a lower, more competitive price of around $196 (removing the 12% tariff mark-up), or the same $220 price with a substantially higher profit margin per unit — either strategy is likely to make the firm significantly more competitive in that regional market than before.

GIẢI THÍCH TIẾNG VIỆT

VN **Khối thương mại (trade bloc)**: nhóm quốc gia thoả thuận giảm/xoá bỏ rào cản thương mại giữa các thành viên, đồng thời áp thuế quan chung với các nước ngoài khối — giúp doanh nghiệp trong khối tiếp cận thị trường rộng lớn hơn dễ dàng hơn. **Tổ chức Thương mại Thế giới (WTO)**: tổ chức toàn cầu đàm phán và thực thi quy tắc thương mại quốc tế, giải quyết tranh chấp thương mại giữa các quốc gia.

6.3.2 Trade barriers and free trade

A **tariff** is a *tax* imposed on imported goods, raising their price in the domestic market to protect local producers from cheaper foreign competition. A **quota** is a physical *limit* on the quantity of a good that may be imported, regardless of price. Governments use **protectionism** (tariffs, quotas, and other trade restrictions) to shield domestic jobs and infant industries from foreign competition, while **free trade** (removing such barriers) tends to lower prices, widen consumer choice, and improve overall economic efficiency through countries specialising in what they produce comparatively best.

Tariff vs. quota — calculating the effect

A government imposes a 20% tariff on imported steel that previously cost $500 per tonne. The new price to domestic buyers becomes $500 \times 1.20 = \$600$ per tonne — a tax-driven price rise that makes domestic steel producers (still selling near $500) relatively more competitive. By contrast, a **quota** limiting imports to 100,000 tonnes per year does not directly change the *price* of each unit imported, but restricts the total *quantity* available, which can still push the domestic market price up if demand exceeds the restricted supply.

GIẢI THÍCH TIẾNG VIỆT

VN **Thuế quan (tariff)** là một loại THUẾ đánh vào hàng nhập khẩu, làm tăng giá bán để bảo vệ nhà sản xuất trong nước. **Hạn ngạch (quota)** là giới hạn về SỐ LƯỢNG hàng được phép nhập khẩu, không phụ thuộc vào giá. Chính phủ dùng **bảo hộ mậu dịch (protectionism)** để bảo vệ việc làm/ngành công nghiệp trong nước, trong khi **thương mại tự do (free trade)** thường giúp giảm giá, mở rộng lựa chọn cho người tiêu dùng và tăng hiệu quả kinh tế nhờ chuyên môn hoá.

(!) Lỗi thường gặp: A **tariff** is a *tax* (it raises the price per unit but does not directly limit quantity); a **quota** is a *quantity limit* (it restricts how much can be imported, regardless of price). Confusing these two — a very common exam error — will cost marks even if the general point about "protecting domestic industry" is correct.

6.4 Government subsidies and industrial policy

A **subsidy** is a payment made by the government to a business (or industry) to lower its costs of production, encouraging it to produce more, keep prices lower for consumers, remain internationally competitive, or continue operating in a strategically important industry that might otherwise struggle (e.g. domestic agriculture, renewable energy). Subsidies can help protect domestic jobs and industries seen as important for national interest (e.g. food security, energy security), but they are costly to the government (funded by taxpayers), can encourage inefficiency if firms become reliant on continued support rather than improving competitiveness, and may be challenged by trading partners as an unfair barrier to free trade.

Effect of a subsidy on cost and price

A domestic wheat farmer's production cost is $220 per tonne, above the $190 per tonne price of imported wheat, making the farmer uncompetitive without support. The government introduces a subsidy of $40 per tonne, effectively lowering the farmer's break-even cost to $220 - 40 = \$180$ per tonne — now below the $190 import price, allowing the domestic farmer to compete and continue operating (protecting domestic food production capacity), at a direct cost to the government (and ultimately taxpayers) equal to the subsidy paid per tonne produced.

GIẢI THÍCH TIẾNG VIỆT

VN **Trợ cấp (subsidy)** là khoản chính phủ chi trả cho doanh nghiệp/ngành để giảm chi phí sản xuất, khuyến khích sản xuất nhiều hơn, giữ giá thấp cho người tiêu dùng, hoặc bảo vệ ngành chiến lược quan trọng. Trợ cấp giúp bảo vệ việc làm/ngành trong nước nhưng tốn kém ngân sách nhà nước và có thể khiến doanh nghiệp ỷ lại, giảm động lực cải thiện hiệu quả.

6.5 Practice and consolidation

Bài tập luyện tập

Case study. Facing a recession, a government cuts corporation tax and significantly increases spending on new public hospitals and schools. Identify whether this is expansionary or contractionary fiscal policy, and explain *one* way a private construction company could directly benefit.

Lời giải chi tiết

This is **expansionary fiscal policy** (tax cuts combined with higher government spending), intended to boost demand during a recession. **Benefit to a construction company:** it may win lucrative new contracts to build the public hospitals and schools directly funded by the increased government spending, providing a reliable source of revenue precisely when private-sector demand (e.g. for new private housing) may otherwise be weak during the recession.

Bài tập luyện tập

Which of the following describes contractionary (deflationary) fiscal policy?

(A) Cutting interest rates

(B) Raising taxes and/or cutting government spending to cool the economy or reduce government debt

(C) Increasing the money supply

(D) Removing all tariffs and quotas

Lời giải chi tiết

Raising taxes and/or cutting government spending, to reduce demand/inflation or government debt, is **contractionary fiscal policy**. **(B)**.

Bài tập luyện tập

A country's currency appreciates sharply against its main trading partners' currencies. What is the most likely effect on the country's exporters?

(A) Their goods become cheaper abroad and easier to sell

(B) Their goods become more expensive abroad and harder to sell

(C) Import costs rise, squeezing their profit margins

(D) There is no effect on exporters

Lời giải chi tiết

Appreciation makes goods priced in the (now stronger) domestic currency **more expensive** to foreign buyers, making exports harder to sell. **(B)**.

Bài tập luyện tập

Case study. A manufacturing firm has $3,000,000 of variable-rate bank loans. The central bank unexpectedly raises interest rates by 2 percentage points. Explain *two* likely effects on this firm.

Lời giải chi tiết

(1) **Higher interest costs** — the firm's loan repayments rise immediately (2 percentage points on $3,000,000 is an extra $60,000 per year), reducing profit. (2) **Lower consumer demand** — customers also face higher borrowing costs and cut back spending, which can reduce the firm's sales revenue at the same time as its costs rise.

Bài tập luyện tập

A clothing company pays all its overseas factory workers well above the local legal minimum wage and funds a local school, even though this is not required by any law and reduces short-term profit. This is best described as:

(A) Tax avoidance

(B) A tariff

(C) Corporate social responsibility (CSR)

(D) Protectionism

Lời giải chi tiết

Acting ethically beyond the legal minimum, at a cost to short-term profit, is the definition of **CSR**. **(C)**.

Bài tập luyện tập

A government imposes a strict limit on the number of imported steel tonnes allowed into the country each year, regardless of price. This trade barrier is a:

(A) Tariff

(B) Quota

(C) Subsidy

(D) Exchange control

Lời giải chi tiết

A limit on the *quantity* of a good that may be imported is a **quota** (a tariff would instead be a tax that raises the price). **(B)**.

