

Lecture 5 - Macroeconomics. Economic Environment - national level.

1. Def. Macroeconomics deals with the way the economy works at international or national level

Macroeconomics is concerned with the whole economy.

Appropriate demand.

Appropriate supply.

2. The structure of the national economy.

primary: production and extraction of natural resources.

Secondary: output of the manufacturing and construction sectors.

Tertiary: production of services
(Services)

3. Measure of economic structure.

GDP. (The share of GDP that each sector accounts for)
the proportion of labour employed in each sector.

Contribution of the sector to the nation's balance of payments.

Balance of payments: a record of all transaction between domestic consumers and firms and those based overseas.

4. The reasons for change in national economy.

1. De industrialization.

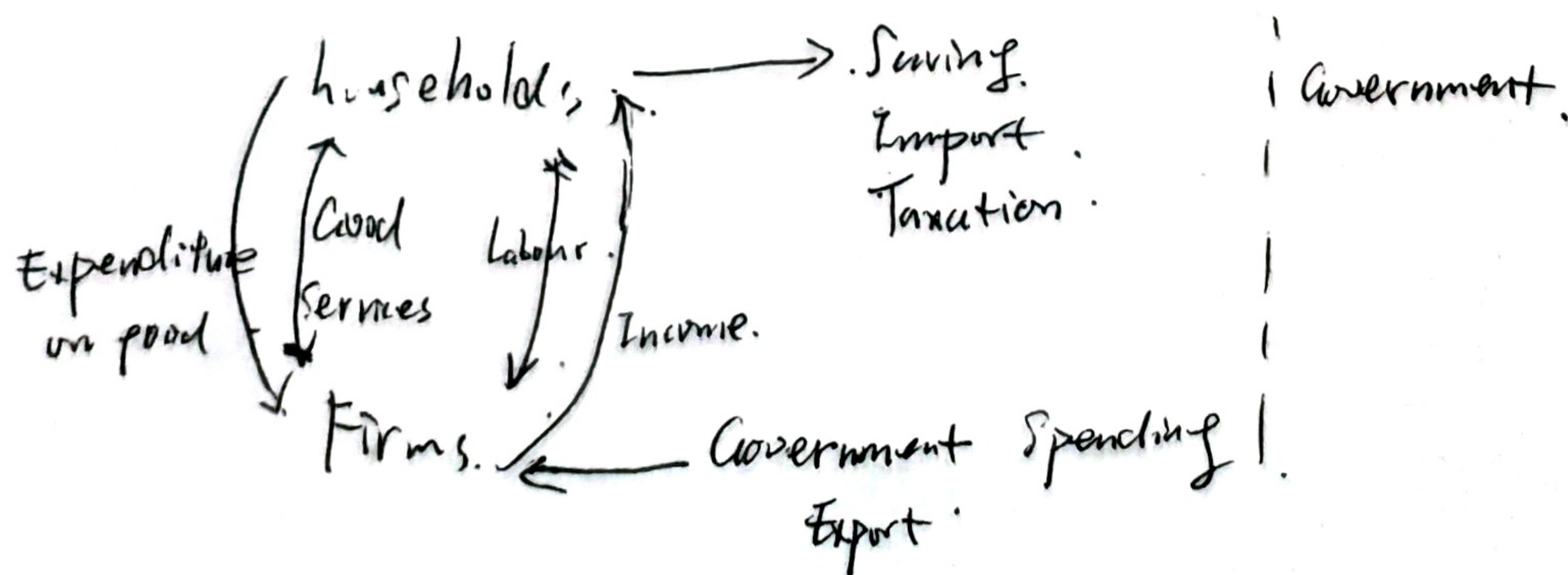
2. world impact of commodities and its price fluctuations.

3. some figures' accuracy under question due to the classification of individual industries.

4. Impact of outsourcing.

5. Circular flow of income (money circulates in an economy between households and firms).

The level of wealth within an economy is influenced by the interactions between households, firms and government.



6. Multiplier effect.

the addition to total income and expenditure within an economy resulting from an initial injection of expenditure.

7. Accelerator effect.

① when a small change in demand has a much larger effect on investment or supply.

② The level of investment depends on the rate of change of national income or of demand.

8. Inflation. a rise in the general level of prices of services and goods.

① demand - pull inflation.

more money, more demand for the limited amount of products.

② cost - push inflation.

increases in product costs push up the price at which companies will supply their goods.

9. other indicators of monitoring the economic environment.

① GDP.

② Unemployment rates.

③ Output levels.

④ Average earnings.

⑤ Disposable incomes.

