

# I. BUSINESS ENVIRONMENT

Companies are not lonely islands, they operate in a business environment, both external (the market, the stage of a business cycle and the type of economy) and internal (within a company). Today, businesses are strongly influenced by the external environment: customers' needs, competition, the globalised economy as well as technological innovations or environmental pressures. In this module we will focus on the business environment, on different types of economy, on the stages of a business cycle and finally, on competition.

## 1.1. TEXTS

### 1.1.2. TYPES OF ECONOMY

An economy is called a **free economy** if all individuals are free to start and **run a business** and when all **resources** are owned, **allocated** and controlled by individuals. In a free economy there are no **regulations imposed** on businesses by the government. This is an extreme situation and a completely free economy is a utopia which does not exist in the real world. The other extreme involves an economy which is owned and fully controlled by the state – such countries have a **command economy** (also called a **planned economy** or a **state-controlled economy**).

What we can witness in most countries today is a **mixed economy** – a combination of state-owned and privately owned business organisations. Some business organisations belong to individuals, others – to the state. What is important is the proportion of state-owned and privately owned businesses. In the majority of democratic countries most business organisations are in private hands. The state, however, may wish to control some **strategic industries** like **coal mining**, energy or railways or may impose some regulations either to protect **employees at work** (**employment protection**) or to protect consumers.

### 1.1.3. STAGES OF A BUSINESS CYCLE

A 'business cycle' is a term that denotes **fluctuations** in the economy over a period of several years (approximately 6 years). It is characterised by periods of **economic growth** and decline that repeat themselves over time. The four phases of the business cycle are presented below.

## Expansion/Growth/Boom/Prosperity

An expansion or growth stage of the business cycle is characterised by a strong economy. An economic expansion increases the **demand** for capital and goods. People make more money and want to buy more. Companies invest in new **production facilities**. Banks lend money at low **interest rates**. Strong demand results in higher **employment rates**. A prosperity stage (an economic **boom**) follows the expansion stage. The economy **operates at its full capacity** and prices of goods and services continue to increase. **Salaries and wages** also tend to rise in the periods of prosperity and this translates into additional inflation.

## Contraction/Decline

The prosperity stage is followed by a **contraction** stage. Inflation has a negative effect on the economy. During the contraction stage, businesses start to decrease their spending and cut costs. The demand for goods and services begins to decrease and workers lose their jobs.

## Recession/Trough/Slump/Depression

A **recession** is a phase of the business cycle that follows the contraction phase. Demand decreases substantially and many companies **go bankrupt**. A serious protracted recession is called a **depression** (or an economic **slump**). During a recession, decreased demand for goods and services results in a decreased value of **gross domestic product (GDP)**, which finally leads to higher levels of **unemployment** and a lower **standard of living**.

## Recovery

This stage is characterised by a gradual increase in consumers' confidence. Interest rates are low and companies can borrow money cheaply. There is an increase in **productivity** so companies start to **employ more staff**. Consumers start to earn more and can afford to **purchase more**. Gross domestic product starts to increase.

### 1.1.4. INTERNAL AND EXTERNAL BUSINESS ENVIRONMENT

Companies need to carefully analyse their internal and external environment in order to understand many influences and pressures and to take good business decisions. Such an understanding leads to improved long-term planning and allows companies to consider appropriate responses to **threats and opportunities** on an ongoing basis.

The internal environment comprises **resources**, a company structure, organisational behaviour and organisational culture. Good managers use all resources as well as reputation and image to develop their organisations.

Resources are usually classified into three groups:

- › **human resources**: owners, managers, employees, contractors,

- › **tangibles**: share capital, income, profit, machinery, equipment, raw materials, components,
- › **intangibles**: design, brand, strategy, information, innovation, controlling systems.

Company's structure should be adjusted to the size and mission of the company and should facilitate the achievement of company's goals. Internal organisational culture and behaviour are also important intangible factors in understanding the internal environment of an organisation.

The external environment encompasses the broad business environment, the **competitive** environment and the marketplace. The broad business environment refers to the four levels on which businesses may operate:

- › local,
- › national,
- › international,
- › global.

