Introduction to Business English

商务英语基础

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前　　言

随着经济的全球化和中国加入WTO,中国越来越走向国际化。在这种背景下，培养能够熟练掌握外语，通晓商务知识，熟悉商务环境的英语复合型人才是高校刻不容缓的任务。

《商务英语基础》为商务英语入门教材，以英语为授课语言。全面地介绍了商务英语中各个关键领域的基础知识和理论，涉及了企业管理、市场营销、商法和保险等重点和热点内容。

本书分为15章，分别是企业产权形式，市场营销，产品和定价，分销渠道，促销，管理，人力资源管理，激励，企业文化，商法，风险管理和保险，国际商务，金融市场，会计和企业环境。每章内容由主题讲解、专业术语和课后练习组成。第一章、第三章、第六章、第十章、第十一章、第十五章由于瑶（哈尔滨金融高等专科学校）编写。第二章、第五章、第七章、第九章、第十二章由杨光（哈尔滨金融高等专科学校）编写。第四章、第八章、第十三章、第十四章由仉金辉（东北农业大学）编写。此外，李长华、邓薇也参与了本书练习部分的编写与校对工作。

主题讲解通常分为4~5个部分,分别就本章学习的主题进行深入浅出的讲解。同时在部分章节中还配有适当的图表帮助学生理解。每章后面都配有课后练习题，用来检测学生对主要理论知识的掌握程度和应用能力。

本教材适合大专院校商科专业学生使用,也可作为非英语专业学生的选修教材。

作　者

2008年7月

CONTENTS

Chapter 1 Forms of Business Organization

Businesses operate under a variety of forms of businesses organization. The majority of business organizations are corporations, others are general partnerships, limited partnerships, and sole proprietorships. Less common are professional corporations, joint stock companies, business trusts and joint ventures.

Sole Proprietorship

The sole proprietorship is the oldest, most common, and simplest form of business organization. A sole proprietorship is a business entity owned and managed by a single person. The owner of a sole proprietorship is known as a sole proprietor. This organization is normally a small business, such as the corner grocery.

The prevalent characteristic of a sole proprietorship is that the owner is inseparable from the business, i.e. they are the same entity. Virtually, all the legal and tax consequences associated with sole proprietorships flow from this essential element.

Conducting business as a sole proprietorship brings manifold advantages. Following are their major appeals.

1. Easiest Type of Business Organization to Establish

There are no formal requirements for starting a sole proprietorship and it can be organized very informally. The startup costs for a sole proprietorship are minimal.

2. Freer in Decision-Making

The law makes no distinction between the sole proprietorship and the sole proprietor. As a result, the owner of a sole proprietorship has complete control over its operations. The proprietor may make managerial decisions without consulting with anyone else. Decision-making is in direct hands of owner.

3. Less Tax Burden

Compared with other forms of business, sole proprietors are the luckiest businessme4n in terms of tax burden. In the U.S. for example, the tax rates for sole proprietors are often only half of those for corporations. Moreover, as a sole proprietor, you will not pay double tax on your business income. All your business income is treated as your personal income. In other words, a sole proprietorship does not pay taxes separately from the owner. All profits and losses of the business are reported directly to the owner's income tax return. Therefore, as a sole proprietor, you can deduct your business losses to the extent of your total income that you may have from all sources, including interest, dividends, and gains from the sale of non-business property.

4. Exclusive Use of Profits

As a sole proprietor, if you work hard and make a small fortune, you can take all the profits and don't have to share them with anyone else. This is perhaps the most appealing feature of being a sole proprietor.

However, being a sole proprietor does not mean you are free from problems. Following are some of the disadvantages.

1. Unlimited Liability

This is the worst nightmare for every sole proprietor. Liability here means obligation to pay one's debt. A sole proprietor has, by law, unlimited liability, which means if he goes bankrupt, both the business and personal assets of the sole proprietor are subject to the claims of creditors.