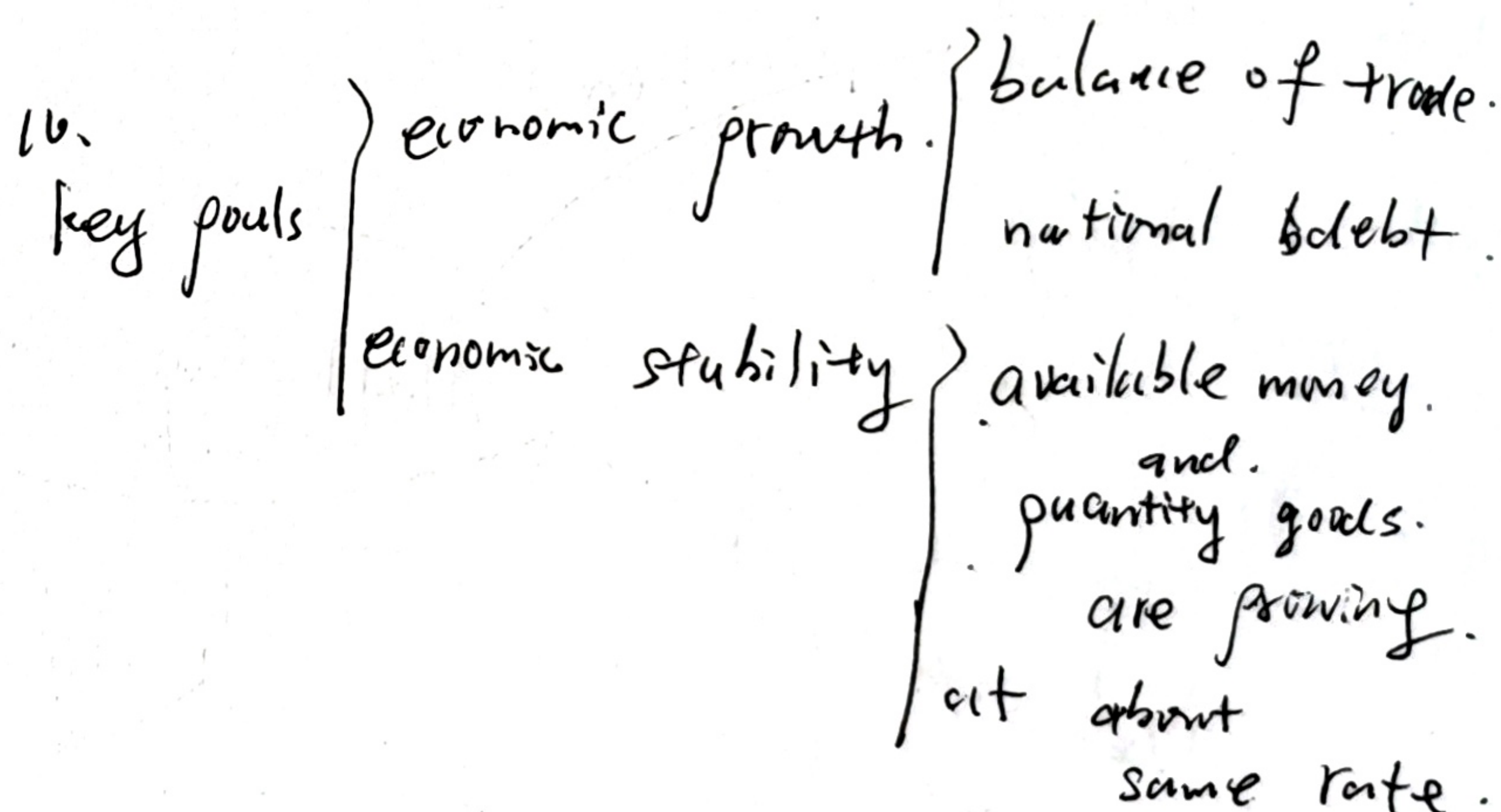
⑥ Consumer spending.

⑦ Inflation rate.

⑧ Interest rate.

⑨ Overseas trade figures.

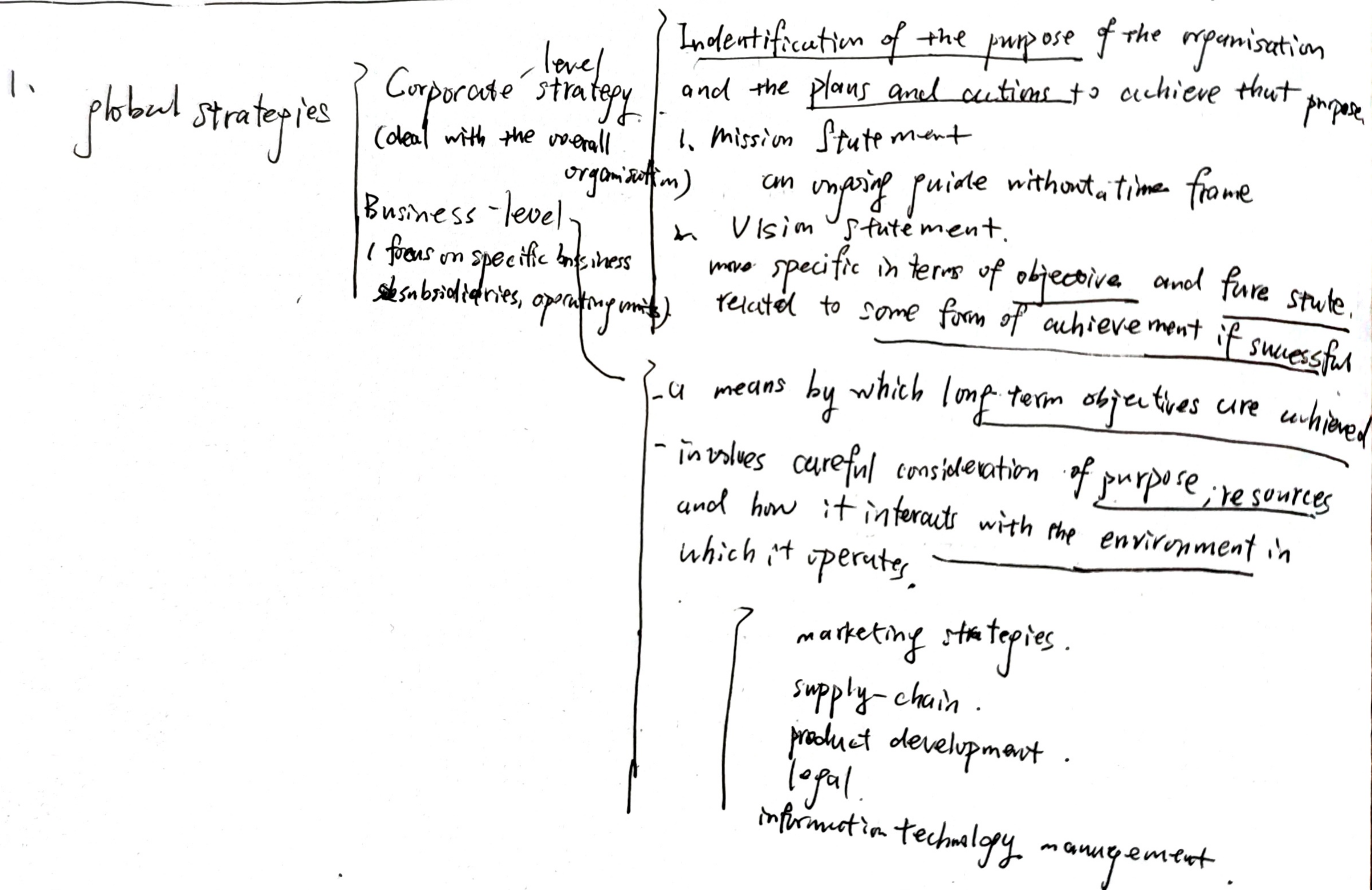
⑩ Exchange rates.



Statistics that show whether an economy system is strengthening, weakening or remaining stable.