Bài tập luyện tập

Case study. A large multinational car manufacturer is deciding whether to build its next factory in a developing country with low labour costs. Discuss *one* advantage and *one* disadvantage of this decision for the host (developing) country.

Lời giải chi tiết

Advantage: the factory creates thousands of local jobs and brings investment plus new technology/skills training that can spread through the local economy. **Disadvantage:** the MNC may pay low wages relative to its home country, may repatriate most profits back to its home country rather than reinvesting locally, and the new factory could increase local pollution if environmental regulation is weaker than in the MNC's home country.

Bài tập luyện tập

Which of the following best illustrates cost-push inflation?

(A) Strong consumer demand for a new smartphone causes queues and shortages

(B) A rise in the global price of oil raises transport and production costs across the economy, which firms pass on as higher prices

(C) A government cuts income tax, boosting consumer spending

(D) A country's currency appreciates, making imports cheaper

Lời giải chi tiết

Inflation driven by rising production costs (e.g. oil prices) being passed on to consumers is **cost-push** inflation. **(B)**. (Option A instead describes demand-pull inflation.)

Bài tập luyện tập

Case study. A government raises the indirect sales tax (VAT) on all retail goods from 10% to 15%. Explain *two* likely effects on a mid-sized retail business.

Lời giải chi tiết

(1) **Higher prices to customers** — if the retailer passes the tax rise on in full, its selling prices rise, which is likely to reduce the quantity demanded, especially for goods with close substitutes or for which demand is price-sensitive. (2) **Reduced profit margin (if absorbed)** — alternatively, the retailer may choose to absorb some or all of the tax rise itself (keeping prices unchanged to protect sales volume), which directly reduces its own profit margin per unit sold. In practice, many retailers pass on *part* of the tax rise and absorb the rest, balancing the trade-off between protecting sales volume and protecting profit margin.

Bài tập luyện tập

A country's economy is currently experiencing falling output for the second consecutive quarter, rising unemployment, and falling consumer spending. Which phase of the business cycle is this?

(A) Boom
(B) Recession
(C) Recovery
(D) Hyperinflation

Lời giải chi tiết

Sustained falling output alongside rising unemployment and falling spending describes a **recession**. **(B)**.

Bài tập luyện tập

Case study. A luxury car manufacturer and a discount grocery chain are both facing a national recession. Explain why the luxury car manufacturer is likely to be affected more severely than the discount grocery chain.

Lời giải chi tiết

During a recession, consumer incomes fall or become less certain, and spending typically shifts away from expensive, non-essential (**luxury/discretionary**) purchases like new cars — which can often be postponed — toward essential, lower-cost goods. The discount grocery chain sells largely essential items (food) that customers must continue buying regardless of the economic climate, and its lower prices may even attract *more* price-sensitive customers switching away from pricier alternatives during a downturn. The luxury car manufacturer, by contrast, sells expensive discretionary items that are among the first purchases households delay or cancel when incomes are squeezed.

Bài tập luyện tập

A firm imports raw materials priced in a foreign currency. If the firm's home currency depreciates by 15% against that foreign currency, what is the most likely effect on the firm?

(A) Its imported raw materials become 15% cheaper
(B) Its imported raw materials become more expensive, raising its costs
(C) There is no effect since raw materials are not traded internationally
(D) Its exports become harder to sell

Lời giải chi tiết

A depreciating home currency means more of it is needed to buy the same amount of foreign currency, making imported inputs **more expensive** for the firm. **(B)**.

Bài tập luyện tập

Case study. A government removes all tariffs and quotas on imported clothing as part of a new free trade agreement. Evaluate the likely impact on (a) domestic clothing manufacturers and (b) domestic consumers.

Lời giải chi tiết

(a) **Domestic clothing manufacturers** are likely to face **increased competition** from now-cheaper foreign imports (no longer inflated by tariffs, and no longer restricted by quotas), which could reduce their sales, market share and profit, potentially forcing some to become more efficient, differentiate their products, or exit the market entirely. (b) **Domestic consumers** are likely to **benefit** from lower prices (no tariff mark-up) and a wider range of choice (no quota restricting available imported quantity/variety), improving their real purchasing power. **Evaluation:** the overall national effect depends on weighing the loss of domestic manufacturing jobs/output against the wider gain in consumer welfare — a classic trade-off central to the free trade versus protectionism debate.

Bài tập luyện tập

Which of the following is most clearly an example of a business responding to consumer protection legislation, rather than acting purely out of self-interest?

(A) Launching a new premium product line to increase profit margin

(B) Ensuring all products sold are of satisfactory quality and accurately described, with a clear returns policy for faulty goods

(C) Cutting advertising spend to reduce costs

(D) Opening a new store in a growing suburb

Lời giải chi tiết

Ensuring product quality, accurate description and a returns policy for faulty goods reflects compliance with **consumer protection legislation**. **(B)**.

Bài tập luyện tập

Case study. A food-processing company is deciding whether to source a key ingredient from (a) a cheaper supplier known to use environmentally damaging farming practices, or (b) a more expensive supplier certified as sustainable and fair-trade. Discuss the business case for and against choosing option (b).

Lời giải chi tiết

Case for choosing (b), the sustainable supplier: it directly supports the company's **CSR** credentials, which can strengthen brand reputation, build customer loyalty (especially among increasingly ethically-conscious consumers), and reduce reputational/regulatory risk if the cheaper supplier's practices were later exposed publicly, causing a boycott or bad publicity that could far outweigh the extra ingredient cost. **Case against (i.e. for the cheaper supplier (a)):** the higher ingredient cost directly reduces short-term profit margin, which may put the firm at a price disadvantage against competitors willing to use the cheaper, less sustainable option, particularly in a highly price-competitive market. **Judgement:** the "right" choice depends on the firm's target market (premium/ethically-conscious customers may actively reward option (b) with premium prices) and its time horizon — option (b) sacrifices some short-term profit for a stronger long-term brand and lower long-term risk.

Bài tập luyện tập

A central bank cuts its main interest rate from 5% to 3%. Which of the following is the most likely combined effect on businesses and consumers?

(A) Borrowing becomes more expensive, reducing both business investment and consumer spending

(B) Borrowing becomes cheaper, encouraging both business investment and consumer spending

(C) Only businesses are affected; consumers are entirely unaffected by interest rate changes

(D) Exchange rates and inflation are completely unrelated to interest rates

Lời giải chi tiết

A cut in interest rates lowers the cost of borrowing for both firms and households, typically encouraging higher business investment and higher consumer spending. **(B)**.

Bài tập luyện tập

Case study. A national government announces a large increase in spending on new motorways, ports and high-speed rail over the next five years. Explain *two* ways this could benefit private businesses in that country.

Lời giải chi tiết

(1) **Lower transport/logistics costs** — improved roads, ports and rail links can reduce the time and cost of moving raw materials and finished goods, directly lowering firms' operating costs and potentially opening up new, previously inaccessible markets or suppliers. (2) **Higher overall demand in the economy** — the government spending itself creates jobs and incomes for those directly employed on the infrastructure projects (and their suppliers), who then spend that income in the wider economy, boosting demand for businesses more broadly (a "multiplier" effect) even beyond the construction sector itself.