Organisations need to analyse their external environment in order to understand the **volatile** world of today and the unique conditions they operate in. They need to understand:

- › current market trends,
- › who their **competitors** are and how to **compete** with them,
- › what benefits their customers need,
- › what other external groups of people (e.g. local community members, **suppliers**) need.

Without a good understanding of their external environment business organisations are unable to **innovate** and respond to new market needs and challenges.

### 1.1.5. PEST/SLEPT/STEEPLED ANALYSIS

These acronyms stand for different external forces influencing a business organisation. Companies should analyse and assess these macroeconomic forces in order to be able to respond to possible influences from the external environment.

The PEST analysis considers political, **economic**, social/socio-cultural and technological influences while the SLEPT analysis considers social/socio-cultural, **legal**, economic, political and technological influences. For example, political influences may include **taxation**, **competition** laws, company **legislation**, industry regulations.

Social/socio-cultural influences may cover the age structure of a population, **household** structure, behaviours, values and lifestyles, as well as ethical issues and **environmental protection**. Economic influences may include inflation, interest rates, unemployment and the stage of a business cycle.

Technological influences have dramatically changed the way in which businesses operate; the internet and mobile devices have revolutionised **business communication** worldwide.

New **manufacturing** technologies result in better and cheaper products which companies are able to provide.

The PEST analysis is a dynamic tool because new components can be added to it. For example, the STEEPLED analysis takes into consideration socio-cultural, technological, economic, environmental, political, legal, ethical, and demographic factors influencing an organisation and is therefore most inclusive.

### 1.1.6. COMPETITION

Nowadays competition is becoming increasingly **tougher**. To be able to compete successfully, companies need to understand who their competitors are and what methods to use to compete with them.

Michael Porter suggested a model which is useful when examining the direct competitive environment in an **industry** or a sector. His model is called a 'model of five forces', the forces that determine risk and **profitability**. These forces include:

- › competitive rivalry – the number of competitors and intensity of competition,
- › threat of new **entrants** – attractiveness of a given industry in terms of high potential profits and low financial risk,
- › threat of substitutes – availability of alternative products and services that provide better value for money,
- › **bargaining** power of buyers – e.g. high bargaining power of large supermarkets,
- › bargaining power of suppliers – e.g. high bargaining power of oil-producing countries.

Generally speaking, Michael Porter identified two options of gaining a competitive advantage: companies can compete by offering either lower prices or better quality products and services. A **competitive advantage** may be gained when a company sells products or services to a **mass market** and achieves a better position than its rivals by:

- › **cost leadership** (competition is based on lower cost and lower price),
- › **differentiation** (offering a better quality product).

If companies decide to offer their products or services to a narrow market, they can use two types of **focus strategy** to gain a competitive advantage:

- › **cost focus** (offering cheap products on a **niche market**),
- › **differentiation focus** (offering exclusive products on a niche market).

Usually a company's ability to quickly respond to external changes, its unique competences and creativity are very important determinants of a sustainable competitive advantage. From the point of view of customers **fierce competition** is an advantage as it gives them more attractive prices and better quality products.

### 1.1.7. GLOBALISATION

In the 21<sup>st</sup> century many companies operate on the global market. Globalisation is not a new phenomenon. The early examples of globalisation include the Roman Empire and the British Empire. An important difference, however, is that today's globalisation is not military or political but achieved through **peaceful economic cooperation**.

When going global companies enter new markets, attract new customers and are able to increase their profitability. **Sourcing** is also becoming global – companies look for the best suppliers all over the world. **Off-shoring** production to **low-cost countries** results in lower prices of mass products.

The effects of globalisation can be divided into several groups: economic, financial, political, social, cultural, informational and ecological. The effects of globalisation that have been most visible in the recent decades include:

- › greater dependence of companies and consumers on the global economy,
- › free or nearly free movement of capital, goods, services and people,
- › more multinational corporations and more **born global firms**,
- › globalised money markets,
- › more integrated trade blocs
- › more wealth creation in the developing countries,
- › changes in the labour market,
- › increased personal mobility,
- › technological innovation and rapid flow of information all around the world,
- › **erosion** of traditional national culture,
- › increased awareness of environmental protection and of the role of **renewable resources**.