2. Limited Access to Capital

It is difficult for a sole proprietor to raise capital. Financial resources are generally limited to the owner's funds and any loans outsiders are willing to provide. Because its ability to repay loans is limited by the assets of the individual properties

3. Lack of Continuity

Because a sole proprietorship is not a separate legal entity, it usually terminates when the owner becomes disabled, retires, or dies. As a result, the sole proprietorship lacks continuity and does not have perpetual existence like other business organizations.

Partnership

A partnership is a business with two or more persons and, as such, is more complex than the sole proprietorship. Partnerships are typically found in businesses such as law firms, accounting firms, and dental clinics, which provide professional services in specialized areas. Insurance firms (e.g. Lloyd's of London), advertising firms, real estate firms, and management consulting firms are also common examples of partnerships.

There are two basic types of partnerships—general partnerships and limited partnerships. The main distinctions between the two classifications are that: ① one or more partners in the limited partnership have limited liability—that is, their liability is limited to the extent of their investment in the partnership—whereas all partners in a general partnership have unlimited liability; and ② limited partners have no control over the everyday management of the partnership, whereas general partners have a voice in the everyday management.

General Partnership

A general partnership is "an association of two or more persons to carry on as co-owners a business for profit. " A general partnership may be created by a verbal agreement, however, it is customary and recommended that the partners define their rights and duties in a written agreement. Partners may pool their resources and talents. This allows all partners share control and participate equally in management of the partnership.

There are no fees associated with creating a general partnership. A general partnership does not pay taxes. Instead, the individual partners are taxed on the income they receive from the partnership. Profits and losses are divided among partners in any manner they choose.

Under a general partnership, assets of any of the partners can be used to cover the business's liabilities, regardless of which partner incurred the liability. In terms of asset protection, general partnerships can be even worse than sole proprietorships. Anything that one partner does affect all of the partners, because each partner of the general partnership is personally responsible for all obligations of the partnership.

Limited Partnership

A Limited Partnership ("LP") is an association of one or more general partners together with one or more limited partners to conduct business for profit as co-owners. The most important feature of a LP is that the limited partner enjoys limited liability as long as he does not participate in the control of the partnership business. The general partners of the LP are the ones who are responsible for the obligations of the LP.

A limited partnership is usually formed for investment purposes. The limited partners are the investors. As members of a partnership, the partners enjoy tax advantages as well. The partnership is not taxed, only the partners. A limited partnership is an entity distinct from its partners. A limited partnership has the power to sue, be sued, and defend in its own name and to maintain an action against a partner for harm caused to the limited partnership by a breach of the partnership agreement or violation of a duty to the partnership. Thus, the limited partnership has features of both a general partnership and a corporation.

Formation of Partnership

Under most circumstances, the creation of a partnership does not require a formal written agreement. However, it is desirable to have an agreement in writing, referred to as articles of partnership. The existence of such an agreement often helps to avoid conflict by clarifying the rights and responsibilities of the parties. The normal partnership writing contains:

- Names of the partners.
- Name of the partnership.
- Location of the partnership.
- Purposes of the partnership.
- Duration of the partnership.
- Allocation of profits and losses among partners.
- Capital contributions by partners.
- Partners' rights and responsibilities.
- Dissolution procedures.

Termination of partnership

A partnership may be dissolved at any time, either by act of the parties or by operation of law. Dissolution by act of the parties may occur by ①agreement; ② withdrawal or addition of a partner; ③ violation of the partnership agreement by one of the parties; or ④ accomplishment of the purpose for which the partnership was formed. Dissolution by operation of law may be by ① the death of a partner; ② the bankruptcy of a partner or the partnership; ③ the illegality of the partnership; or ④ by order of a court.

Corporation

In a general sense, a corporation is a business entity that is given many of the same legal rights as a legal person, which means it is treated like a private person under the law. It can receive, own and transfer property, enter into contracts, sue and be sued.