Bài tập luyện tập

A group of neighbouring countries agrees to eliminate all tariffs between themselves while maintaining a common external tariff on goods from non-member countries. This arrangement is best described as a:

(A) A single multinational company

(B) A trade bloc

(C) A quota

(D) A subsidy

Lời giải chi tiết

A group of countries removing internal trade barriers while maintaining shared external tariffs describes a **trade bloc**. **(B)**.

Bài tập luyện tập

Case study. A domestic steel producer's cost of production is \$610 per tonne, compared with an import price of \$540 per tonne, making it uncompetitive. The government introduces a subsidy of \$90 per tonne. (a) Calculate the domestic producer's effective cost per tonne after the subsidy. (b) Explain whether the domestic producer can now compete with imports on cost grounds.

Lời giải chi tiết

(a) Effective cost after subsidy $= 610 - 90 = \$520$ per tonne.
(b) Since \$520 is now **below** the \$540 import price, the domestic producer can compete on cost grounds — the subsidy has closed the competitiveness gap, though this support comes at a direct cost to the government (and ultimately taxpayers) rather than reflecting a genuine underlying efficiency improvement by the domestic producer.

Bài tập luyện tập

Which of the following is most likely to be a criticism of government subsidies to a domestic industry?

(A) They always immediately eliminate all international trade

(B) They are costly to taxpayers and can reduce firms' incentive to improve efficiency, since support continues regardless of performance

(C) They can only ever be used in the agricultural sector

(D) They automatically raise the exchange rate

Lời giải chi tiết

Subsidies are funded by taxpayers and can reduce firms' urgency to cut costs or innovate, since financial support continues regardless of how efficiently they operate. **(B)**.

Bài tập luyện tập

Case study. A clothing manufacturer currently exports to a group of neighbouring countries and pays a 15% tariff on each shipment. Its home country then joins a new regional trade bloc with those countries, eliminating the tariff entirely. Explain *two* likely effects on the manufacturer.

Lời giải chi tiết

(1) **Improved price competitiveness** — without the 15% tariff mark-up, the manufacturer can either lower its price to customers in that region (becoming more competitive against local producers) or keep its price unchanged and earn a significantly higher profit margin per unit on every export sale. (2) **Increased export volume potential** — the now more competitive pricing is likely to allow the manufacturer to win a larger share of that regional market, potentially justifying increased production capacity and even new investment aimed specifically at serving the bloc's combined, now more accessible, market.

6.5.1 Extended case study: Solvane Appliances

Bài tập luyện tập

Extended case study. Solvane Appliances, based in a country whose currency has depreciated by 12% against major trading currencies over the past year, manufactures kitchen appliances for both the domestic market and export. Its central bank has just raised interest rates from 4% to 7% to combat rising inflation (currently 9%, driven largely by rising imported component costs). Solvane has $2,400,000 of variable-rate loans. The government has also just introduced a 20% tariff on a key imported component Solvane uses in every appliance, previously costing $45 per unit, while simultaneously offering a subsidy of $8 per unit to domestic component manufacturers to encourage firms like Solvane to switch to local suppliers. Solvane is deciding whether to continue importing the component or switch to a domestic supplier.

(a) Calculate the extra annual interest cost Solvane faces from the interest rate rise.
(b) Explain *one* likely effect of the currency depreciation on Solvane's export sales, and *one* likely effect of the 9% inflation rate on its domestic costs.
(c) Calculate the new price of the imported component after the 20% tariff.
(d) If the equivalent domestic component (before any subsidy) costs $50 per unit, calculate its effective cost to Solvane after the government's $8 per-unit subsidy, and advise Solvane whether to switch suppliers on cost grounds.
(e) Evaluate the overall combined impact of these economic and government policy changes on Solvane, considering at least two separate factors.

Lời giải chi tiết

(a) Extra interest cost $= 2{,}400{,}000 \times (0.07 - 0.04) = 2{,}400{,}000 \times 0.03 = \$72{,}000$ per year.

(b) Currency depreciation: a weaker domestic currency makes Solvane's exports **cheaper** to foreign buyers, likely **increasing** export sales/competitiveness abroad. **Inflation:** rising imported component costs (cost-push inflation) are likely to **raise** Solvane's domestic production costs, squeezing profit margins unless these costs are passed on to customers through higher prices.

(c) New price after tariff $= 45 \times 1.20 = \$54$ per unit.

(d) Effective cost of the domestic component after subsidy $= 50 - 8 = \$42$ per unit. Comparing $42 (domestic, after subsidy) with $54 (imported, after tariff): the domestic option is now $12 per unit **cheaper**, so on cost grounds alone, **Solvane should switch to the domestic supplier**.

(e) Solvane faces a genuinely mixed picture. **Negative factors:** the interest rate rise directly costs an extra $72,000/year, and general inflation (partly from imported costs) raises costs across the business. **Positive/mitigating factors:** the currency depreciation supports export sales by making them more price-competitive abroad, and the new tariff-plus-subsidy combination (though initially appearing to raise costs via the tariff) actually creates a clear incentive and opportunity to switch to a *cheaper* domestic supplier ($42 vs $54), which would more than offset the tariff's direct effect once Solvane switches. **Overall**, provided Solvane acts on the domestic-supplier opportunity, the currency and trade-policy changes are broadly favourable, while the interest rate rise remains a straightforward added cost that must be managed (e.g. by considering whether to fix its loan interest rate rather than remain fully exposed to variable rates).

Bài tập luyện tập

A country experiences a sudden fall in the international price of one of its main export commodities. Which of the following business effects is most likely for firms in that country producing and exporting this commodity?

(A) Their export revenue is unaffected by world commodity prices

(B) Their export revenue is likely to fall, squeezing profit margins unless costs are also reduced

(C) Their domestic currency automatically appreciates as a direct result

(D) They are legally required to raise their prices

Lời giải chi tiết

A fall in the world price of a key export commodity directly reduces the revenue earned per unit exported by domestic producers, squeezing profit margins unless they can offset this with lower costs. **(B)**.

Bài tập luyện tập

Case study. A national government announces it will phase in a new carbon tax on manufacturing firms, charging $15 per tonne of CO_2 emitted. A cement manufacturer currently emits 40,000 tonnes of CO_2 per year. (a) Calculate the manufacturer's annual carbon tax bill once the policy is fully implemented. (b) Suggest *one* way the firm could reduce this cost over time.

Lời giải chi tiết

(a) Annual carbon tax bill $= 40{,}000 \times 15 = \$600{,}000$.
(b) The firm could invest in cleaner production technology or more energy-efficient processes to reduce its CO_2 emissions per tonne of cement produced, directly lowering its total taxable emissions and therefore its annual tax bill over time — illustrating how environmental taxes are designed to create a direct financial incentive for firms to reduce pollution, beyond simply raising government revenue.

Bài tập luyện tập

Which of the following best describes the relationship between free trade and protectionism?