Lecture 6.7. Business Strategy

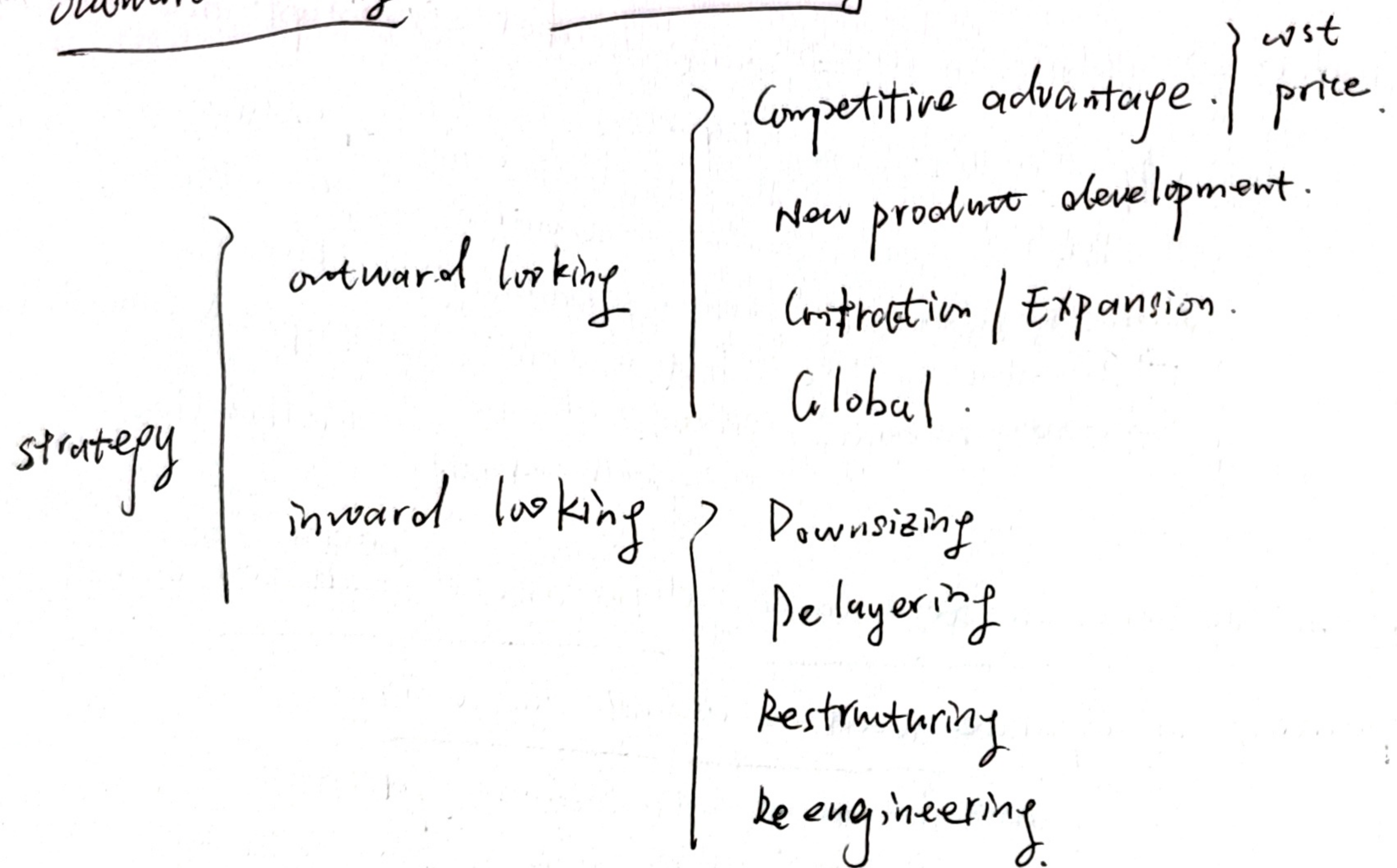
Strategy $\Rightarrow$ Strategic analysis $\Rightarrow$ Strategic Planning $\Rightarrow$ Expand into new markets.			
Corporate level	Rational approach.	Growth Plans.	Porter's 5-force model.
	flexible approach.	Contingency Plans.	
business level	creative approach.	outward looking.	
	Behavioural approach.	inward looking.	
	Incremental approach.		
	No strategy		
	SWOT.		
	PESTEL.		



2. Strategic Planning is a logical sequence of activities for the development of a strategy:

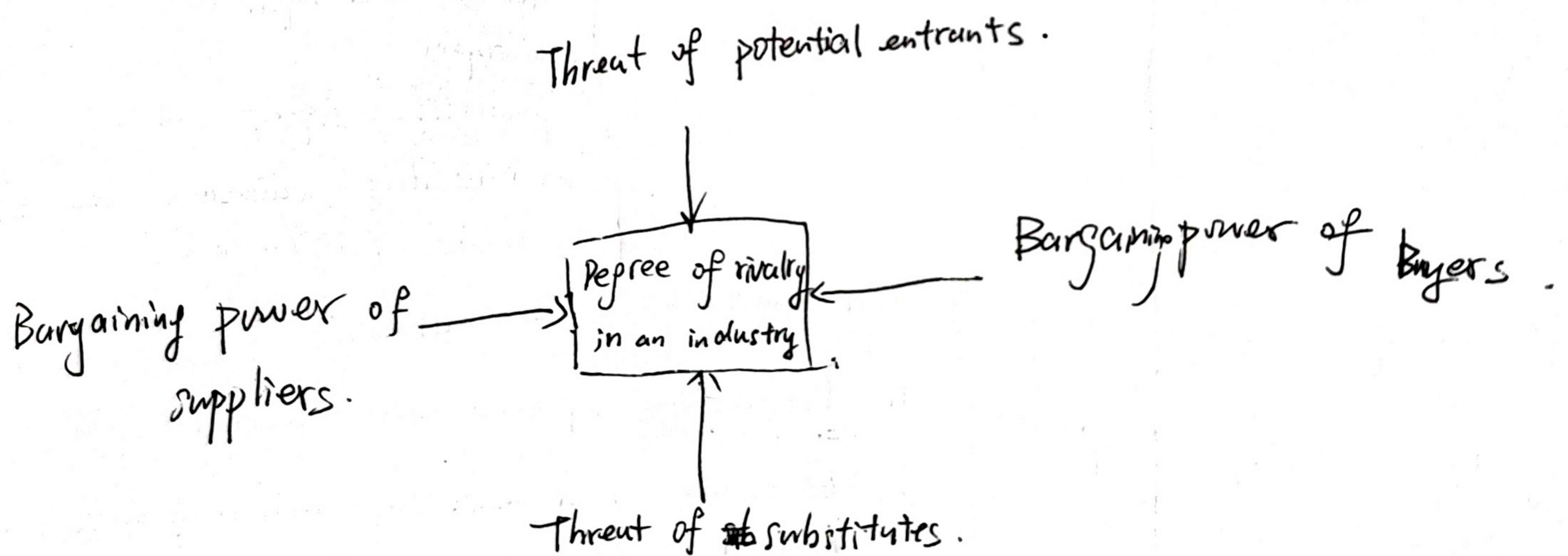
Strategic objectives $\rightarrow$ Strategic Definition $\rightarrow$ Strategic Implementation.

