

牛津  
专业英语基础丛书

# Advanced BUSINESS STUDIES *through diagrams* 商务专业英语基础 (图示教程)



Andrew Gillespie

学(北京)

: F74

07

上海外语教育出版社

WUJ  
外教社

牛津专业英语基础丛书

*Advanced*  
**BUSINESS STUDIES**  
*through diagrams*

**商务专业英语基础**  
(图示教程)

Andrew Gillespie

赵孝盛 注释  
乔晓妹



上海外语教育出版社

OXFORD REVISION GUIDES

*A Level*

*Advanced*

---

**BUSINESS STUDIES**

*through diagrams*

*Andrew Gillespie*

Oxford University Press

图书在版编目 (CIP) 数据

商务专业英语基础 / (英) 格莱斯皮编; 赵孝盛, 乔晓妹译注.

—上海: 上海外语教育出版社, 2000

(牛津专业英语基础丛书)

ISBN 7-81046-871-5

I. 商… II. ①格…②赵…③乔… III. 商务-英语 IV. H31

中国版本图书馆CIP数据核字 (2000) 第49736号

图字: 09-1999-312号

出版发行: 上海外语教育出版社

(上海外国语大学内) 邮编: 200083

电 话: 021-65425300 (总机), 65422031 (发行部)

电子邮箱: bookinfo@sflep.com.cn

网 址: <http://www.sflep.com.cn> <http://www.sflep.com>

责任编辑: 孙 玉

印 刷: 上海市印刷三厂

经 销: 新华书店上海发行所

开 本: 880×1230 1/16 印张 7.75 字数 246 千字

版 次: 2000年 11 月第 1 版 2000年 11 月第 1 次印刷

印 数: 5 000 册

书 号: ISBN 7-81046-871-5 / F·065

定 价: 13.60 元

本版图书如有印装质量问题, 可向本社调换

Oxford University Press, Great Clarendon Street, Oxford OX2 6DP

*Oxford New York  
Athens Auckland Bangkok Bogota  
Buenos Aires Calcutta Cape Town Chennai Dar es Salaam  
Delhi Florence Hong Kong Istanbul Karachi  
Kuala Lumpur Madrid Melbourne Mexico City  
Mumbai Nairobi Paris São Paulo Singapore  
Taipei Tokyo Toronto Warsaw*

and associated companies in  
*Berlin Ibadan*

*Oxford* is a trade mark of Oxford University Press

© **Andrew Gillespie**

All rights reserved. This publication may not be reproduced, stored or transmitted, in any forms or by any means, except in accordance with the terms of licences issued by the Copyright Licensing Agency, or except for fair dealing for the purposes of research or private study, or criticism or review, as permitted under the Copyright, Designs and Patents Act 1988. Enquiries concerning reproduction outside those terms should be addressed to the Permissions Department, Oxford University Press.

First published 1996  
New edition 1998  
Reprinted 1998

ISBN 0 19 832769 2 (Student's edition)  
0 19 832770 6 (Bookshop edition)

This edition of *Advanced Business Studies Through Diagrams* is published by arrangement with Oxford University Press.

Licensed for sale in the People's Republic of China only.

本书由牛津大学出版社授权上海外语教育出版社出版。  
仅供在中华人民共和国境内销售。

# 出版前言

1999年出版的《大学英语教学大纲(修订本)》明确提出,“学生在完成基础阶段的学习任务,达到四级或六级后,都必须修读专业英语”。这是大纲修订组在对用人单位进行了广泛调查的基础上,结合英语学习的规律,对大学英语教学提出的新要求。因此,目前国内急需一套内容全面、语言地道的专业英语教材和读物。

《牛津专业英语基础丛书》原版由牛津大学提供,包括物理学、化学、生物学、人体生物学、商务、地理学、心理学、经济学等8种。该丛书原为英国 A-level(相当于大学预科)考试的复习用书。书中以图表的形式,归纳整理了学科的主要知识。其中不仅包括常用的专业词汇和句型,还有连贯的短文,十分适合作为大学生专业英语的自学教材。

为了方便读者使用,本社约请了复旦大学、华东理工大学、华东师范大学、上海理工大学、上海财经大学等高校有关专业既有专业特长,又精通英语的教授对该丛书作了详细的注释,并给难读的单词加注了音标。