(A) They are two names for exactly the same policy

(B) Free trade removes barriers to trade between countries, while protectionism uses barriers such as tariffs and quotas to shield domestic industries from foreign competition

(C) Free trade only applies to services, while protectionism only applies to physical goods

(D) Protectionism always benefits consumers more than free trade does

Lời giải chi tiết

Free trade reduces/removes barriers to encourage international trade, while protectionism deliberately uses barriers (tariffs, quotas) to shield domestic producers from foreign competition. **(B)**.

Bài tập luyện tập

Case study. A national government raises the legal minimum wage by 18%. A labour-intensive clothing manufacturer employing 400 minimum-wage workers, each currently earning $16,000 per year, must now comply. (a) Calculate each worker's new annual wage and the firm's total additional annual wage cost across all 400 workers. (b) Suggest *one* way the firm might respond to manage this increased cost.

Lời giải chi tiết

(a) New annual wage per worker $= 16{,}000 \times 1.18 = \$18{,}880$; extra cost per worker $= 18{,}880 - 16{,}000 = \$2{,}880$. Total additional annual cost across 400 workers $= 2{,}880 \times 400 = \$1{,}152{,}000$. (b) The firm could respond by raising prices to pass some of the cost on to customers, investing in automation to reduce its reliance on minimum-wage labour over time, improving productivity/efficiency elsewhere to offset the higher wage bill, or absorbing some of the cost as a lower profit margin in the short term rather than risking losing customers to competitors through a price rise.

Bài tập luyện tập

Which of the following is most likely to happen to a country's aggregate demand during a recession (a sustained fall in economic output)?

(A) Aggregate demand typically rises sharply

(B) Aggregate demand typically falls, as unemployment rises and consumer/business confidence weakens

(C) Aggregate demand is completely unaffected by the business cycle

(D) Aggregate demand only affects the primary sector

Lời giải chi tiết

During a recession, rising unemployment and weaker consumer/business confidence typically reduce overall spending in the economy — aggregate demand falls. **(B)**.

Bài tập luyện tập

Case study. A national government wants to reduce plastic packaging waste from the retail sector. It is considering two policy options: (i) a mandatory ban on single-use plastic bags, or (ii) a small tax of $0.10 per plastic bag, with retailers free to keep using them if customers are willing to pay. Compare these two approaches from a business's perspective.

Lời giải chi tiết

Option (i), an outright ban: gives retailers no choice at all — they must switch entirely to alternatives (paper bags, reusable bags) immediately, which guarantees the environmental objective is met but removes any flexibility and may impose a sudden cost-adjustment burden on retailers who have not yet sourced viable alternatives. **Option (ii), a small tax:** is more flexible for businesses — retailers can continue offering plastic bags to customers who are willing to pay the extra $0.10, while still creating a genuine financial incentive for customers to reduce usage (bringing their own bags) without forcing an abrupt operational change on retailers. **Business perspective:** option (ii) is generally less disruptive and costly for businesses to comply with in the short term, though it may achieve a smaller overall reduction in plastic use than a complete ban, since some customers/retailers may simply continue to accept the small extra cost.

Bài tập luyện tập

A firm's home currency depreciates at the same time as the central bank raises interest rates to defend the currency's value. Which combined effect on the firm is most likely if it is primarily an *importer* of raw materials (rather than an exporter)?

(A) Both changes benefit the firm equally

(B) The currency depreciation raises import costs, and the interest rate rise raises borrowing costs — a double negative effect for an import-dependent firm

(C) Neither change has any effect on an importer

(D) The firm's gearing ratio automatically falls

Lời giải chi tiết

For a firm that imports raw materials, currency depreciation makes those imports **more expensive** (raising costs), and a simultaneous interest rate rise also raises the cost of any borrowing — both effects act as cost increases for an import-dependent business at the same time. **(B).**

Bài tập luyện tập

Case study. A group of neighbouring countries forms a new trade bloc, agreeing to eliminate tariffs between members but to maintain a common 25% tariff on goods imported from outside the bloc. A domestic manufacturer within the bloc currently faces competition from an external (non-member) rival whose product, before any tariff, would cost \$80; the domestic manufacturer's equivalent product costs \$95. (a) Calculate the non-member rival's price after the new 25% common external tariff is applied. (b) Comment on whether the domestic manufacturer is now more competitive as a direct result of the trade bloc's formation.

Lời giải chi tiết

(a) Rival's price after tariff $= 80 \times 1.25 = \$100$.
(b) Before the trade bloc, the non-member rival's untaxed price (\$80) was **cheaper** than the domestic manufacturer's \$95 product. After the bloc's common external tariff is applied, the rival's effective price rises to \$100 — now *more expensive* than the domestic manufacturer's \$95 product. The domestic manufacturer has therefore become **more price-competitive relative to this specific non-member rival**, purely as a result of the new trade bloc's external tariff, without any change to its own costs or pricing.

6.6 Exchange rate movements: a further worked example

Converting revenue at different exchange rates

A firm sells goods to an overseas customer for a fixed price of 500,000 units of the customer's local currency. At an exchange rate of 5.00 local-currency units per \$1, this converts to $500{,}000/5.00 = \$100{,}000$ of revenue for the firm. If the customer's currency then depreciates (or the firm's home currency appreciates) to a new rate of 6.25 local-currency units per \$1, the same 500,000 local-currency-unit invoice now converts to only $500{,}000/6.25 = \$80{,}000$ — a fall in revenue of \$20,000 (a 20% fall), purely due to the exchange rate movement, even though the customer paid the agreed local-currency price in full and on time. This illustrates why firms trading internationally face genuine **exchange rate risk** on invoices priced in a foreign currency, and why some firms use financial techniques (e.g. forward contracts, agreeing an exchange rate in advance) to protect themselves against this risk.

VN GIẢI THÍCH TIẾNG VIỆT

Khi doanh nghiệp bán hàng ra nước ngoài với giá cố định bằng ngoại tệ, biến động tỷ giá hối đoái có thể làm thay đổi đáng kể giá trị doanh thu quy đổi về nội tệ — ngay cả khi khách hàng đã thanh toán đầy đủ, đúng hạn theo đúng giá thoả thuận. Đây gọi là **rủi ro tỷ giá hối đoái (exchange rate risk)**, và một số doanh nghiệp sử dụng hợp đồng kỳ hạn (forward contracts) để cố định tỷ giá trước, nhằm phòng ngừa rủi ro này.

Bài tập luyện tập

Case study. An exporter agrees to sell machinery to an overseas buyer for 2,400,000 units of the buyer's local currency, to be paid in 90 days. At today's exchange rate of 8.00 local-currency units per $1, this would be worth $300,000. Over the next 90 days, the buyer's currency unexpectedly strengthens to 6.00 local-currency units per $1. (a) Calculate what the 2,400,000 local-currency-unit payment is now worth in dollars at the new exchange rate. (b) Explain whether the exporter has gained or lost from this exchange rate movement.

Lời giải chi tiết

(a) New dollar value $= 2{,}400{,}000/6.00 = \$400{,}000$.
(b) The exporter has **gained** $100,000 ($= 400{,}000 - 300{,}000$) purely from the exchange rate movement — the buyer's currency *strengthened* relative to the exporter's currency between the agreement and payment dates, meaning the same fixed foreign-currency payment now converts into more dollars than originally expected. (Had the buyer's currency instead weakened, the exporter would have suffered a corresponding loss — illustrating the two-sided nature of exchange rate risk on foreign-currency contracts.)