Features of Corporations

To form a corporation, at least three incorporators are needed. The incorporators are also called stockholders or shareholders. Corporations are distinct from sole proprietorships and general partnerships in several aspects. First, a corporation exists as a separate legal entity for all purposes, granting a limited protection to the actual people involved in the business of the corporation. This limitation of liability is one of the many advantages to incorporation, and is a major draw for smaller businesses to incorporate; particularly those involved in highly litigated trade. Second, the life of a corporation is much more resilient; theoretically, it has a perpetual existence, because its ownership, which is in the form of its stock, is divisible and transferable. So long as a company is profitable, the change-of-hand of the shares of its stock has little impact on the life of the company. A third feature of the corporation is ease of transferring ownership interests. A corporation's ownership, represented by shares of stock, may be bought and sold freely without business interruption. A fourth feature is the separation of the ownership from the management. Shareholders always own the corporation but often do not manage it. Fifth, a corporation pays tax on its earnings. Then, when it distributes dividends (dividends are portions of corporate earnings to shareholders, in the form of cash or stock.) to its stockholders, they pay tax on those earnings. Finally, the corporate form requires compliance with an array of formalized procedures. Incorporation can be very costly as a result. Also government more closely supervises corporations than partnerships and sole proprietorships.

Types of Corporations

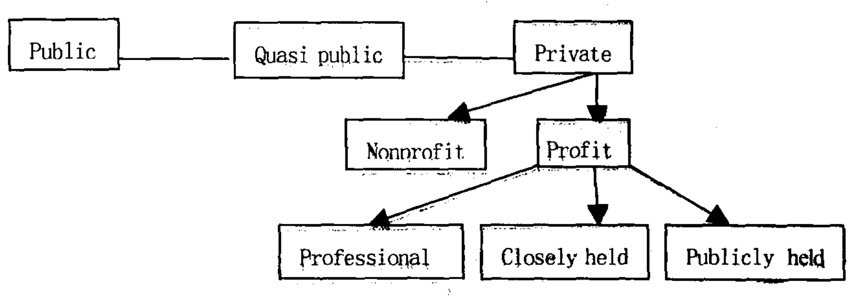
Corporations may be classified into a number of ways:

Public corporations are established by the government. The U.S. Postal Service is an example of a federal public corporation.

Quasi-public corporations are public service companies, such as public utilities. Although they are private, the high degree of government regulation and protection makes them public in nature.

Private corporations are those established for private interests. Private corporation may further be divided between nonprofit and profit. Nonprofit corporations are formed for charitable or religious purposes. Profit corporations are usually formed to carry out business.

Private corporations for profit may be further subdivided into closely held corporations and publicly held corporations. A corporation owned by one or a few shareholders, who normally have family or other close ties and also manage the business, is termed a closely held corporation. These corporations do not publicly offer their stock. The publicly held corporation, in contrast, has a number of unrelated shareholders who are passive investors. They do not actively manage the company. The shares of stock are traded freely on stock exchanges.



Corporate Management

Shareholders elect a board of directors to manage to corporation. The board, in turn, delegates the day-to-day operations to officers. The directors and the officers comprise the management of the corporation. The board establishes the policy of the company and is responsible for guiding the company in a manner consistent with that policy. Other decisions made by the board include proposing amendments to articles of incorporation and bylaws, proposing candidates for the board and removing officers and declaring dividends. A board maintains almost absolute discretion to declare or not declare dividends.

Shareholders

Of the various classifications of shareholders, the most common distinction is between common stockholders and preferred stockholders. A primary difference between the two is that ordinarily preferred stockholders are entitled to receive their dividends before common stockholders. On dissolution, preferred stockholders are entitled to distributions of assets before common stockholders.

Common stockholders have voting rights whereas preferred stockholders normally can vote only on extraordinary matters. At the annual shareholders' meeting the voting members elect directors and vote on other matters of corporate concern.

A Special Form: Franchising

A franchise is an agreement or license between two parties, which gives a person or group of people (the franchisee) the rights to market a product or service using the trademark of another business (the franchisor). The franchisee has the obligation to pay the franchisor certain fees and royalties in exchange for rights to market the product or service using the operating methods of the franchisor. The franchisor has the obligation to provide these rights and generally support the franchisee. Typically there are two types of franchise methods. There is "business format franchising" and "product and trade name franchising".