本丛书既能帮助大学生复习巩固专业知识,又能提高专业英语水平,还可以作为有关专业的人员提高专业阅读和翻译能力的教材或读物。

# 目 录

## AN INTRODUCTION TO BUSINESS

### 商务入门

Answering Business Studies Questions

关于如何进行商务研究 4

Organisations

组织 7

Decision making

决策 8

Management process

管理程序 9

Business formats 1: sole trader,  
partnership,co-operative

企业形式1: 独资经营、合伙经营、  
合作经营 10

Business formats 2: Companies

企业形式2: 公司 12

Business formats 3: Franchises,  
Multinationals

企业形式3: 特别授权经营、跨国  
公司 14

Small firms

小型公司 15

Growth

发展 16

The business environment

企业环境 18

## MARKETING

### 市场营销

Marketing

市场营销 19

Marketing research

营销计划 20

Marketing research

营销研究 21

Segmentation

市场细分 23

Product portfolio analysis

产品组合分析 24

Product life cycle

产品生命周期 25

Marketing objectives and strategy

营销目标与策略 27

Price

价格 28

Product

产品 29

Distribution

分销 31

Promotion

促销 32

Elasticity of demand

需求弹性 33

## FINANCE

### 财务

Sources of finance

融资渠道 35

Accounts

帐目 36

Balance sheet

资产负债表 37

Balance sheet 2

资产负债表 2 38

Profit and loss statement

损益表 40

Ratios

比率 41

Break-even

盈亏平衡 44

Costing

成本计算 46

Budgeting

预算编制 47

Investment

投资 48

Cash flow


现金流量	49	通货膨胀	76
<b>PRODUCTION</b>		Unemployment	
生产		失业	77
Operations management		International trade	
营运管理	50	国际贸易	78
Location		Europe	
选址	52	欧洲	79
Stocks		Social environment and technology	
存货	53	社会环境和技术	80
Quality		Social responsibility	
质量	54	社会责任	81
		Change	
		变化	82
<b>HUMAN RESOURCE</b>			
<b>MANAGEMENT</b>		<b>INFORMATION, DATA AND</b>	
人力资源管理		<b>DECISIONS</b>	
Human resource planning		信息、数据及决策	
人力资源规划	55	Communication	
Recruitment and selection		交流	83
招聘与筛选	56	Information technology	
Employment		信息技术	84
雇佣	57	Presenting and analysing data	
Unions		数据显示及分析	85
工会	59	Forecasting	
Motivation in theory		预测	87
理论上的激励措施	61	Operations research	
Motivation in practice		营运研究	88
实践中的激励措施	62		
Leadership		<b>THE 1990s</b>	
领导	64	<b>20 世纪 90 年代</b>	
Participation and involvement		Reshaping in the 1990s	
参与和介入	66	20 世纪 90 年代的企业重塑	92
Management structure		Success in the 1990s	
管理结构	67	20 世纪 90 年代的成功	93
<b>EXTERNAL ENVIRONMENT</b>		<b>NOTES</b>	
外部环境		注释	94
Politian environment		<b>INDEX</b>	
政治环境	69	索引	112
Legal environment			
法律环境	71		
Economic environment			
经济环境	72		
Interest rates and exchange rates			
利率及汇率	74		
Inflation			



# Answering business studies questions

Business Studies is a skills based subject which tests students' ability to use their knowledge.

There are four basic skills:

Level One	Description/Identification		Lowest level skill
Level Two	Explanation		
Level Three	Analysis		
Level Four	Evaluation		Highest level skill

To gain the highest grades, candidates must show evidence of the higher skills.

## How to answer questions

### Example question:

What determines the price of a product?

### Example answer:

- The price of a product is influenced by the costs.  
*candidate identifies a factor - level one*
- This is because firms have to charge a price which is greater than costs to make a profit.  
*candidate explains why cost is important - level two*
- Profit is needed to reward the owners and to invest in the firm.  
*candidate develops point about profit - higher level two*

- However in the short run a firm may sell a product at a loss. This may be to gain market share or because the product is still at the introduction phase and has high research and launch costs.

*candidate analyses the importance of covering costs - level three*

- Overall it depends on whether we are considering a short or long term pricing policy. Firms may be willing to make a loss in the short run (for example in a price war) in order to ensure long term profits. It will also depend on the objectives of the firm. Some public sector organisations, for example, may simply try to cover costs.

*candidate begins to weigh up factors - level four*

## Key words/phrases

The following words and phrases are often useful when answering questions:

BECAUSE, THEREFORE - these are helpful when you want to explain a point.