6.7 Government economic objectives

Governments generally pursue four broad macroeconomic objectives, all of which shape the business environment:

Economic growth — a sustained rise in national output, generally desirable as it tends to increase consumer spending, business investment and government tax revenue. **Low unemployment** — more people in work supports consumer spending and reduces welfare spending, benefiting businesses through stronger demand. **Low and stable inflation** — protects the purchasing power of money and allows businesses to plan costs and prices with greater certainty. **A stable balance of payments/exchange rate** — avoids the disruptive swings in import/export costs and competitiveness explored earlier in this unit. Governments often face trade-offs between these objectives — for example, policies to boost growth and reduce unemployment (e.g. cutting interest rates) can risk higher inflation if the economy overheats.

A policy trade-off

Facing high unemployment, a government cuts interest rates and increases public spending to stimulate growth. Unemployment falls from 9% to 5% over the following two years — a clear success for that objective — but at the same time, inflation rises from 2% to 7%, well above the government's usual target. This illustrates a classic macroeconomic trade-off: policies effective at reducing unemployment and boosting growth can risk allowing inflation to rise beyond a government's comfort level, often forcing a subsequent policy reversal (e.g. raising interest rates again) to bring inflation back under control — with knock-on effects for businesses relying on the earlier low-rate environment.

VN GIẢI THÍCH TIẾNG VIỆT

Chính phủ thường theo đuổi 4 mục tiêu kinh tế vĩ mô: **tăng trưởng kinh tế**, **tỷ lệ thất nghiệp thấp**, **lạm phát thấp và ổn định**, và **cán cân thanh toán/tỷ giá ổn định**. Các mục tiêu này thường **đánh đổi** lẫn nhau — ví dụ chính sách kích thích tăng trưởng và giảm thất nghiệp (giảm lãi suất) có thể khiến lạm phát tăng nếu nền kinh tế "quá nóng".

Bài tập luyện tập

Which of the following best illustrates a trade-off between two government macroeconomic objectives?

(A) A government simultaneously achieves lower unemployment, lower inflation, and faster growth with no cost at all

(B) Policies that stimulate growth and reduce unemployment risk causing inflation to rise if the economy overheats

(C) Government objectives never conflict with one another

(D) Exchange rate stability has no relationship to any other economic objective

Lời giải chi tiết

A classic macroeconomic trade-off is that stimulating growth/reducing unemployment can risk higher inflation if demand rises faster than the economy's capacity to supply it. **(B)**.

Bài tập luyện tập

Case study. A government's key economic objectives this year are (i) reducing unemployment from 8% to 5%, and (ii) keeping inflation below its 3% target. It is considering a large cut in interest rates. Explain *one* way this policy could help achieve objective (i), and *one* risk it poses to objective (ii).

Lời giải chi tiết

Help toward objective (i): lower interest rates make borrowing cheaper for both consumers and businesses, likely boosting consumer spending and business investment; higher demand for goods and services typically leads firms to hire more staff, helping reduce unemployment toward the 5% target. **Risk to objective (ii):** the same increase in consumer/business spending that helps reduce unemployment can also push demand higher relative to the economy's productive capacity, risking **demand-pull inflation** that could push inflation above the 3% target — illustrating the classic trade-off between the government's unemployment and inflation objectives.

6.8 Emerging markets and outsourcing destinations

Many multinational firms locate production or services in **emerging markets** — developing economies experiencing rapid growth and industrialisation — to access lower costs and fast-growing new customer bases.

Advantages of emerging markets for an MNC: significantly lower labour and land costs than in developed economies; often a large, young, increasingly-skilled workforce; and a fast-growing domestic consumer market offering long-term sales potential as local incomes rise. **Risks:** less developed infrastructure (transport, reliable electricity) can disrupt operations; political and currency instability may be higher than in developed economies; and legal/regulatory protection (e.g. of intellectual property, contracts) may be weaker or less predictably enforced.

Weighing the emerging-market trade-off

A clothing manufacturer compares two potential new factory locations: a developed-economy site with high labour costs ($28/hour) but very reliable infrastructure and strong legal protection, versus an emerging-market site with much lower labour costs ($4/hour) but occasional power outages and less predictable contract enforcement. For a simple, low-risk product (e.g. basic T-shirts), the emerging-market site's dramatic labour cost saving is likely to dominate the decision, since occasional disruption can be planned around with modest buffer stock. For a highly time-sensitive, technologically sensitive product (e.g. a business reliant on protecting a proprietary manufacturing process), the developed-economy site's stronger legal protection and infrastructure reliability may be worth the much higher labour cost, since a disruption or loss of proprietary know-how could be far more costly than the labour savings.

VN GIẢI THÍCH TIẾNG VIỆT

Thị trường mới nổi (emerging markets): các nền kinh tế đang phát triển với tốc độ tăng trưởng nhanh, thu hút MNC nhờ chi phí lao động/đất đai thấp và thị trường tiêu dùng đang mở rộng. Rủi ro: hạ tầng kém phát triển, bất ổn chính trị/tiền tệ, bảo vệ pháp lý (sở hữu trí tuệ, hợp đồng) yếu hơn. Quyết định đặt nhà máy phụ thuộc vào bản chất sản phẩm — sản phẩm đơn giản, rủi ro thấp phù hợp với thị trường mới nổi; sản phẩm nhạy cảm về công nghệ/thời gian có thể cần địa điểm ở nền kinh tế phát triển.

Bài tập luyện tập

Case study. A furniture manufacturer currently pays $22/hour for labour in its home country. It is considering relocating production to an emerging-market country where equivalent labour costs only $5/hour, for a factory using 80,000 labour-hours per year. (a) Calculate the current annual labour cost and the labour cost if relocated. (b) Calculate the annual saving from relocating, and identify *one* risk the manufacturer should weigh against this saving.

Lời giải chi tiết

(a) Current annual labour cost $= 22 \times 80{,}000 = \$1{,}760{,}000$. Relocated annual labour cost $= 5 \times 80{,}000 = \$400{,}000$.
(b) Annual saving $= 1{,}760{,}000 - 400{,}000 = \$1{,}360{,}000$. **Risk to weigh against this saving:** less reliable infrastructure (e.g. power outages disrupting production schedules) or weaker legal protection of contracts/intellectual property in the emerging market, either of which could impose costs or losses that partially offset the very large labour cost saving.

Bài tập luyện tập

Which of the following is most likely to be a genuine risk of locating production in an emerging market, compared with a developed economy?

(A) Labour costs are always higher in emerging markets

(B) Infrastructure (e.g. reliable electricity, transport) may be less developed, and legal/regulatory protection may be weaker or less predictable

(C) Emerging markets have no potential for future consumer demand growth

(D) There is no risk at all associated with emerging markets

Lời giải chi tiết

Less developed infrastructure and weaker/less predictable legal protection are genuine risks commonly associated with emerging-market locations, alongside their cost advantages. **(B)**.