Business Format Franchising

Business format franchising offers a variety of services to the franchisees. They provide the franchisee use of trademarks and logos, as well as a complete system of doing business. They will assist the franchisee with site selection, interior layout and design, hiring and training, advertising and marketing, product supply and more. The franchisee pays an up front franchise fee and agrees to pay continuing royalties to the franchiser that help the franchiser provide research, development and support for the entire system. The fast food chains typify this form of franchising.

Product & Trade Name Franchising

Product and trade name franchising generally is associated with industries such as automotive, petroleum and soft drink. This type of franchising does not include royalty fees. The franchiser provides trademarks and logos, national advertising campaigns, but most importantly, product.

This type offers three characteristics:

1) The franchisee sells goods or services, which are supplied by the franchisor or a person affiliated with the franchisor;

2) The franchisor assists the franchisee in any way with respect to securing accounts for the franchisee, or securing locations or sites for vending machines or rack displays, or providing the services of a person able to do either;

3) The franchisee is required to make a payment to the franchisor or a person affiliated with the franchisor at any time before or within six months after the business opens.

According to the president of the International Franchise Association, franchising has triple benefits: " The franchiser wins because he builds a strong foundation for his company. The franchisee wins because he can take advantage of the franchiser's proven business system. And the general public benefits from the consistency of the product or service."

To the Franchiser The franchiser can gain fast and selective distribution of its products without incurring the high cost of constructing and operating its own outlets. The franchiser thus has more capital available to expand production and to use for advertising. The franchiser also benefits from the fact that the franchisee, being a sole proprietor in most cases, is likely to be very highly motivated to succeed. The success of franchisee means more sales, which translate into higher royalties.

To the Franchisee The franchisee can start a business with limited capital and to make use of the business experience of others. Moreover, an outlet with a nationally advertised name is often assured of customers as soon as it opens. If business problems arise, the franchiser gives the franchisee guidance and advice. The franchisee can receive materials to use in local advertising and can take part in national promotional campaigns sponsored by the franchiser. The franchisee can minimize the cost of advertising, of suppliers, and of various business necessities by purchasing them in cooperation with other franchisees.

Although, franchising may seem like an easy way to start ones own business and many times it is just that, investing in a franchise is no guarantee of wealth. It may be the safest way to go into business, but it is not necessarily the cheapest. One of the most significant financial variables is the monthly payment, or royalty, that must be turned over to the franchiser. The fees vary widely, from nothing at all to 20 percent of sales. Another drawback of franchising is that many of them allow individual operators very little independence.

New Words and Expressions

franchise n. 特许经营
shareholder n. 股东
dissolution n. 解散
incorporator n. 公司股东
sue v. 起诉，控告
dividend n. 股息
franchisor n. 授予特许者
franchisee n. 获得特许者
sole proprietorship 商人，个体户
partnership 合伙公司
corporation （股份有限）公司
sole proprietor 个体业主
unlimited liability 无限责任
law firm 法律事务所
accounting firm 会计事务所
real estate firm 房地产公司
general partner 普通合伙人
limited partner （责任）有限合伙人
internal conflict 内部纷争，冲突
legal person 法人
income tax 所得税
double tax 双重税收

Exercises

Ⅰ. Choose the definition from B that best matches the words in A.

A

1. Access
2. Supervise
3. Corporation
4. Sole proprietorship
5. Limited partner
6. Merchandise
7. Bankrupt
8. Expertise
9. Sue
10. Credit

B

a. Means of approaching or entering
b. Goods, esp. Manufactured articles that are intended for sale, not for the personal use of the present owner
c. An organization that is owned and operated by one person
d. Unable to pay one's debt
e. A partner whose personal liability is limited to the amount invested in the partnership capital
f. A business chartered under the corporate laws of some states
g. Expert knowledge and skill
h. Sum of money lent by a bank, etc; loan
i. To have the responsibility for seeing that the work of others is properly done
j. Take legal action

II. Decide whether the following statements are TRUE (T) or FALSE (F) according to what you have learned in this chapter.