HOWEVER, ON THE OTHER HAND - these are useful for analysis

ON BALANCE, OVERALL, IT DEPENDS, IN THESE CIRCUMSTANCES IT IS LESS LIKELY - these can be used when evaluating.

## Example

**Question:** Should firms train their employees?

## Answer:

By training their employees firms may be able to increase their profits BECAUSE trained staff are likely to be more productive and make less mistakes. Employees might also be more motivated BECAUSE they might be able to undertake more interesting work and BECAUSE managers are showing that they value their staff (which can satisfy their esteem needs). HOWEVER training

costs money and is not always successful. It can also lead to a loss of production whilst staff are being trained.

OVERALL, management will have to weigh up the potential benefits against the costs. If, for example, the firm has the necessary resources, the training is relatively cheap and is likely to lead to significant increases in productivity and profitability the firm likely to invest in it. If, ON THE OTHER HAND, the firm lacks the necessary finance and staff already have the skills required then training is LESS LIKELY.

## Key types of questions:

Identify/state/describe...

Explain/outline...

Discuss...

Examine/assess/analyse...

Critically assess/to what extent...

## Responses should:

make a point

make a point and develop it

present two sides of the debate

make a point and develop fully with some questioning of it

explain both sides and evaluate

## Don't be certain

Candidates should always avoid being too definite in their answers. Words such as 'will' and 'must' should be avoided and replaced by words and phrases such as 'might', 'may', 'could' and 'it is possible that'.

### Example 1:

"If interest rates increase a firm's profits will fall". This is not true. A better answer would be: "If interest rates increase a firm's profits might fall".

### Example 2:

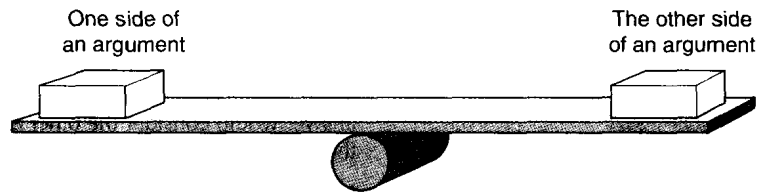
"In a recession all firms sell less." Not true. "In a recession some firms sell less."

### Example 3:

"In a monopoly market a firm will increase its prices." Not necessarily. "In a monopoly market a firm may be able to increase its price."

Nothing is definite. Organisations and managers are different. They do not all do the same thing or react in the same way. Some might do A. Others may do B. Answers should stress that there are a variety of responses to any situation.

## Evaluation is the key skill for a Grade A



Evaluation involves weighing up two sides of an argument.

To achieve the highest grades candidates must:

- identify relevant points on **both** sides of the argument. (level one)
- explain these points. (level two)
- analyse these points. (level three)
- evaluate them. (level four)

### Level Four Answers

The key to producing Level Four answers is to highlight the fact that there is no single answer to a question - it always depends.

For example, when answering a question about how a firm might react to a change in, say, the external environment it is important to point out that the way in which a firm responds will depend on factors such as:

- The type of business - the objectives of a charity, for example, will differ from those of a public sector organisation or a private company. A small business operating in a local market will probably behave differently from a large multinational.
- The management —some managers are good, others are bad. Some react quickly to change, others react slowly, others do not react at all. Some managers will anticipate change (i.e be proactive); others will wait for it to happen (i.e be reactive)
- The state of the market - firms will behave differently in growing markets than in declining ones. A firm's behaviour will depend on whether it is in a competitive market or a monopoly.
- The state of the economy - a firm's behaviour will depend on whether it is in a recession or a boom; whether interest rates are high or low; whether the pound is weak or strong.
- Time - markets, consumers, employees, and suppliers in the 1990s are different from the 1980s and the 1970s, and will probably be different in the year 2000. Their attitudes, expectations and values will change. Just because something happens one year does not mean it will continue. Trends such as the growth of the 'green' consumer and the success of franchises in the 1990s will not necessarily continue into the next decade.
- Country - UK laws, attitudes, and markets differ from those in, say, Japan. What is allowed, accepted or encouraged here is not necessarily the case elsewhere.

Good answers present two sides of an argument and then weigh them up.