6.9 Extended case study: Voltrex Manufacturing

Bài tập luyện tập

Extended case study. Voltrex Manufacturing, based in a developed economy, produces electrical components. Its home currency has appreciated by 15% against its main export markets' currencies over the past year, at the same time as the central bank raised interest rates from 3% to 6% to control inflation, currently at 8% (partly driven by rising imported copper prices). Voltrex has $1,800,000 of variable-rate loans. The government has just signed a new trade agreement joining a regional trade bloc, removing a 12% tariff Voltrex previously paid on components it imports from a key supplier within the bloc, which cost $65 per unit before the tariff. Voltrex is also considering relocating a portion of production to an emerging-market country where labour costs are $6/hour (compared with $24/hour at home) for a plant using 60,000 labour-hours per year, though the emerging market has less reliable electricity supply.

(a) Calculate the extra annual interest cost Voltrex faces from the interest rate rise.
(b) Explain *one* likely effect of the currency appreciation on Voltrex's export sales.
(c) Calculate the price Voltrex previously paid per imported component (including the 12% tariff) and the saving per unit now that the tariff has been removed.
(d) Calculate the annual labour cost saving if Voltrex relocates the 60,000-labour-hour production to the emerging-market country.
(e) Evaluate whether Voltrex should proceed with the relocation, weighing the financial saving against the identified risk.

Lời giải chi tiết

(a) Extra interest cost $= 1{,}800{,}000 \times (0.06 - 0.03) = 1{,}800{,}000 \times 0.03 = \$54{,}000$ per year.

(b) A currency **appreciation** makes Voltrex's exports **more expensive** for foreign buyers (in their own currency), likely **reducing** its export sales/competitiveness abroad — a headwind stacking on top of its rising interest costs.

(c) Previous tariff-inclusive price $= 65 \times 1.12 = \$72.80$ per unit. Saving per unit after tariff removal $= 72.80 - 65 = \$7.80$ per unit.

(d) Current labour cost $= 24 \times 60{,}000 = \$1{,}440{,}000$. Relocated labour cost $= 6 \times 60{,}000 = \$360{,}000$. Annual saving $= 1{,}440{,}000 - 360{,}000 = \$1{,}080{,}000$.

(e) Evaluation: the potential labour cost saving ($1,080,000/year) is very large and would substantially help offset the other cost pressures Voltrex faces this year (higher interest costs, high inflation). However, the emerging market's less reliable electricity supply is a genuine operational risk — unplanned power outages could halt production, damage sensitive electrical components mid-manufacture, or cause missed delivery deadlines to customers, potentially costing far more than the labour saving in a worst-case scenario. **Recommendation:** Voltrex should proceed only if it can mitigate the electricity risk (e.g. investing in backup generators, or verifying the specific site has better infrastructure than the country average) — given the scale of the saving, a partial relocation (rather than immediately moving all production) may be a sensible way to test the emerging market's reliability before committing further.

Bài tập luyện tập

A country's central bank raises interest rates specifically to defend its currency from depreciating further, even though this slows domestic economic growth. Which of the following best describes the trade-off illustrated here?

(A) There is no trade-off; higher interest rates always benefit every objective simultaneously

(B) A trade-off between exchange rate stability and economic growth/employment

(C) A trade-off between quality control and quality assurance

(D) A trade-off between primary and secondary market research

Lời giải chi tiết

Raising interest rates to support the currency can slow growth and raise unemployment, illustrating a trade-off between the exchange rate objective and the growth/employment objectives. **(B)**.

Bài tập luyện tập

Case study. A national government imposes a new environmental levy of $3 per tonne of packaging waste on all manufacturers, aiming to reduce landfill use. A beverage company currently produces 45,000 tonnes of packaging waste per year. (a) Calculate its current annual levy cost. (b) If the company invests in lighter packaging that cuts its waste to 30,000 tonnes per year, calculate its new annual levy cost and the annual saving from the investment.

Lời giải chi tiết

(a) Current levy cost $= 45{,}000 \times 3 = \$135{,}000$ per year.
(b) New levy cost $= 30{,}000 \times 3 = \$90{,}000$ per year. Annual saving $= 135{,}000 - 90{,}000 = \$45{,}000$ — illustrating how environmental taxes create a direct financial incentive (beyond any ethical motivation) for firms to invest in reducing their environmental footprint.

6.10 Measuring the economy: GDP and unemployment

Governments and businesses both track a small set of key economic indicators to judge the overall health of the economy.

Gross Domestic Product (GDP) is the total value of goods and services produced within a country over a given period (usually a year). **Real GDP growth** (adjusted for inflation) is the standard measure of **economic growth**; sustained positive growth generally signals rising incomes, spending and business opportunity, while two or more consecutive quarters of *falling* real GDP is the standard technical definition of a **recession**.
The **unemployment rate** is the percentage of the labour force (those working or actively seeking work) who are without a job. A rising unemployment rate signals weaker consumer spending power and confidence (bad for most businesses selling to domestic consumers, though possibly good for firms trying to recruit staff cheaply); a falling rate signals a strengthening economy and consumer demand, but can also make it harder and more expensive for businesses to recruit and retain staff as the available pool of workers shrinks.

Calculating GDP growth and the unemployment rate

A country's real GDP rises from $480 billion to $504 billion over one year.

$$\text{GDP growth rate} = \frac{504-480}{480} \times 100 = \frac{24}{480} \times 100 = 5\%.$$

In the same country, the labour force totals 20 million people, of whom 1.4 million are unemployed.

$$\text{Unemployment rate} = \frac{1.4}{20} \times 100 = 7\%.$$

A business assessing this economy would note the healthy 5% GDP growth rate (suggesting rising incomes and demand) alongside a 7% unemployment rate (suggesting a labour market with a reasonably available pool of workers to recruit from, though not so large as to signal a severe recession).

GIẢI THÍCH TIẾNG VIỆT

VN

Tổng sản phẩm quốc nội (GDP): tổng giá trị hàng hoá và dịch vụ sản xuất trong một quốc gia trong một kỳ. **Tăng trưởng GDP thực (real GDP growth)** đã điều chỉnh theo lạm phát là thước đo tăng trưởng kinh tế chuẩn; hai quý liên tiếp GDP thực giảm là định nghĩa kỹ thuật của **suy thoái (recession)**. **Tỷ lệ thất nghiệp (unemployment rate)** = số người thất nghiệp chia cho lực lượng lao động, nhân 100.

Bài tập luyện tập

Case study. A country's real GDP falls from $620 billion to $605 billion over one year, while its labour force of 15 million includes 900,000 unemployed people. (a) Calculate the GDP growth rate (as a negative percentage) and the unemployment rate. (b) Explain *one* likely effect of these conditions on a domestic retail business.

Lời giải chi tiết

(a) GDP growth rate $= \dfrac{605-620}{620} \times 100 = \dfrac{-15}{620} \times 100 \approx -2.42\%$. Unemployment rate $= \dfrac{0.9}{15} \times 100 = 6\%$.
(b) A falling real GDP (negative growth, i.e. a shrinking economy/recession) alongside a meaningful unemployment rate typically signals weaker consumer confidence and spending power; a domestic retail business is likely to see **falling sales revenue**, especially for non-essential/discretionary goods, as households cut back spending in response to job insecurity

and falling incomes.