3. when creating their plans, an organisation's ~~its~~ strategies can be grouped into outward looking and inward looking.



4. Porter's 5 - force model.

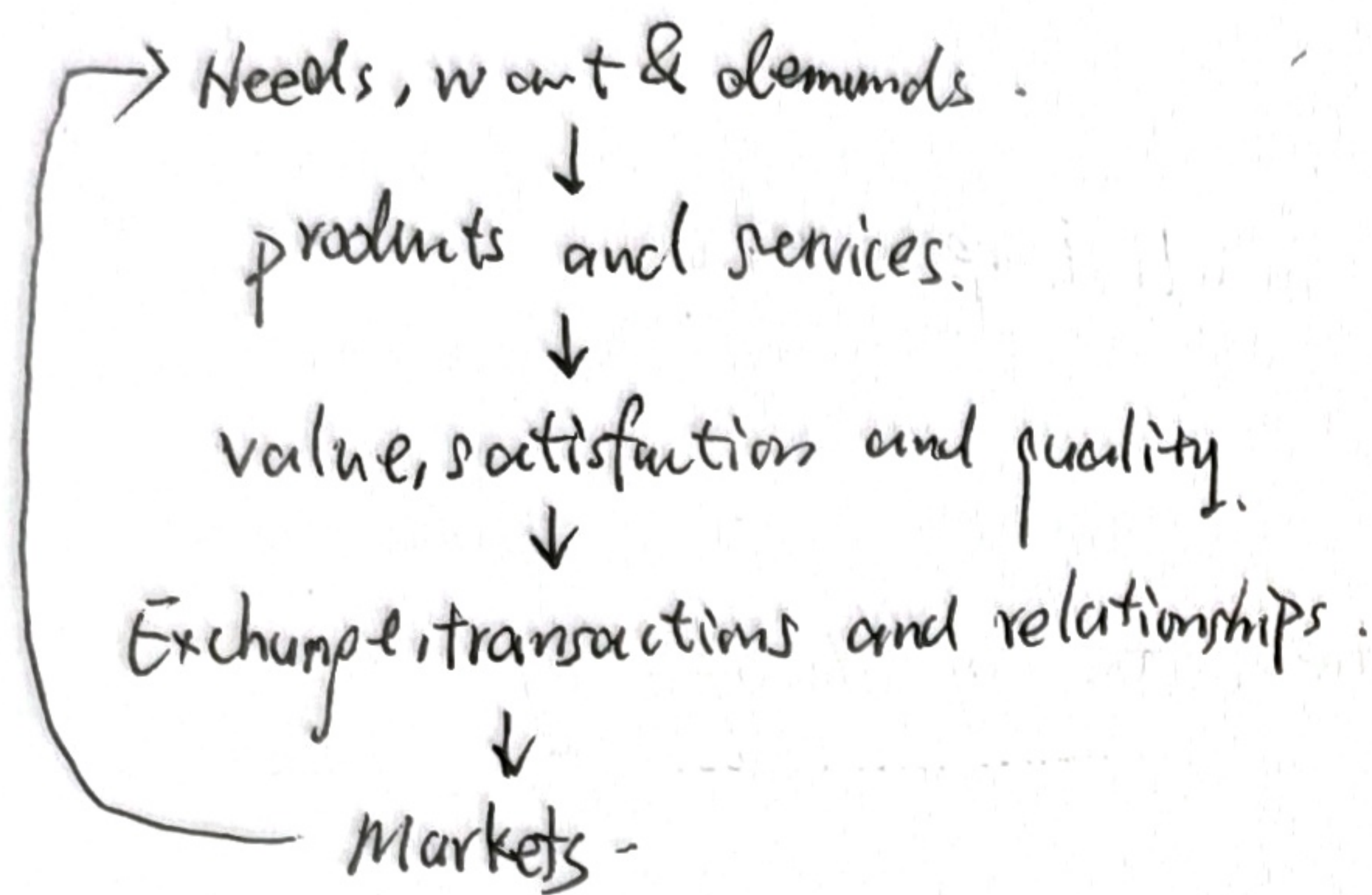
Is the industry/market exciting/attractive?



vertical integration.

Lecture 8 - Marketing

Marketing Concept. $\Rightarrow$ Marketing mix. $\Rightarrow$ The Target Market.



product.
promote
price
place.
people.
process.