Globalisation is changing the way companies do business, it is forcing industries to be more competitive but it is also **altering** our professional and private lives. We are working for the same multinational companies, wearing the same clothes, using the same technology, driving the same cars and watching the same films as people living in other countries. The same global brands are becoming symbols of success or status symbols in different parts of the world. Sometimes lifestyles are also becoming more and more similar across countries.

## 1.2. BUSINESS WRITING

### A notice – practical tips

A notice is a short informative text displayed on a notice board, published in a company newsletter, sent by email or put on an entrance door. A notice may inform employees about a social event, staff training or changes in the organisational environment.

Sometimes a notice is written to inform customers about something. It is important to include all information that the readers may need, so that all the questions the readers may ask are answered.

A notice has a title (upper case, centred) and it usually consists of two or three paragraphs (not indented, separated by double space). Below the text we can find the information about its author and the date (centred). The layout of a notice is presented below.

.....  
 Model notice 1  
 .....

#### TEMPORARY CLOSURE OF OUR BRANCH

Customer service has always been our priority and we are doing our best to offer our customers top quality banking services with the highest possible customer data protection. Now, it is our intention to upgrade the security of our customers' electronic transactions with a new sophisticated system of database protection. The system is user-friendly and it will not require any changes in customers' security codes.

To install the new system we will need to close our branch on two consecutive days, i.e. Monday, 15<sup>th</sup> May and Tuesday, 16<sup>th</sup> May. On these two days you can use the services of the closest branch, located at 26, High Street (just opposite the post office). It is within a short walking distance from here. Their office hours are exactly the same as ours.

If there are any urgent problems or requests, please do not hesitate to contact our representative by email at [deputy@regent.com](mailto:deputy@regent.com) or use our 24/7 helpline: 33 444 555 100.

Robert Thompson, Branch Manager

Issued on 7<sup>th</sup> May 20..

.....

Model notice 2  
 .....

#### CHANGE TO THE SYSTEM MANAGEMENT TIMES ON 10 MAY

Last week we informed you about system maintenance downtime for the Admin website planned for 10<sup>th</sup> May 20.. .

This maintenance was previously planned to take place between 9.00 and 17.00 (UK time). This planned maintenance has been changed and is now scheduled from 16.00 to 22.00 (UK time) on 10th May. We apologise for any inconvenience this may cause.

Centre Support Unit

Issued on 3<sup>rd</sup> May 20..

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### **1.2.1.** Decide how to arrange the three paragraphs in the notice.

#### ROOM RESERVED FOR THE UPCOMING MEETING

We would like to apologise for any inconvenience it may cause. Unfortunately, we do not have any alternative place to hold our meeting. We hope you will understand.

The room cannot be used between 9.00 a.m. and 1.00 p.m. The meeting is strictly confidential so we would like to ask you not to disturb the attendees within the time stated. After 1.00 p.m. you are all welcome to use the room as usual.

The Staff Common Room will not be available for common use next week on Thursday in the morning (2<sup>nd</sup> March). Since no other room of this size is available, I have decided to allot this room to the staff of the Sales Department that need this facility for their upcoming meeting.

Robert Forrester, Sales Manager

Issued on 22<sup>nd</sup> February 20..

.....  
 N.B. You may have noticed that British English and American English sometimes differ in spelling. Most frequent differences refer to how we spell certain word endings.  
 .....

In British English words usually end with:      In American English words usually end with:

- |                                   |                                |
|-----------------------------------|--------------------------------|
| › ise    e.g. customise           | › ize    e.g. customize        |
| › yse    e.g. analyse             | › yze    e.g. analyze          |
| › isation    e.g. standardisation | › ization e.g. standardization |

## 1.3. SPEAKING SECTION

### Planning

When talking about planning something, it is better to avoid 'will/shall' forms as they suggest a promise/obligation to do something. Instead, we can use one of the following forms:

1. I am going to take another training.
2. We plan/are planning to expand our operations in Asia.
3. It is our intention to attract more customers in France.
4. I intend to change my job and relocate to Barcelona.
5. We would like to open two new subsidiaries in Germany next year.
6. They want to complete the project in July.
7. We aim/are aiming to restructure the company first.
8. I am leaving for Moscow tomorrow. (when all preparations and arrangements have already been made).