Bài tập luyện tập

A country records two consecutive quarters of falling real GDP. This is the standard technical definition of:

(A) A boom
(B) A recession
(C) Full employment
(D) Hyperinflation

Lời giải chi tiết

Two or more consecutive quarters of falling real GDP is the standard definition of a **recession**. **(B)**.

6.11 The balance of payments

Balance of payments

The **balance of payments** is a record of all financial transactions between a country's residents/businesses and the rest of the world over a period, most importantly including the **trade balance** — the difference between the value of a country's exports and its imports of goods and services. A **trade surplus** occurs when export revenue exceeds import spending; a **trade deficit** occurs when import spending exceeds export revenue.

Calculating a trade balance

A country exports \$92 billion of goods and services in a year, while importing \$105 billion.

$$\text{Trade balance} = 92 - 105 = -\$13 \text{ billion (a trade deficit).}$$

A persistent, large trade deficit can put downward pressure on the country's currency over time (more of the currency is being sold to pay for imports than is being bought to pay for exports), which — as explored earlier in this unit — would make the country's exports *cheaper* and imports *more expensive*, a natural (though slow) market mechanism that can help gradually narrow a persistent trade deficit.

VN GIẢI THÍCH TIẾNG VIỆT

Cán cân thanh toán (balance of payments): ghi nhận mọi giao dịch tài chính giữa một quốc gia và phần còn lại của thế giới, quan trọng nhất là **cán cân thương mại (trade balance)** = giá trị xuất khẩu − giá trị nhập khẩu. **Thặng dư thương mại (trade surplus)**: xuất khẩu > nhập khẩu. **Thâm hụt thương mại (trade deficit)**: nhập khẩu > xuất khẩu — thâm hụt kéo dài có thể gây áp lực giảm giá trị đồng nội tệ theo thời gian.

Bài tập luyện tập

Case study. A country exports \$140 billion of goods and services and imports \$120 billion. (a) Calculate the trade balance and state whether this is a surplus or deficit. (b) Explain *one* likely effect on domestic exporting businesses.

Lời giải chi tiết

(a) Trade balance $= 140 - 120 = +\$20$ billion — a **trade surplus**.
(b) A trade surplus reflects strong demand for the country's exports relative to its imports, which is generally positive for domestic exporting businesses (higher overseas sales/revenue); however, a persistent large surplus can also put *upward* pressure on the domestic currency over time, which would make future exports more expensive and could gradually erode the very competitiveness that created the surplus.

Bài tập luyện tập

A country experiences a persistent, large trade deficit (imports far exceeding exports) over several years. Which of the following is the most likely gradual market consequence?

(A) The domestic currency tends to face downward pressure (depreciation), which over time makes exports cheaper and imports more expensive

(B) The domestic currency automatically becomes the world's strongest reserve currency

(C) Trade deficits have no relationship whatsoever to exchange rates

(D) The country is legally required to ban all imports immediately

Lời giải chi tiết

A persistent trade deficit means more of the domestic currency is being sold (to pay for imports) than is being bought (via exports), tending to push the currency's value down over time — a depreciation that gradually makes exports more competitive and imports more expensive, helping to narrow the deficit. **(A)**.

Ôn tập nhanh: (1) luôn gắn lý thuyết với **tình huống doanh nghiệp cụ thể** trong đề bài (case study) — đừng trả lời chung chung; (2) với bài toán **break-even**, luôn tính contribution trước khi tính sản lượng hoà vốn; (3) với **dòng tiền**, nhớ lợi nhuận $\neq$ tiền mặt — một doanh nghiệp có lãi vẫn có thể hết tiền mặt; (4) với **tỷ số tài chính**, luôn nêu rõ đang tính tỷ số nào và so sánh với điều gì (năm trước, đối thủ, chuẩn ngành); (5) luôn cân nhắc **các bên liên quan (stakeholders)** khi đánh giá một quyết định kinh doanh — lợi ích của nhóm này có thể mâu thuẫn với nhóm khác; (6) phân biệt rõ **thuế quan (tariff — một loại thuế)** với **hạn ngạch (quota — giới hạn số lượng)**; phân biệt **kiểm soát chất lượng** (cuối dây chuyền) với **đảm bảo chất lượng** (từng công đoạn); (7) trình bày câu trả lời theo cấu trúc: định nghĩa → áp dụng vào tình huống cụ thể → kết luận/đánh giá (evaluation) để đạt điểm tối đa trong các câu hỏi phân tích và đánh giá.

Đồng hành cùng 8020 English

Cảm ơn bạn đã học cùng bộ giáo trình quốc tế 8020. **Điểm thật · Thầy thật · Kết quả thật** — nhiều học viên chỉ cần 1–2 khoá để đạt kết quả mong muốn.

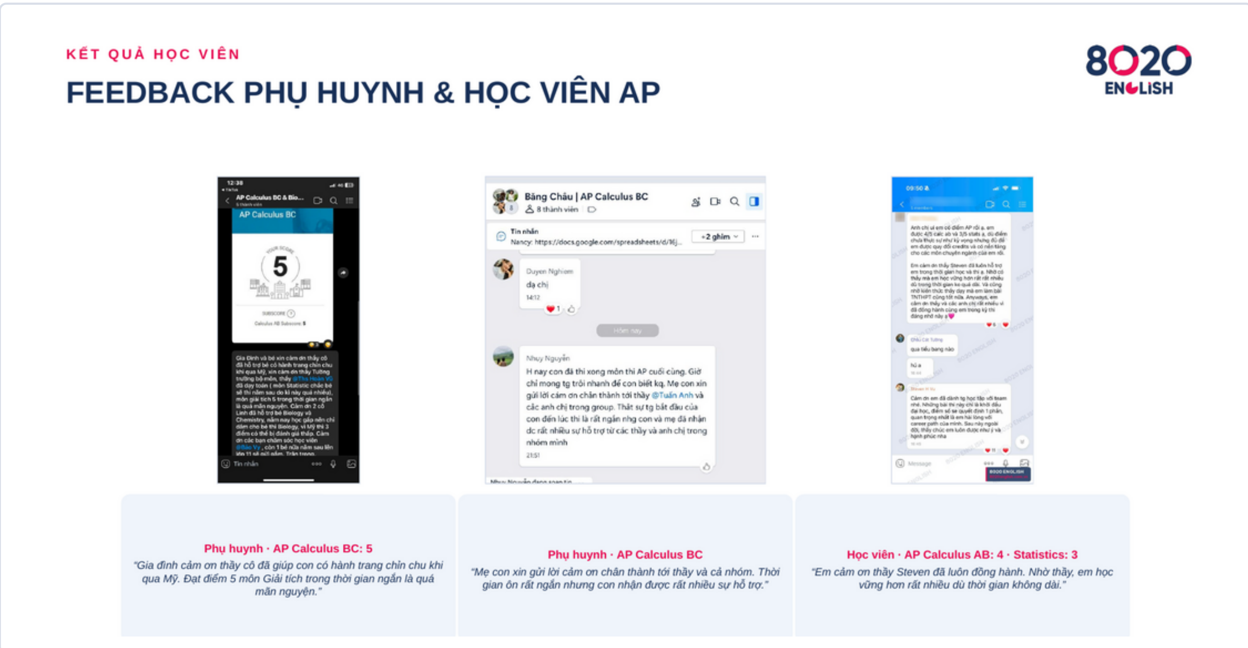
Cảm nhận học viên & phụ huynh

> *“Bạn đã cải thiện được tư duy Writing — kỹ năng từng là nỗi sợ lớn nhất — và cuối cùng đã đậu vào trường top như mong muốn. Thái độ học tập cực kỳ nghiêm túc; ngay cả khi nằm viện vẫn cố gắng học đều đặn.”*
>
> — Phan Thị Thanh Hằng · IELTS Overall 8.5