Mass marketing
Segmented markets.
Niche marketing
Micromarketing

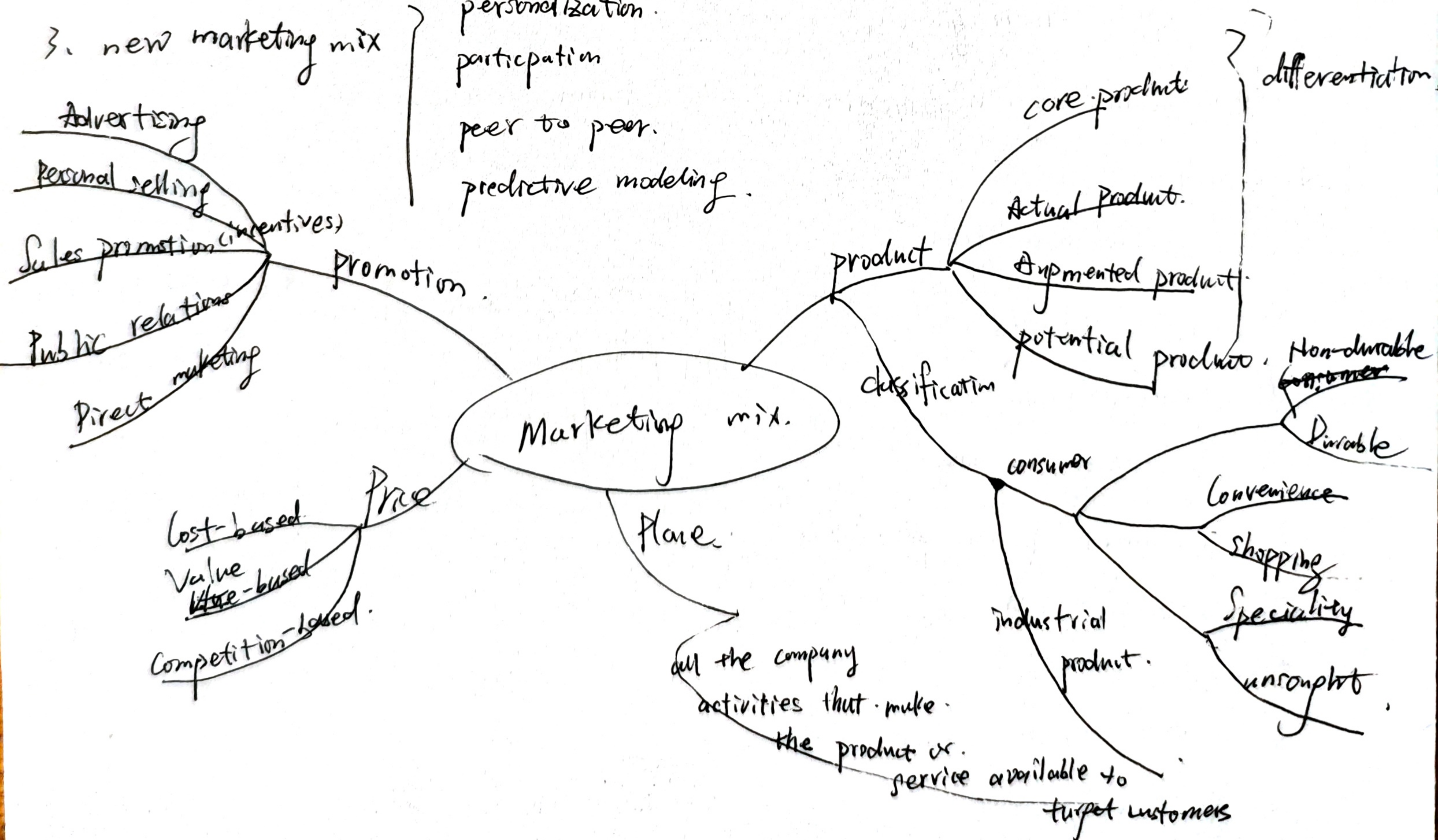
physical Environment.

1. Marketing is the social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging

2. ^{marketing mix} the set of controllable tactical marketing tools (product, price....) that the firm blends to produce the response it wants in the target market.

3. new marketing mix

- personalization.
- participation
- peer to peer.
- predictive modeling.



Market. segmentation

Mass Marketing } using almost same product, promotion and distribution for all consumers
- larger market
- diverse groups expect products to closely fit their own needs.

Segmenting Marketing } adapting company's offerings so they more closely match the needs of one or more segments.

例: 高改, 高回报, 对特殊产品好.
弊: 低竞争力.

Niche marketing } adapting a company's offerings to more closely match the needs of one or more sub-segments where there is often little competition.

针对特定细分 - 某用户, 竞争力.

Micromarketing } match narrowly defined segments.

local marketing

Individual marketing

Lecture 11.12 Operations management.

input $\xrightarrow{\text{operation}}$ output.

Operation Management

Organisation	Inputs	Process	Outputs	Feedback

系統管理有提高效率或產量，降低生產成本及價格。

system Design
(balance the needs of consumer and company)

efficient
product design } competitor-push
reverse-engineering, value-engineering
feasibility study, standardisation
Forecasting demand and capacity planning } balance
availability and cost
Equipment design.
Location.

work design } method study
work measurement.

system operation
(increase efficiency and therefore output.)

operations planning } sufficient goods are produced to meet demand.
Loading, sequencing, scheduling
operations control } 1. ignored.
2. capacity be adjusted to meet demand
3. Demand can be adjusted to fit capacity

Quantity
Quality
Technology (設備維修).
Labour
Cost.

supply chain management.

(reduce costs and enhance customer satisfaction)

model:

upstream $\rightarrow$ Focal Firm $\rightarrow$ Downstream
product and services
information and planning

purchasing and supply } Source
Quantity (Just-in-Time method)
Quality
Time and price.

inventory / stock control } demand $\leftrightarrow$ stock

JIT.

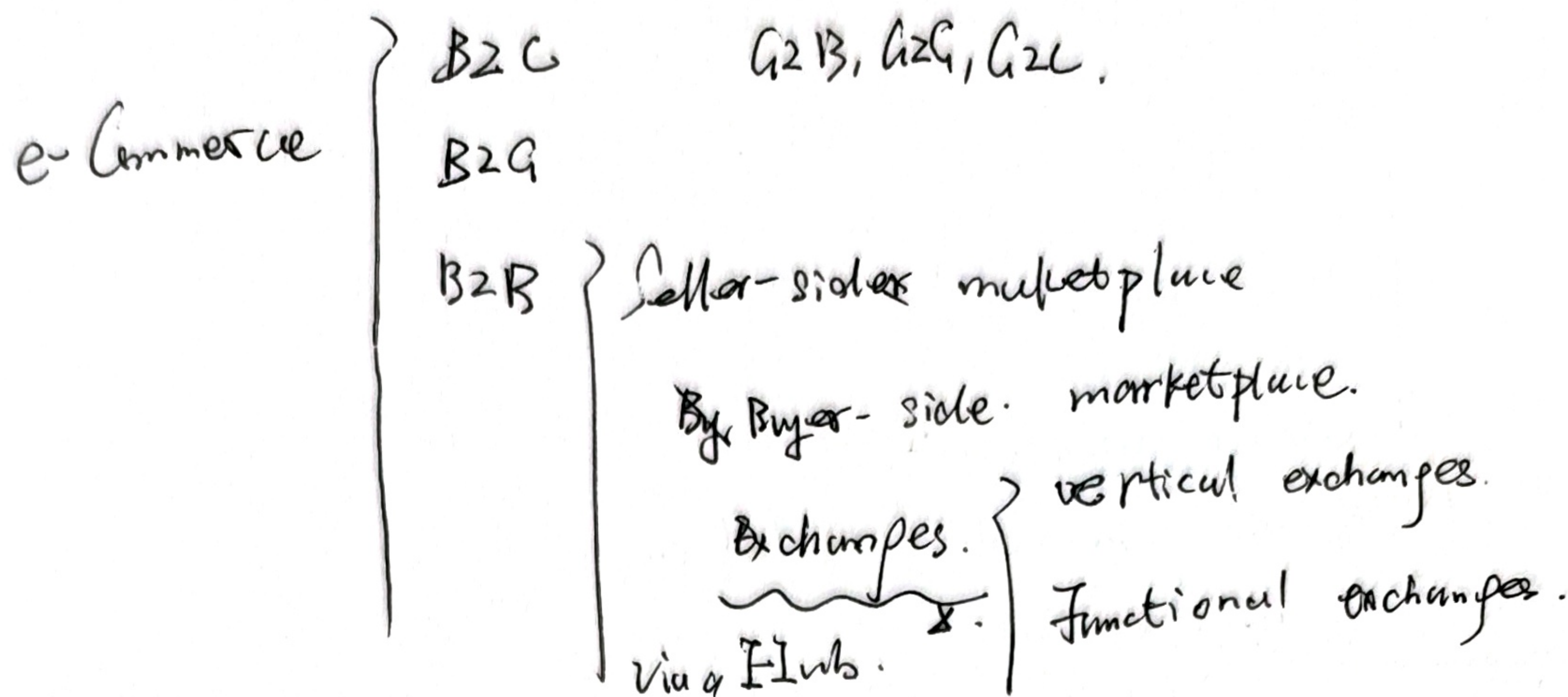
logistics.