## Predicting

These expressions are organised from probable to almost certain.

1. They *may/might/can/could* consider our new offer for the purchase of components.
2. We *expect* them to relocate to their new premises next month.
3. They are *supposed/expected* to arrive on time.
4. They are *likely/unlikely* to place an order with us.
5. He *is to attend* a meeting tomorrow morning.
6. She *is due to* officially open the conference on Monday.
7. They are *bound to* sign a sale contract with us next week.

## Popular business sayings

Don't bite the hand that feeds you.

Never disagree with the boss.

Rule with an iron fist.

If you can't beat them, join them.

Kill two birds with one stone.

Don't volunteer for things.

Don't be a follower, be a leader.

If it's worth doing at all, it's worth doing right.

There is nothing more satisfying than a job well done.

There is no substitute for hard work.

Make hay while the sun shines.

No pain, no gain.

Hard work and dedication, given time, can beat talent.

Hard work will pay off in the end.

Don't put off till tomorrow what you can do today.

Work smarter, not harder.

It's not whether you win or lose, it's how you play the game.

As a member of a team you have to play as a team.

Two heads are better than one.

A penny saved is a penny earned.

Money can't buy happiness.

Easy come, easy go.

Nothing is free, everything comes at a price.

No such thing as a free lunch.



Don't keep all your eggs in one basket.  
 Don't bite off more than you can chew.  
 Rats leave a sinking ship.  
 If you scratch my back, I'll scratch yours.  
 Perseverance is the name of the game.  
 You have to learn to crawl before you learn to walk.  
 Haste makes waste.  
 Don't look where you fell, look where you slipped.  
 You work to earn money to enjoy the things of life.  
 Rules are made to be broken.  
 Once a cheater, always a cheater.  
 If the shoe fits, wear it.

## 1.4. GRAMMAR REVIEW

### Talking about the future

There are many ways in which you can talk about future situations.

1. You use the **Future Simple** when you:

- › talk about future actions, e.g. *I will study economics in Paris.*
- › decide to do something at the moment of speaking, e.g. *I'll give you a lift, OK?*
- › make predictions based on personal opinions, e.g. *He won't compete with us. He is not strong enough.*

2. You use the **Future Continuous** ('will be verb+ing') when you:

- › want to ask a polite question, e.g. *What will you be doing this weekend?*
- › talk about actions in progress at a specific time in the future, e.g. *I'll be leaving at 7 p.m. tomorrow.*
- › talk about planned events, e.g. *We will be visiting Paris on the last day of the sales conference.*

3. You use 'shall' to make suggestions or to ask if the boss approves of something, e.g.

*Shall I fix you a drink?*

*Shall I print the report and put it on your desk?*

4. You use 'be going to' if you talk about:

- › predictions based on evidence, e.g. *Look at the sales figures! We're going to increase sales by 5%.*

- › plans, e.g. *They are going to open two new plants in India.*
- › future intentions, e.g. *We are going to enter the Asian market next year.*
- › decisions about future actions, e.g. *He's going to relocate the headquarters to New York.*
- › when something in the future is obvious, e.g. *He's going to start his new job in two weeks. He has already signed the contract with them.*

5. You use the **Present Continuous** when you talk about future actions for which all the arrangements have already been made, e.g.:

*He is arriving next Monday. I've booked a hotel for him.*

*We have negotiated all the points with them and we will be signing the contract tomorrow.*

*She is leaving the company at the end of the month.*

6. You use the **Present Simple** when you talk about future actions that follow regular schedules and timetables, e.g. *The plane arrives at 7.35 p.m. so you will have plenty of time to catch the connecting flight to Vienna.*