# Answering business studies questions continued

## Typical essay questions.

**Question 1:** Consider the effect of an increase in interest rates on a firm.

**Answer:**

Candidates need to discuss the way in which a firm might be affected (e.g. sales, production and employment levels) and then evaluate. In this case the effect depends on factors such as:

- how much have interest rates increased?
- how long will the rates remain high?
- what type of goods or services does the firm produce? Are these sensitive to interest rate changes?

If rates have increased significantly, have been high for a long time and the firm produces goods which are sensitive to interest rates (e.g. houses) the impact is likely to be greater than if rates have only just gone up by a small amount.

**Question 2:** "Autocratic management is dead." Critically assess this view.

Candidates should:

- briefly explain what is meant by autocratic management,
- explain why it might be thought to be dead e.g. employees' desire to be involved, to have greater responsibility, greater belief in democratic styles, success of democratic styles
- explain why autocratic management might be needed e.g. if there is limited time, a high degree of risk or staff are untrained
- evaluate; e.g. if staff are unwilling to take responsibility, there is a tight deadline, the company's culture is autocratic and the manager is reluctant to delegate the firm is more likely to be autocratic.

When answering essay questions candidates should avoid simply repeating their notes or the textbook. Good answers must refer to the specific question and rework notes and ideas accordingly.

## Example:

To what extent is price the most important factor in marketing?

If candidates answer this question by listing the four P's of the marketing mix their mark will be very low indeed. A good answer would consider the other elements of the mix but in the context of when price is more important or less important.

For example, price might be more important when:

- the consumer has a low income (e.g. in a recession) and so shops around
- in a competitive market with many similar substitutes
- when goods are easily comparable

Price might be less important:

- in a boom
- for heavily branded goods
- in the growth stage of the life cycle
- if the good is patented
- if it is a speciality good

Overall, the importance of the price depends on factors such as:

- income levels
- the role of promotion
- where the good is distributed
- the nature of the market

## Coursework

For most coursework assignments candidates must

- apply business studies theory
- show research skills
- show communication skills
- analyse a relevant business issue
- evaluate by showing a judgement of the issues involved

Candidates should check the assessment criteria before starting their research so they know what skills they must demonstrate and the relative weighting of the different skills.

Candidates should plan their coursework before gathering data to ensure their project will meet the set criteria e.g. they should plan how they are going to gather data, what theory will be covered.

Candidates should avoid descriptive projects - projects must show evidence of analysis.

Candidates should make sure:

- they can gather the data relatively easily
- the title is not too broad

Typically projects are:

- i. problem solving e.g. should XYZ invest in new equipment?
- ii. a comparison e.g. how do the recruitment methods of ABC compare with those of DEF Ltd?

Projects should contain:

- a title
- the name of the candidate
- an index
- an appropriate use of headings and sub headings
- an appropriate use of charts/graphs and tables
- a conclusion
- a list of source material

# Organisations

An organisation is a collection of people which exists to achieve collective goals and in which behaviour is controlled.

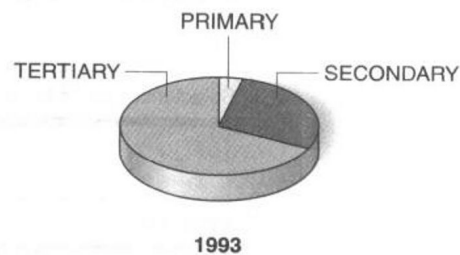
Organisations can be categorised by

- size based on e.g. turnover, assets, number of employees
- sector private sector - owned by private individuals  
public sector - owned by the Government
- activity primary - directly related to natural resources (e.g. fishing, farming, mining)  
secondary - processing of materials e.g. manufacturing  
tertiary - services e.g. banking
- legal form e.g. whether it is a company with a legal identity separate from its owners

Most of the income in the UK is increasingly generated by the tertiary sector:

% of Gross Domestic Product (at factor cost)	1964	1993
PRIMARY	5.8	3.9
SECONDARY	40.8	28.4
TERTIARY	53.8	67.7

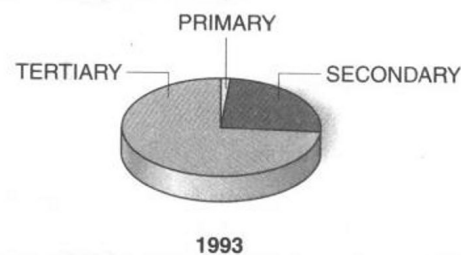
Source : CSO



The majority of people in the UK are increasingly employed in the tertiary sector:

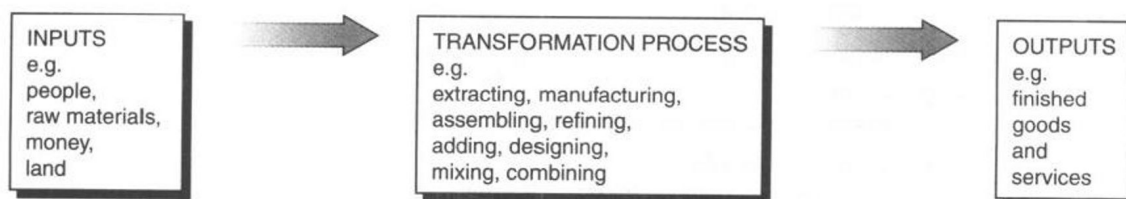
% of total employment	1964	1993
PRIMARY	5.1	1.5
SECONDARY	46.9	25.2
TERTIARY	47.8	73.0
Total number employed	22,357,000	21,554,000

Source : CSO, National Income and Expenditure



All organisations transform inputs into outputs:

**Transformation process:**



The aim of organisations is to generate outputs which have a greater value than the inputs used up. Business organisations generally value inputs and outputs in monetary terms ;

therefore the aim is usually to generate a revenue which is greater than the costs i.e. to make a profit.

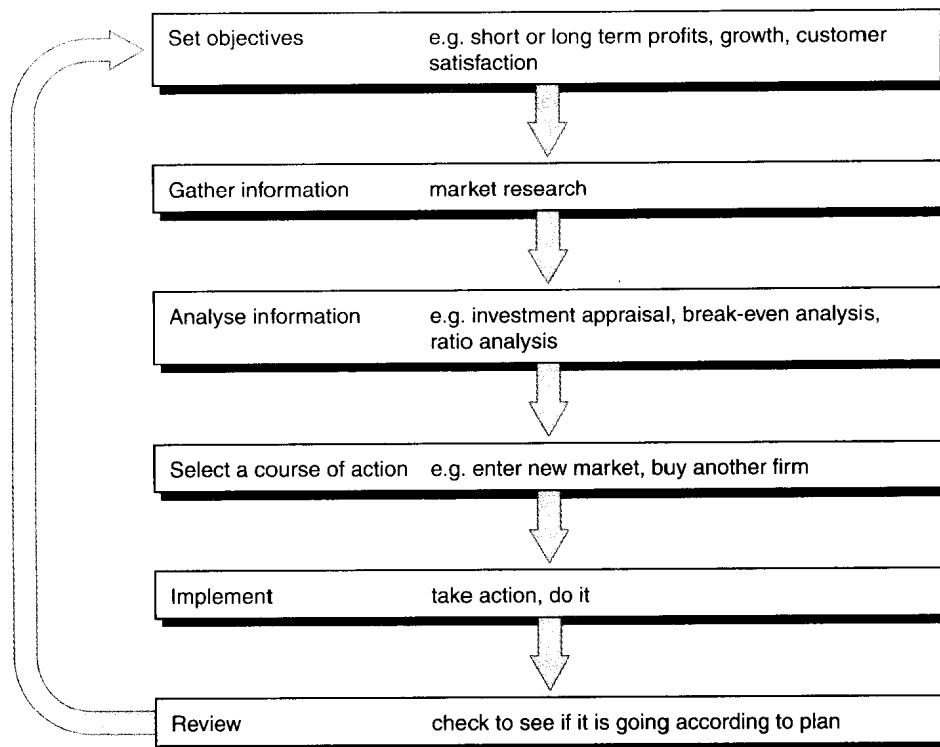
**Value added:** the difference between the outputs and the value of the bought in inputs. This is used to :

- reward employees (e.g. wages and salaries),
- reward owners (e.g. dividends)
- invest (retained profit)
- and pay tax.

**Competitive advantage:** an aspect of the firm's behaviour or performance which gives it a competitive edge over its competitors, e.g. it may be a lower cost producer, or have a unique selling proposition (USP), such as being the only company to deliver to your door the next day.