distribution.

e-Commerce

(范围在 e-Business 之内, e-Commerce 只针对外部 stakeholders.)

Electronic Data Interchange (EDI) - the first step in e-Commerce.



B2B Approaches

- Catalogue aggregation

Auction model

Market exchange model. (the product is little variation).

Barter model (以物易物).

Affiliate model

Impact

operational efficiency

channel conflict.

new market and product

new competition.

Investments.

market changes.

建立 E-marketing strategy 流程

NTM

↓

评估现状 ↔ e-marketing 现状 ↔ 多折折扣

↓

value ↔ 制定 e-marketing strategy ↔ ICT

↓

Implement ↔ 执行

↓

measure

Digital Marketing

Lecture 13 - Globalisation

pull and push factors $\Rightarrow$ analysis market $\Rightarrow$ enter market $\Rightarrow$ adapt the market.

Opportunities	Exporting.	product.
P, E, S, T.	Direct investment.	promotion
Sources of information	Global e-commerce.	price
→ Primary research	Licensing/franchising.	people & Production.
→ Secondary research	Joint ventures.	Distribution.
	Strategic alliance.	
	Management contracting.	

1. Globalisation is the increasing interdependence, integration and ~~interaction~~ ^{interaction} among people and corporations in disparate locations around the world.

2. why do organisations follow globalisation strategies.
- pull
 - come from an organisation recognising potential in global markets.
 - 1. new overseas markets using existing products.
 - 2. De-risk reliance on domestic market by operating overseas.
 - 3. beginning to treat overseas lead to a demand for other services to work on an international basis
 - 4. Demand for international goods
 - 5. more people are travelling
 - 6. Suppliers
 - 1. new or better suppliers.
 - 2. cheaper
 - 3. specialised expertise may be more readily available in other countries.
 - problem } logistics.
 - push
 - their domestic one is less attractive. ^{CSR}
 - 1. Saturation of the domestic market.
 - 2. the number of domestic customers may be so small that it is impossible to achieve economies of scale.
 - 3. reduction in availability of resources.

3. International trade agreements.

comprise bilateral agreements ~~between~~ ^{between} two or more countries to open up trade between the two or more countries.

4. analysis market.

~~evaluating~~ evaluating opportunities $\rightarrow$ Source of information.

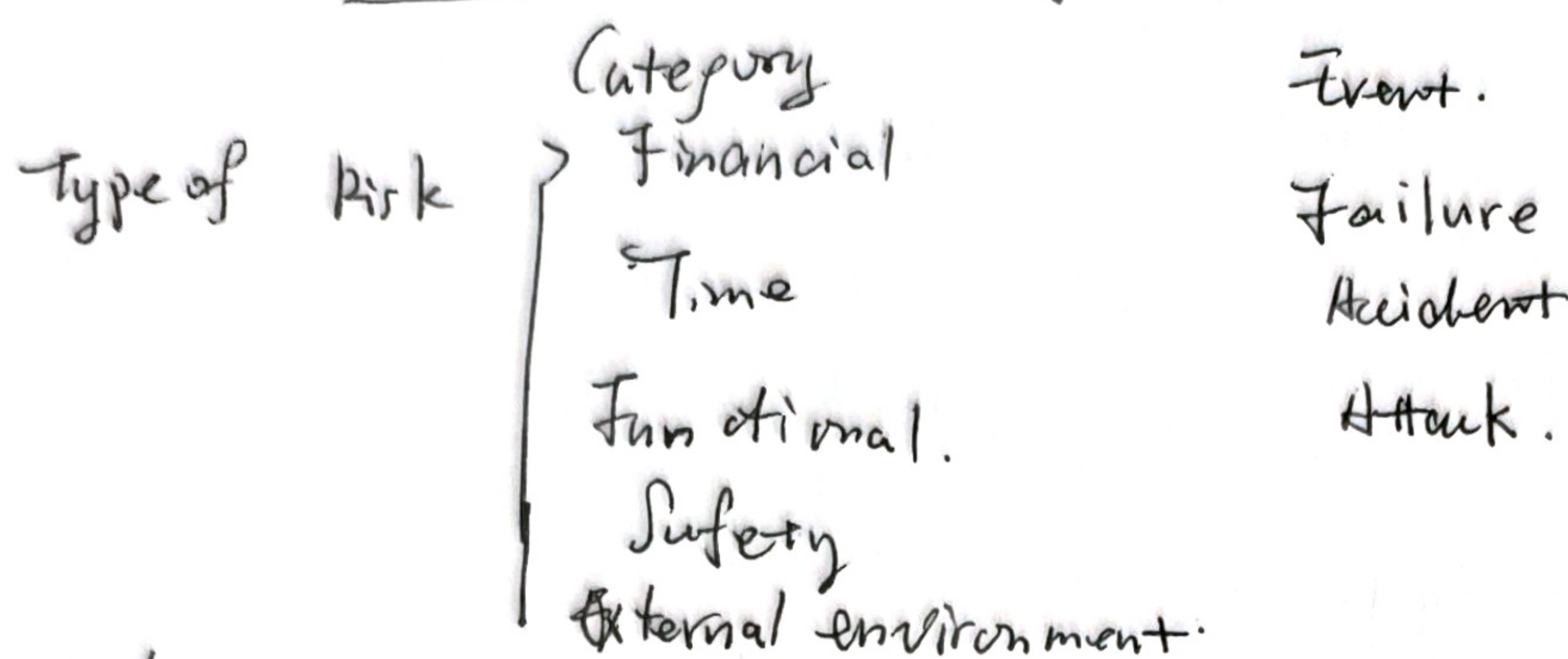
primary research is used to overcome shortcomings in secondary data.