7. You use the **Future Perfect** ('will have + 3<sup>rd</sup> verb form') when you talk about an action that will be finished before a specified point in the future, e.g. *By 6 p.m. we will have prepared the report on environmental protection for Mr Nicolson.*

8. Other expressions used when talking about the future include:

- › **be likely to**, e.g. *Mr Jacobs is likely to visit us next month.* (probably he will)
- › **be bound to**, e.g. *The CEO is bound to open the ceremony.* (he will)
- › **be to**, e.g. *She is to sign the contract on our behalf.* (official, planned action)
- › **be about to**, e.g. *Hurry up! He's about to leave* (very soon).
- › **be due to**, e.g. *The meeting is due to start at 3 p.m.* (something planned at a specific day, time)
- › **be expected to**, **be supposed to**, e.g.

*They are expected to arrive tomorrow afternoon.*

*Is she supposed to work on Saturday mornings?*

- › **intend to**, **plan to**, **aim to**, **would like to** – when talking about plans and intentions, e.g.

*We'd like to allocate more funds for development.*

*I intend/plan to take another course in management soon.*

#### 1.4.1. Choose the correct form.

1. Will you see/be seeing Tom tomorrow?

2. Will/Shall I wait for you in the reception?
3. Next week our command meeting starts/will be starting at 9.30 as usual.
4. By this time next week they will have prepared/will prepare/will be preparing all the documents for me.
5. This time tomorrow I will have/will be having talks with them in the Hague.
6. If so, I will be changing/will change/will have changed my plans and go with you.
7. Look at the sky! It will/is going to rain.
8. I will finish/will be finishing/will have finished the project by 20 May.
9. He has already decided that this project will be starting/will have started/is going to start next month.
10. Have you made the decision yet? How much money will you/are you going to/would you invest?

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**1.4.2.** Choose either the Present Continuous or the Present Simple to talk about future actions.

1. Don't be nervous! The morning post comes/is coming just before 10 a.m.
2. Wait a second, please. He does/is doing a morning round at 9.30.
3. Have you checked the emails from Nielson & Co? Mr Smith is meeting/meets their representative this afternoon and he will need to know exactly what they expect of us.
4. We are visiting/visit the London Chamber of Commerce next Tuesday. We have already made all the necessary arrangements and confirmed the date.
5. On 12 October he takes/is taking the position of General Manager in our International Office in Rio de Janeiro. His contract was signed in August.
6. Our regular brainstorming meeting starts/is starting at 11.00 as usual. We still have ten minutes left.
7. Hurry up or you'll miss the train! It is leaving/leaves in three minutes.
8. According to our fixed timetable, James is working/works from 12.00 to 8.00 p.m. tomorrow.
9. They are signing/sign a long-term contract with us next week. Here is a draft which was finally approved by them last Friday.
10. I am meeting/meet him in half an hour. Did you confirm the time with him yesterday?

## 1.5. GLOSSARY

**adverse** › not good or favourable

**allocate resources** › decide officially that a particular amount of money, labour, machinery, materials, etc. should be used for a particular purpose

**alter** = change

**apologise** › tell someone that you are sorry that you have done something wrong

**at full capacity** › (produce) as much as possible

**attendee** › someone who attends a meeting, course, etc.

**attract a new customer** › make someone want to buy something

**bargain** › discuss the conditions of sale, agreement, etc. in order to get the greatest advantage of yourself; something you buy cheaply or for less than the usual price

**boom** › a time when business activity increases rapidly, so that demand for goods increases, prices and wages go up and unemployment falls

**born global firm** › a company that engages in international business from its start

**branch** › an individual bank, shop, office, etc. that is part of a large organisation

**business communication** › a process of exchanging information and ideas in business settings

**capability** › natural ability, skill or power that makes a machine, person or organisation able to do something, especially something difficult

**cheater** › someone who behaves in an dishonest way to win or get an advantage

**coal mining** › digging coal out of the ground

**command economy** › an economy in which the government of a country owns most of the industry and makes all economic decisions

**command meeting** › a short, regular meeting with the management to pass instructions or information down to the employees