> *“Cần tất cả kỹ năng trên 7.5 để xét vào trường top 1 Anh Quốc về Y học (chương trình UKFPO của NHS) — và đã đạt mục tiêu sau khi học Writing 1–1.”*
>
> — Trần Hoàng Bảo Ngọc · IELTS Overall 8.0 (Writing 6.0 → 7.5)

> *“Gia đình và bé xin cảm ơn thầy cô đã giúp con có hành trang chỉn chu khi qua Mỹ. Đạt điểm 5 môn Giải tích trong thời gian ngắn là quá mãn nguyện.”*
>
> — Phụ huynh · AP Calculus BC 5/5

> *“Em cảm ơn thầy đã luôn đồng hành. Nhờ thầy, em học vững hơn rất nhiều dù thời gian ôn không dài.”*
>
> — Học viên · AP Calculus AB 4



Feedback phụ huynh & học viên AP — nhiều môn đạt điểm 4 & 5

Điểm thi thật của học viên

KẾT QUẢ HỌC VIÊN

ĐIỂM SỐ AP

8020 ENGLISH

AP Biology: 4 · AP Chemistry: 4

AP Calculus AB: 5

AP Calculus BC: 5

AP Chemistry: 5

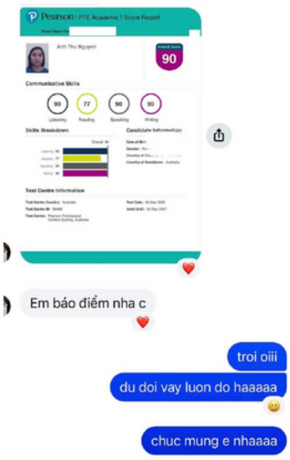
Bảng điểm AP thật của học viên – nhiều môn đạt điểm 4 & 5

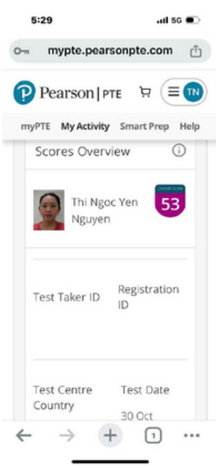
Bảng điểm AP thật — Calculus AB/BC 5/5 · Biology & Chemistry 4–5 (College Board)

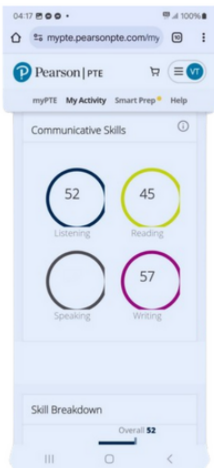
KẾT QUẢ HỌC VIÊN

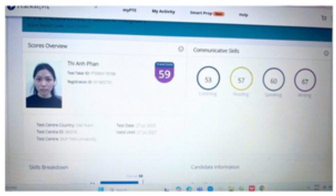
ĐIỂM SỐ PTE

8020 ENGLISH









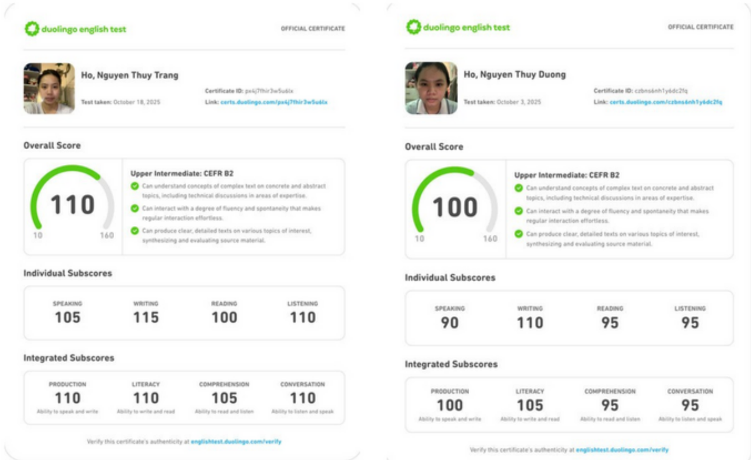
Bảng điểm PTE thật của học viên

Học viên 8020 — PTE Academic 90

KẾT QUẢ HỌC VIÊN

ĐIỂM SỐ DUOLINGO

8020 ENGLISH



Duolingo English Test – 110 & 100

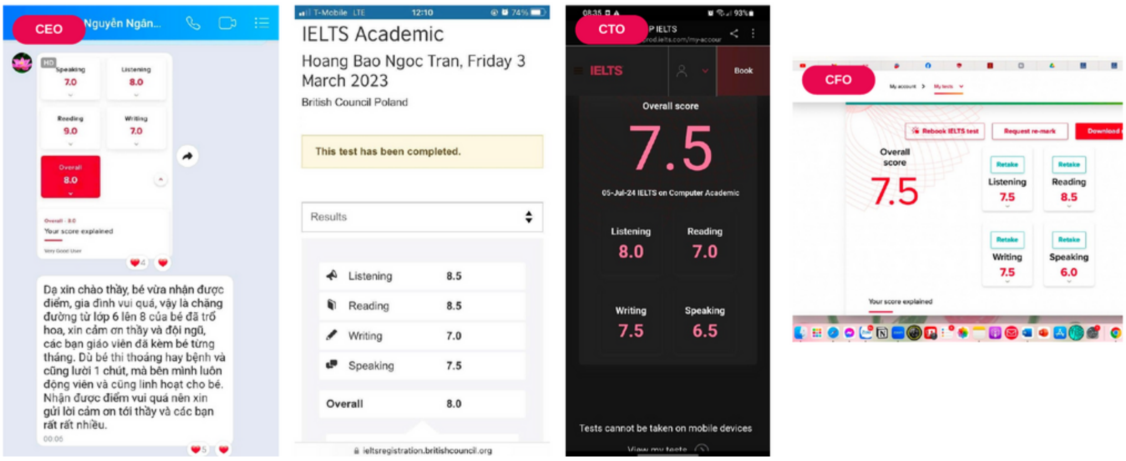
Học viên 8020 — Duolingo English Test 110 & 100

KẾT QUẢ HỌC VIÊN

THÀNH TÍCH HỌC VIÊN

8020 ENGLISH

Bảng điểm thi thật – chất lượng được giám sát nghiêm ngặt. Một số học viên chỉ cần 1–2 khóa để đạt kết quả mong muốn.



Học viên 8020 — IELTS 8.0 / 7.5 / 8.5 (báo điểm thật)