5. market entry strategies.

1. Exporting.
2. Direct investment in a foreign subsidiary.
3. Global e-commerce.
4. Licensing / franchising.
5. Joint ventures.
6. Strategic alliance.
7. Management contracting.

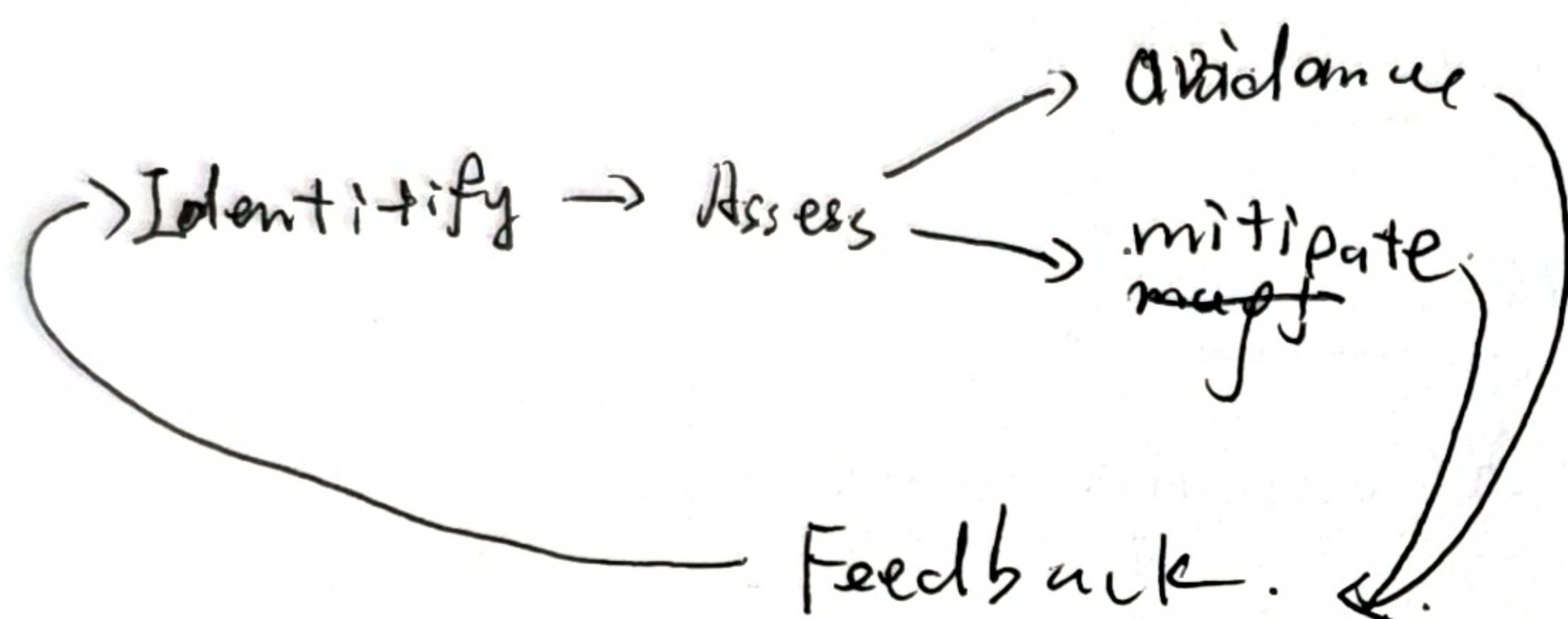
Lecture 14.5, Risk Management.

Risk: the probability of an event occurring that could have an impact on the achievement of objectives.



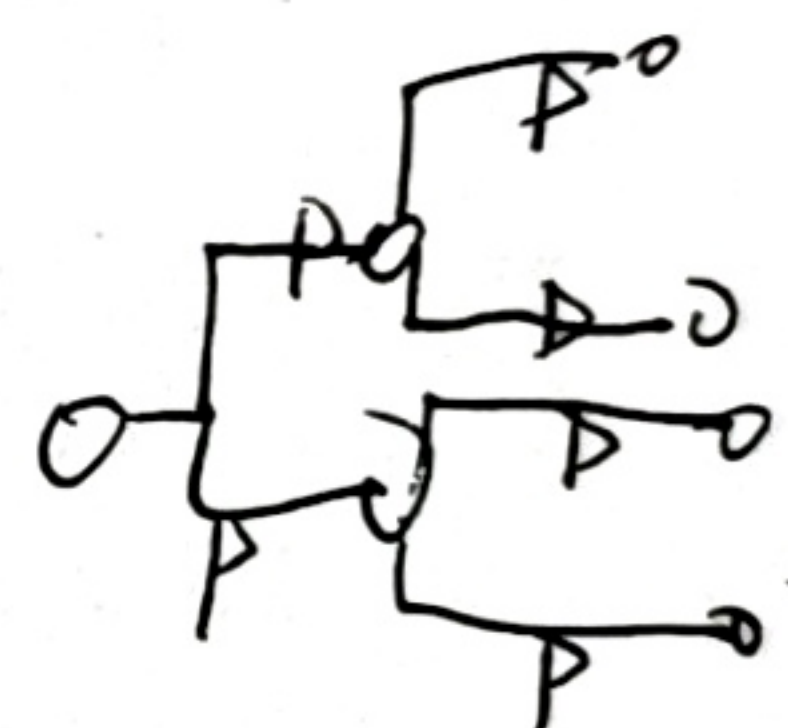
Risk can rarely be considered in isolation.

Risk management = risk assessment + risk avoidance + risk mitigation.



risk assessment.

ETA (Event tree analysis).



FTA (Fault tree analysis).