# Decision making

Managing a business successfully involves effective decision making. When undertaking the decision making process a firm will:



## Strategic decisions

- long term, high risk
- difficult to reverse if wrong
- managers have often never made this type of decision before, e.g. what markets to enter

## Tactical decisions

- short term, easier to reverse
- managers have often made similar decisions before, e.g. what price to charge
- usually involve less resources

## Objectives may include:

- Survival** in the short run firms may have to sacrifice profit to survive, e.g. in a price war. Ensuring the firm is liquid is often a priority in the short run.
- Profit** to reward owners, to invest into the business, as an indicator of success to attract investors
- Growth** to gain economies of scale, and to gain market power
- Customer satisfaction** to increase demand and lead to long term profits
- Provide a service to the public** e.g. public corporations, hospitals, libraries

## Constraints on decision making

### Internal

Factors a firm can control, but which restrict its ability to achieve its objectives.

Finance - e.g. cashflow, ability to raise finance

Marketing - e.g. limited salesforce distribution

Human resources - e.g. numbers, skills, motivation, attitudes

Production - e.g. capacity, quality, flexibility

### External

Factors beyond the immediate control of the firm, which restrict its ability to achieve its objectives.

Political factors - e.g. Government policy

Economic factors - state of economy

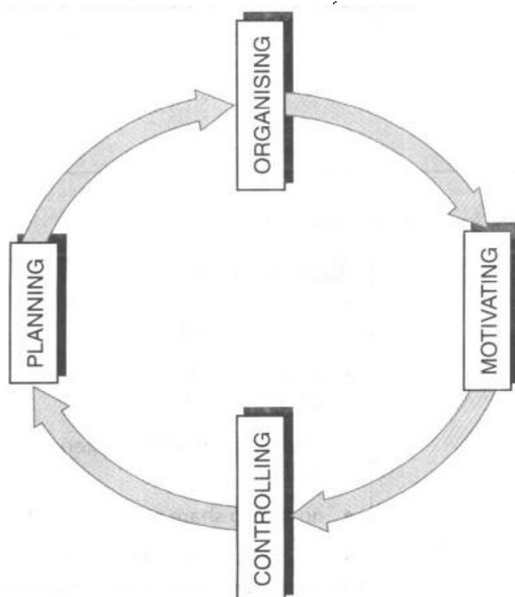
Social factors - e.g. social trends, demographics, attitudes

Technology - e.g. rate of change

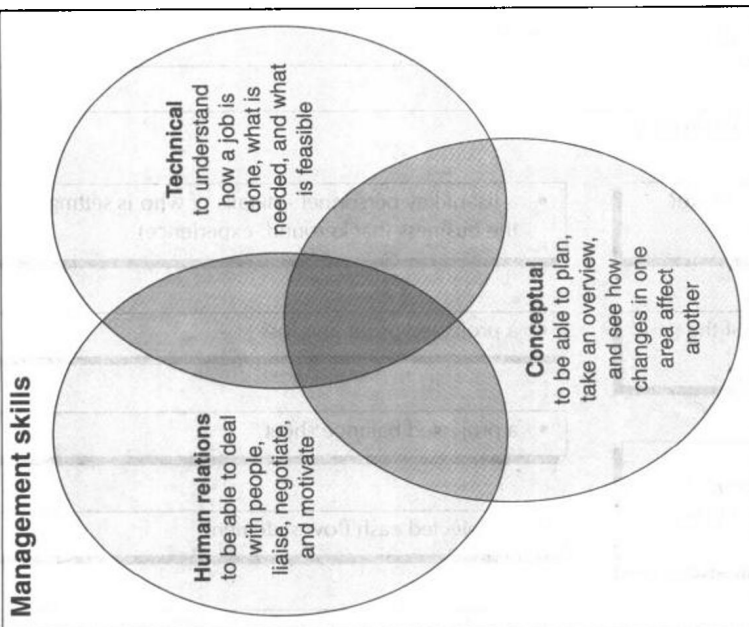
# Management process

Management is about 'getting things done through others' (R. Stewart).

It involves deciding what has to be done and how to do it; and making sure the right decisions are implemented.



Management is a dynamic process - it is ongoing and ever changing as the challenges, resources and constraints of a firm change.



**Divorce between ownership and control:** the managers who control the organisation day to day may have different objectives from the owners, e.g. the managers may want to invest to grow whereas the owners may want higher dividends, i.e. there may be a divorce between their objectives.

**Mission statement:** states the overall aims of the organisation and its values. The aim is to develop a common sense of purpose, e.g. the mission might be 'to be the world's best airline' or 'to protect and serve'.