1. An advantage of a partnership over a sole proprietorship is that more than one owner can contribute funds to the firm.
2. A sole proprietor is not personally liable for the obligations of his business.
3. When stockholders of a corporation sell their stocks for more than they paid for the stocks, the difference is the stockholders' dividend.
4. Sharing profits and less control of the business ownership are two common disadvantages of franchising.
5. Closed corporations mean that stock is held by only a few owners and not actively sold on the stock market.
6. People become owners of a corporation by purchasing its stock.
7. Owners of a corporation can earn a return on their investment either by receiving

dividends or by selling the stock.

8. A franchisee has the right to change products and services of the franchise company.
9. Jim has an idea for a new business. He wants to get started as soon as possible with a minimum amount of expense. He also wants to be his own boss, and wants to keep all of the profits he expects to earn for himself. These goals suggest that Jim would favor setting up his firm as a LLC.
10. The franchiser can provide training, guidance, and other forms of support to the franchisee.

III. Fill in each of the blanks with the proper word given below. Change the form if necessary.

individual	expansion	initiate	share
accomplish	formation	agreement	pool

Sometimes a number of ___ and businesses join together in order to ___ a specific purpose or objective or to complete a single transaction. A joint venture is the ___ of resources and expertise by two or more businesses, typically from different areas or countries to achieve a particular goal. The risks and rewards of the enterprise are also ___. Partnerships occur when two or more entities decide to work together in a business. For example, Hewlett-Packard (US) and Samsung (Korea) have ___ a joint venture. Under the ___, Samsung will manufacture both microprocessor chips and computer workstations, using Hewlett-Packard's technology and software.

The reasons behind the ___ of a joint venture often include business ___, development of new products or moving into new markets, particularly overseas.

IV. Translate the following short passage into Chinese.

As successful entrepreneurs can testify, success is seldom easy, and not even enthusiasm, desire, and hard work always prove to be winning combinations. Unfortunately, risk includes more than going bankrupt and losing the enterprise. As adverse court judgment due to an aggrieved customer's suit or an innocent bystander injured on the business premises or the deliberate or inadvertent act of an employee off the premise can prove to be especially disastrous. Not only may all the firm's assets be impounded, but the court may—under certain conditions—seize the owner's personal assets as well.

Chapter 2 Marketing: an Overview

What is Marketing?

What does the term marketing mean? Many people think of marketing only as selling and advertising. Effectively, marketing describes the activities that lead to the sale of products. It is the process of planning and executing pricing, promotion and distribution programs to satisfy customer needs. It involves collecting information, analyzing alternative market outlets, developing different product forms, pricing products to compete in the marketplace, defining the scope of the proposed market area and meeting consumers' needs. So marketing is more than just selling a product or service. It is only the tip of the marketing iceberg. Today, marketing must be understood not in the old sense of making a sale—"telling and selling"—but in the new sense of satisfying customer needs.

The Marketing Concept

The marketing concept is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition.

To better understand the marketing concept, it is worthwhile to put it in perspective by reviewing other philosophies that once were predominant. While these alternative concepts prevailed during different historical time frames, they are not restricted to those periods and are still practiced by some firms today.

The production concept prevailed from the time of the industrial revolution until the early 1920's. at the time, companies were basically production-oriented. The production concept was the idea that a firm should focus on those products that it could produce most efficiently and that the creation of a supply of low-cost products would create the demand for those products.

By the early 1930's, however, mass production had become commonplace, competition had increased, and there was little unfulfilled demand. Consumers had many products to choose from and forms found they had to go to the consumers, instead of waiting for the consumers to buy. Companies still produced goods with little regard to the consumer's needs. However, firms began to practice the selling concept. They not