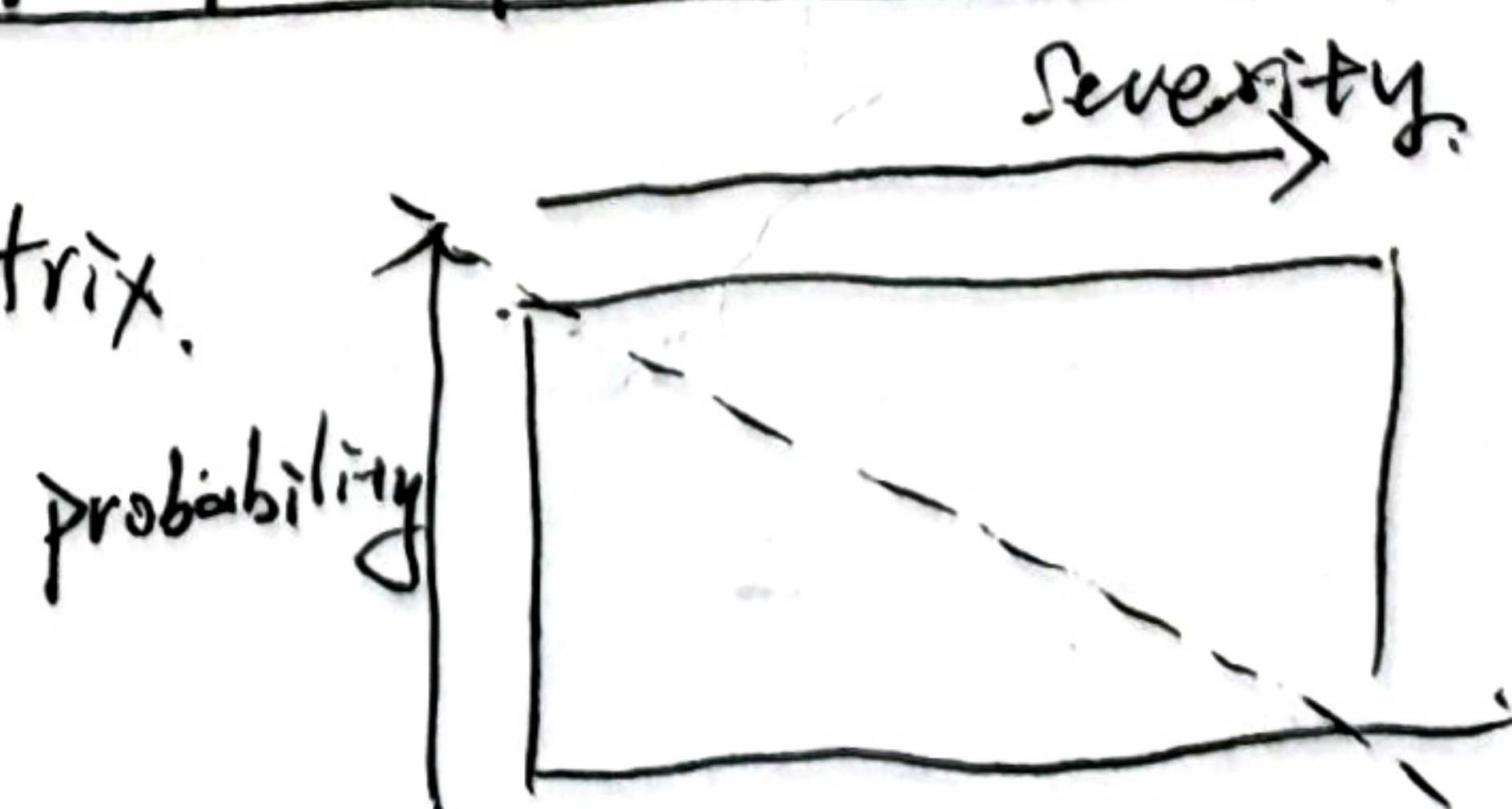
FMEA (Failure mode and effect analysis)

Failure mode. 故障モード

Failure mechanisms. 故障機構

table	Potential Failure mode	Potential effects of the failure	Severity	Potential cause of failure	How will failure be detected	Action
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Risk assessment matrix.



occurrence rank (O)

Severity rank (S)

Detection rank (D)

Risk Priority Number (RPN).

$$= OSD \leq O \times S \times D.$$

Risk avoidance
and
Risk mitigation.

Fault avoidance

modelling.
prototyping.
Design review

Fault removal

unit testing
integration and system testing.
Regression testing.

Fault tolerance

reduced level
but
maintain vital function.

transfer the risk, do nothing

to make

Risk control matrix.

Risk	RPN	How will it be controlled	who is responsible.

Acceptability of risks.

involve stakeholders.
independent view.
transparent decision process.

Multi-Criteria Decision Analysis (MCDA).

In FTA it's logic gate.



Lecture 8 - Corporate Social Responsibility (CSR).

1. Definitions of CSR.

A corporation should be held accountable for any of its action that affect ^{stakeholders.} people, their communities and their environment.

(It implies that negative business impacts on people and society should be acknowledged and corrected if at all possible).

2. Why bother with CSR.

取責, 社會責任, 環境, 公益.

3. What does CSR involve?

goods and services, employees, activities support the community, all members of society.

4. two models.

a) External benefits:

Benefits that organisation produces but does not receive any direct income.

b) External cost:

Def: Costs that are the output of an organisation's production processes, but the costs are born by stakeholders, not the organisation.

rather: Social pressure and legislation has led to organisations having to take more responsibility for their external costs, by reducing or making internal costs.

5. Stakeholders.

A person with an interest or concern in something

Customers, Employees, Local communities, Government, Intermediaries, Suppliers,

Financial community.

6. Why should organisations be socially responsible.

a) Altruistic, the organisation feels that it has a duty to think about the needs of society not simply the need to make a profit.

b) Pragmatic, aspects of social responsibility, especially environmental policies, are opportunities to increase awareness of the organisation, new or differentiated products or practices.
ultimately to make more income for the organisation

7. why should organisations NOT be socially responsible?

① the philosophical criticism.

- a) Companies should concentrate on what they do best.
- b) Any attempt by firms to contribute to society is a form of taxation on their customers.
- c) Customers should be free to spend ~~their~~ this money taken as a 'tax' on they want to support.

这个是在 monopoly 时最明显。

② The pragmatic criticism.

- a) short-term manipulation of stakeholders.
- b) improve corporate performance, not just for society's benefit.
- c) to boost public image, Company only support 'fashionable' causes, not the most deserving case

8. Criticising the criticism.

If customers 不喜欢, 不买, 不买, behave in a responsible manner 会好.

9. Rising consumer wealth, external benefits become important.

10. Corporate governance.

Def: ensuring that an organisation is run in a responsible manner with due regard to its stakeholders.