**competitive advantage** › an advantage that makes a company more able to succeed in competing with others

**compete** › try to get people buy you goods or services rather than those available from other companies

**competition** › a situation in which businesses are trying to be more successful than others by selling more goods and services and making more profit

**competitive** › used to describe situations or behaviours in which businesses are trying hard to be more successful than others, for example by selling their goods more cheaply than others

**competitor** › a person, product, company, country, etc. that is competing with another

**consecutive** › following one after another without interruptions

**consumer** › a person who buys goods, products and services for their own use, not for business use or to resell

**contraction** › a process of becoming smaller or narrower

**contractor** › a person or company that agrees to do work or provide goods for another company

**cost leadership** › the position of being the company with the lowest costs in its industry or market

**currency** › a system or type of money used in a particular country

**customer** › someone who buys goods and services from a shop, company, etc.

**demand (for)** › need or desire that people have for particular goods and services; the total amount of goods that customers buy in a particular period of time

**depression** › a long period of time during which there is very little business activity and a lot of people do not have jobs

**differentiation** › a process of showing or seeing that one thing is different from something else

**display** › arrange objects in an attractive way for people to look at or buy, for example in a shop

**downtime** › a period of time when computer is not working

**draft** › a rough copy of a contract, law, etc.

**economic** › related to economy; relating to or involving economics, money, finance, industry, trade, etc.; a business or an investment that is economic produces enough profit to make it worth continuing with

**economic growth** › an increase in the value of goods and services produced in a country or an area

**economy** › the system by which a country's goods and services are produced and used

**employ** › pay someone to work for you

**employee** › someone who is paid to work for an organisation

**employment protection** › protecting the rights of workers on a company; it also refers to the system of laws, agreements and processes that protect workers

**employment rate** › the percentage of people who are employed

**enter a new market** › start business activity in a new area

**entrant** › a company that starts to sell goods or services in a market where they have not sold them before

**environment** › air, water and land in which people, animals and plants live; the general conditions that influence something

**environmental protection** › activities aimed at keeping air, water and land clean and safe

**erosion** › a process by which something is gradually reduced or destroyed

**exceed** › be higher than something else

**fierce competition** › a situation in which businesses are trying extremely hard to be more successful than others

**fluctuation** › a movement of prices, income, rates, etc. up and down

**focus strategy** › trying to serve particular groups of customers, rather than trying to serve the whole market

**fragile economy** › an economy that is weak and likely to become worse

**free economy** › an economy in which companies are not controlled by the government

**free movement of goods** › when products can be freely transported all around the world or region

**go bankrupt** › not have enough money to pay company's debts

**go global** › start operating in different places on the world

**grapevine** › an informal flow of information in an organisation

**gross domestic product (GDP)** › the total value of goods and services produced in a country's economy, not including income from abroad

**headquarters** › the head office or main building of an organisation

**household** › all the people who live together in one house

**human resources** › abilities and skills of employees of an organisation

**impose regulations (on)** › someone in authority forces people to accept regulations, he/she introduces

**income** › the money you earn from your work or from investments

**inconvenience** › the problems caused by something which annoy or affect you

**indent** › free space at the beginning of a line of writing, usually a paragraph

**index** › a standard by which the level of something can be judged or measured

**industry** › large-scale production of goods; businesses that produce a particular type of products or provide a particular service

**innovative** › new, different and better than those that existed before

**intangibles** › things having value but not existing physically

**interest rate** › the percentage charged for borrowing money or a percentage you receive when you put money in a bank

**layout** › the way in which things are arranged somewhere

**legal** › something is legal if you are allowed to do it or have to do it by law

**legislation** › a law or set of laws

**low-cost countries** › countries in which the costs of labour are low

**machinery** › machines, especially large ones

**maintenance** › repairs, paintings, etc. that are necessary to keep something in good condition; act of making a situation continue

**manufacture** › produce large quantities of goods to be sold, using machinery

**mass market** › a market for a product that is bought, or meant to be bought, by a lot of people

**mixed economy** › an economy in which some industries are owned by the government and some are owned by private companies

**mobility** › the degree to which workers are able and willing to move from one place to another in order to get a job or to change jobs

