Contents

Contributors xviii
Preface to the first edition xix
Preface to the sixth edition xx
Guided tour xxii

Part One INTRODUCTION

1 Business organisations: the external environment 3
   Ian Worthington
   Learning outcomes and key terms 3
   Introduction 4
   The business organisation and its environment 4
   The general or contextual environment 7
   Mini case: A healthy business? 7
   The immediate or operational environment 9
   Analysing the business environment 10
   Mini case: The people's car 10
   Central themes 12
   Synopsis 14
   Summary of key points 14
   Case study: A shock to the system 15
   Review and discussion questions 16
   Assignments 16
   Further reading 16

2 Business organisations: the internal environment 17
   Ian Worthington and Zena Cumberpatch
   Learning outcomes and key terms 17
   Introduction 18
   Approaches to organisation and management 18
   Organisational structures 22
   Mini case: 'Into the Dragon's Den' 22
   Mini case: Royal Dutch Shell 27
   The virtual organisation 28
   Structural change 29
   Aspects of functional management 29
   Synopsis 34
3 The global context of business

Chris Britton

Learning outcomes and key terms 38
Introduction 39
Globalisation versus internationalisation 39
The role of multinational enterprises 42
Globalisation and business 45
Mini case: UK nuclear power industry 46
Mini case: Financial markets 47
Globalisation and the small and medium-sized firm 48
Synopsis 48
Summary of key points 48
Case study: Multinationals and FDI 49
Review and discussion questions 51
Assignments 51
Notes and references 51
Further reading 51

International business in action: The car industry 53

Part Two CONTEXTS

4 The political environment

Ian Worthington

Learning outcomes and key terms 57
Introduction 58
Political systems 60
Government in democratic states 62
Mini case: The end of an era 66
The three branches or functions of government 68
Mini case: The demise of the VW law 70
Checks and balances in democracies 73
A model of the policy process 73
Synopsis 75
Summary of key points 75
Appendix 4.1: A democratic political system in action:
  UK national government 76
Appendix 4.2: Subnational government: UK local authorities 83
Appendix 4.3: Supranational government: the European Union 86
5 The macroeconomic environment

Ian Worthington

Learning outcomes and key terms 96
Introduction 97
Economic systems 98
Eastern Europe: economies in transition 102
Politico-economic synthesis 104
The macroeconomy 106
Mini case: A change in economic fortunes 112
Government and the macroeconomy: objectives 113
Mini case: Digging in for the long term 119
Government and the macroeconomy: policies 119
The role of financial institutions 124
International economic institutions and organisations 126
Synopsis 130
Summary of key points 130
Case study: Toyota UK 131
Review and discussion questions 133
Assignments 133
Notes and references 133
Further reading 133

6 The demographic, social and cultural context of business

Ian Worthington

Learning outcomes and key terms 135
Introduction 136
The demographic environment of business 136
The social context 141
Mini case: Fit for purpose? 146
The cultural environment 148
Mini case: National cultures 149
Application: market segmentation 151
Synopsis 153
Summary of key points 153
Case study: The effects of an ageing population 154
Review and discussion questions 158
Assignments 158
Notes and references 158
Further reading 158
Methods of growth 273
Finance for growth 276
Small firms 281
Mini case: The small-firm sector 287
Multinationals 291
Synopsis 291
Summary of key points 291
Case study: Grocery retailing in the UK 292
Review and discussion questions 293
Assignments 294
Notes and references 294
Further reading 294

12 Industrial structure 295
Chris Britton
Learning outcomes and key terms 295
Introduction 296
The structure of industry 296
Mini case: The life cycle model 307
Deindustrialisation 310
Mini case: Productivity 311
Synopsis 314
Summary of key points 314
Appendix 12.1: The Standard Industrial Classification (SIC), 2007 315
Case study: Spending on leisure services 316
Review and discussion questions 319
Assignments 319
Notes and references 319
Further reading 320

13 Government and business 321
Ian Worthington
Learning outcomes and key terms 321
Introduction 322
Government and business: an overview 322
Regional policy 323
Regional aid within the European Union 326
Mini case: Attracting foreign inward investment 328
UK urban policy 329
Selected urban policy instruments 330
More recent developments in urban policy 333
Local government and business in the UK 334
Business as an influence on government 339
Mini case: Oiling the wheels? 339
Synopsis 341
Summary of key points 342
14 The market system

Chris Britton

Learning outcomes and key terms 349
Introduction 350
The market mechanism 350
Demand 350
Supply 353
Price determination 356
Mini case: The price of gold 359
Price controls 360
Mini case: What can be done about rising food prices? 361
Elasticity of demand 363
Elasticity of supply 366
The importance of the market to business 367
Synopsis 368
Summary of key points 368
Case study: The international food crisis 369
Review and discussion questions 370
Assignments 371
Notes and references 371
Further reading 372

15 Market structure

Chris Britton

Learning outcomes and key terms 373
Introduction 374
Market structures – in theory and practice 375
Porter’s five-forces model 383
Mini case: Open Skies and Contestability 385
Measuring the degree of actual competition in the market 388
Mini case: Concentration 390
Synopsis 392
Summary of key points 392
Case study: A Porter’s five-force analysis of the airline industry 393
Review and discussion questions 395