**Objectives:** must be quantifiable and time specific, e.g. to increase sales by 20% over three years.

**Management by objectives:** managers agree objectives with employees. The result is that employees have clear goals. Progress can be reviewed at the next meeting.

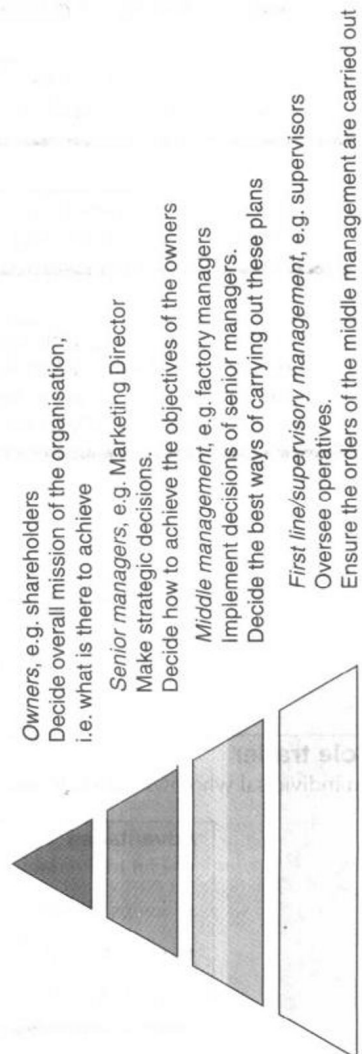
**Scientific management:** managers decide on the one best way of completing a task, train employees, and reward them for higher output. It assumes that managers are there to think, whereas employees are simply there to implement and are motivated by money. The scientific approach creates a system of rules and procedures for employees to follow. It leads to predictable, consistent results, but can be demotivating if employees wish to be involved and use their initiative.

## What if things go wrong?

**Crisis management:** describes how the managers prepare for and react to a sudden change, e.g. BSE scare about British beef, Perrier's reaction to discovery of imperfections in their water, the Stock Market crash of 1987, the exchange rate crisis of 1992, bombing of offices, sudden closure of supplier, or a strike.

**Contingency planning:** attempting to predict different scenarios and planning suitable strategies for each one.

## Management hierarchy



# Business formats 1

## People set up a business because:

- they want to work for themselves (independence)
- they have been made redundant from their last job
- they cannot find another job
- they want to achieve something for themselves (self actualisation)
- it is a natural progression from a hobby or interest

## An entrepreneur is someone who:

- combines resources
- identifies opportunities
- takes risks
- makes decisions

To achieve the finance to set up a business, individuals often require a business plan.

**Business plan:** a report showing plans of the business; often used to attract finance from investors. Businesses which put time and effort into their business plans, thinking

about the competition and the financial consequences of their proposals, are more likely to be successful than those which do not.

## The main elements of business plan include:

- a description of the business - What does it make? What service does it provide?

- a list of key personnel - details of who is setting up the business (background, experience)

- a statement of its aims - what are the aims of the business in the short and long term?

- a projected profit and loss

- a marketing plan - e.g. Who needs the product/service? Why? What makes it different, i.e. what is its unique selling proposition (USP)? Who is the competition? What will the price be?

- a projected balance sheet

- a projected cash flow statement

- details of the finance required - What will it be used for? What is the expected rate of return for investors?

## Sole trader

An individual who owns the business, e.g. a window cleaner, local shopkeeper, or hairdresser

### Advantages

- can make decisions quickly
- keeps all the rewards
- easy to set up
- privacy of business affairs

### Disadvantages

- limited sources of finance (e.g. own funds)
- unlimited liability, i.e. can lose personal assets
- often has limited managerial skills
- no one to share workload with
- no one to share ideas with

In 1993 there were 3.6m businesses in the UK. 2.6m of these were sole traders or partnerships without employees.

## Partnership

Two or more people trading together 'carrying on business with a view to profit' (1890 Partnership Act).

A maximum of 20 partners is allowed, except for partnerships in the professions such as law and accountancy.

### Advantages

- share resources/ideas
- can cover for each other, e.g. during holidays
- more sources of finance than sole trader
- partners can specialise, e.g. one may specialise in company law, another may focus on criminal law

### Disadvantages

- usually unlimited liability
- limited sources of finance
- profits must be shared between partners
- slower decision making than sole trader

**Deed of partnership:** a legal document which forms a contract between the partners. It covers issues such as the division of profits, the dissolution (closure) of the partnership; the rights of each partner; the rules for taking on new partners.