**money market** › a market for borrowing money over short periods of time in the form of e.g. Treasury bills

**newsletter** › a short written report of news about a club, organisation, etc. that is sent to people who are interested

**niche market** › a market for a product or service that does not have many buyers, but that make good profits for companies that sell it

**notice** › a written or printed statement that gives information or a warning to people

**office hours** › fixed period of time when a business organisation operates every day

**off-shoring** › moving business activity, usually production, to a foreign country

**operate** › if a system, process or service operates, it works

**operate on the global market** › do business worldwide

**opportunity** › a chance to do something or occasion when it is easy for you to do something

**outperform** › be more successful than someone or something else

**overstocked with goods** › having too many goods available to sell

**peaceful economic cooperation** › working with other businesses in harmony

**perseverance** › determination to keep trying to achieve something in spite of difficulties

**place an order (with the ABC company)** › make a request (for a company) to supply us with goods

**planned economy** = command economy

**premises** › the buildings and land used by a shop, business, hotel, etc.

**priority** › the thing that is more important than anything else and that needs attention first

**production facilities** › special buildings and equipment that have been provided for manufacturing goods

**productivity** › the rate at which goods are produced and the amount produced in relation to the work, time and money needed to produce them

**profit** › money that you gain from selling something or from doing business in a particular period of time, after taking away costs

**profitability** › the state of producing a profit or a degree to which an activity or company is profitable

**prosperity** › the condition of having money and being successful

**purchase** › the act of buying something; buy, especially something big or expensive

**raw materials** › metals or other substances in their natural state that have not been prepared or used to make anything

**recession** › a period of time when an economy or industry is doing badly and business activity and employment decrease for six months in a row

**recovery** › when prices increase and the economy grows again after a difficult period of time

**renewable resources** › something like water energy, wind energy or solar energy that will continue to exist or will grow again so that it is never used up

**request** › a polite or formal demand for something

**resources** › something such as money, property, skill, labour, etc. that a company has available; something such as oil, land or natural energy that exists in a country and can be used to increase its wealth

**run a business** › control and be in charge of an organisation or company

**salary** › money that you receive as payment from the organisation you work for

**share capital** › capital that a company has from investors who have bought shares

**shares** › parts into which ownership of a company is divided

- slump** › a period of time when there is a big reduction in economic activity, forcing many companies to close and many people to lose their jobs
- sophisticated** › very well designed and very advanced machine, system, method or product
- sourcing** › a job or activity of getting supplies of goods, especially materials and components
- staff** › the people who work for an organisation or business
- staff training** › the process of training employees
- stagnant economy** › an economy that is bad and not progressing or improving
- standard of living** › the level of quality of everyday life
- state-controlled economy** = command economy
- strategic industry** › an industry that a country considers very important for its economic development
- stock exchange** › a market where securities, e.g. shares are traded
- stock market** = stock exchange
- supplier** › a company that provides a particular type of product
- supply** › the total quantity of goods that are available to be sold or used
- sustainable** › able to continue without causing damage to the environment; able to continue for along time
- tangibles** › assets (things that a company owns) that are physical and can be valued easily
- taxation** › an act or system of charging taxes
- temporary** › not permanent
- threat** › a possibility of something bad will happen
- tough competition** = fierce competition
- trade** › the activity of selling and buying; business activity; buy or sell goods; exist and operate as a business
- trade bloc** › a group of countries that have an official trading agreement with each other
- Treasury bill** › a form of borrowing for short periods of time by a government
- trough** › the lowest point of recession
- unemployment** › when someone does not have a job; the number of people in a particular country or area who cannot get a job
- upgrade** › make something better; improve something and make it more modern, especially to provide a better service
- upper case** › capital letters; written in capitals
- urgent** › very important and needing to be dealt with immediately
- utility company** › a company providing services such as street lightening, gas, water or electricity for people to use (=public utility company)
- volatile** › a volatile situation is likely to change suddenly and without warning
- wage** › money you earn that is paid according to the number of hours, days or weeks that you work, especially when we talk about manual workers
- wealth** › a large amount of money, property, etc. that a person or country owns