**Sleeping partner:** invests in partnership but does not take part in day to day business; has limited liability. At least one partner must have unlimited liability.

## Co-operative

A democratic organisation where all members have one vote. It's possible to have shareholders in a co-operative, but the shareholders have one vote each rather than one vote per share. This means no one member can easily dominate.

There are several types of co-operative, e.g.

- Worker co-operative:** organisation owned by employees. Employees should be motivated but can have problems managing themselves.
- Retail co-operative** set up to benefit consumers, e.g. the CO-OP. Surpluses distributed via lower prices.

## Public sector organisations

Owned or directed by the Government.

Examples include the BBC, the Bank of England, the armed services, and local authority services such as schools, parks, museums, and libraries. Revenue often comes from the

taxpayer as well as customers. Likely to have social objectives; not just be profit oriented

**Non profit organisations,** e.g. charities such as Oxfam, sports clubs, or societies; non profit objectives;

often have voluntary workers.



# Business formats 2

## Companies

A company has a separate legal identity from its owners. A company owns assets, and it can sue and be sued. A company is owned by shareholders. Shareholders have

limited liability - i.e. they can lose the money they have invested in the business but not their personal assets.

### Forming a company

#### memorandum of association

includes:

- name of company
- company objectives
- location of registered office

+

#### articles of association

internal rules of company

- e.g. powers of directors, rights of shareholders, types of share

sent to the  
Registrar of Companies  
who sends back a  
Certificate of incorporation

#### Private company (Ltd)

- must have 'Ltd' after its name
- restrictions can be placed on sale of shares
- not allowed listing on stock exchange
- not allowed to advertise their shares
- usually smaller (although some are large e.g. Littlewoods)

V

#### Public company (Plc)

- must have PLC after its name
- can be quoted on Stock Exchange
- minimum £50,000 authorised share capital
- shareholders have right to sell their shares to whoever they want
- usually larger

**All companies:** must produce a set of accounts for each shareholder; a copy of the accounts is kept at Companies House. The annual report and accounts must include: a balance sheet, profit and loss, a cash flow statement, a directors' report, and an auditor's report. The annual report of a PLC is more detailed than a Ltd's.

Being quoted on the Stock Exchange

- provides access to more investors
- raises the profile of the company, and attracts more media attention

but

- the process of becoming quoted (flotation) can be expensive and time consuming
- there is no control over the sale of shares by investors - this makes the PLC vulnerable to take-over
- PLC's have to reveal more information than Ltd's

Some firms have become a PLC and then returned to being a Ltd e.g. Andrew Lloyd Webber's Really Useful Group, and Richard Branson with Virgin.

There are about 1m limited liability companies in Great Britain (excluding Northern Ireland).

### 'Flotation': process of becoming a PLC

To become a plc, i.e. to float, a company must:

Ltd → Plc

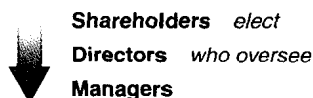
- produce a prospectus giving details about the company, e.g. its activities and accounts
- meet the requirements of the Company Acts and the Stock Exchange

### Five largest public companies in UK:

### Market Capitalisation £m April 1996

1. British Petroleum	33,434
2. Shell	29,304
3. Glaxo Wellcome	27,752
4. HSBC	26,101
5. British Telecom	23,371

Source : Sunday Times 14/4/96



**Directors** - elected by shareholders; oversee managers to ensure they are working in the interests of the shareholders; the directors are the 'watchdogs' of the shareholders; the directors are responsible for the overall strategy of the company, subject to approval by the shareholders; their conditions of appointment and powers are stated in articles of association. Non executive directors are - part timers who have no day to day involvement (no executive powers) in the organisation

**Company Secretary** - company official with responsibility for maintaining a register of shareholders, notifying shareholders of annual general meeting, and preparing the company's annual returns.

**Cadbury Committee** - reported on the role of directors. It recommended more non executive directors to keep an independent eye on the business. Public limited companies must state the extent to which they comply with the Cadbury Codes of Best Practice in their annual report.

**Corporate governance** - issue of who really controls companies, e.g. do the institutional investors exercise too much power?

### What is the value of a company?

**Market capitalisation:** market value of company; market price of shares x number of shares

**Book value:** value of company as stated in its accounts.