

**ACCA**

**PAPER BT**

**Business and Technology**

**FOR EXAM UNTIL Sep 2024**

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# Introduction of BT

## 1. 课程目的

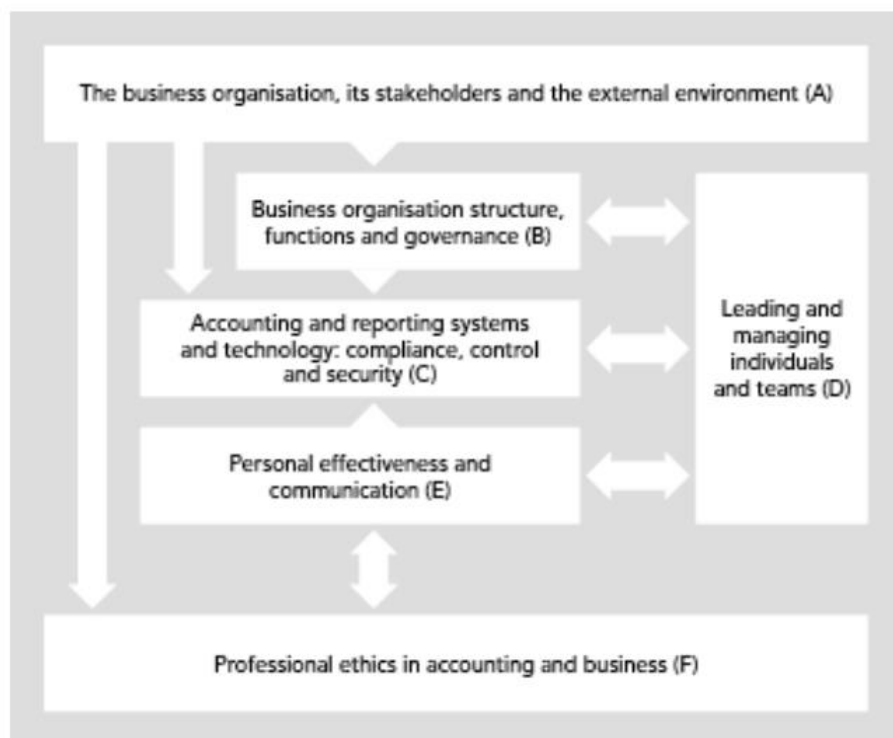
了解组织的基本商务环境和对组织和会计的影响，会计的基本职能和有效管理的基本概念。

## 2. 课程内容

BT 这门课的内容很杂，主要涉及到以下三门主要学科：**组织行为学，人力资源管理，会计和审计**。其中 BT 内组织行为学的内容包括：组织结构，个体，群体，团队管理，组织文化，管理原理和领导理论，激励理论，和沟通原理等。人力资源管理方面内容包括：员工培训和开发，绩效考评等。会计和审计方面内容包括：会计职能，内审外审，内部控制，公司治理，和欺诈等。除了这三门主要学科外，BT 还涉及到经济学，市场学，战略管理，职业道德，信息管理和时间管理等内容。

虽然 BT 的内容包罗万象，但根据大纲要求它只属于基础级，所以内容需要理解和简单应用。BT 要求学生学习时一定要通看课本和老师讲义，而且应该做大量阅读，注意广度，以理解为主，不要对某方面知识死钻牛角尖。BT 的学习绝对不可猜题，复习时也绝对不可有遗漏或空白。

## 3. 课程框架



## 4. 考试形式

BT 全球考试是机考，考试时间是两个小时，共 52 道选择题（其中 30 道 2 分题，16 道 1 分题，6 道 4 分题）。题目中会有一些案例分析题，目的是测试学生是否真正理解了内容，全球考试 100 分满分，50 分通过。

## 5. 学习方法

**课前:** 认真看网课翻转部分，预习讲义，做预习题，好的预习才能提高课上学习效率。

**课中:** 认真听课，仔细记录笔记！！理解重要知识点。

**课后:** 及时复习上节课内容，在理解中文意思的基础上记忆重要英文知识点（背英文看英文，不要只背中文！），认真做练习册上习题，务必自己做完题再听我的讲解（不要直接听答案！），需要整理错题。

要想通过 BT 考试，平时的努力很重要。平时应大量阅读课本，讲师讲义，和课外相关内容的参考书。一定要理解相关内容，这门课死记硬背是无效的。

另外，英语词汇量和阅读速度也是至关重要的，如果题目读不懂，肯定答不出来。所以平时学员要多练习英文阅读，提高英语词汇量（包括 4，6 级常用词汇和专业词汇）。

总结一句：BT 的通过=充分的英语词汇量+理解记忆关键英文知识点+大量做题

**重要提示:** 课后同学们可以登入 ACCA 官网 [www.accaglobal.com](http://www.accaglobal.com) 进入 myacca 账号，进入 ACCA study hub 进行学习和练习。

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# Chapter 1 The organization and stakeholders

## *(Study hub: Chapter 1-2)*

本章内容主要介绍组织的类型和企业利益相关者的类型和分析模型。

### **Learning outcomes**

#### **1. The purpose and types of business organisation**

- a) Define ‘business organisations’ and explain why they are formed.
- b) Describe common features of business organisations.
- c) Describe how business organisations differ.
- d) List the sectors in which business organisations operate.
- e) Identify the different types of business organisation and their main characteristics: i) Commercial ii) Not-for-profit iii) Public sector iv) Non-governmental organisations v) Cooperatives.

#### **2. Stakeholders in business organisations**

- a) Define stakeholders and explain the agency relationship and how it may vary in different types of business organisations.
- b) Define internal, connected and external stakeholders and explain their impact on the organisation.
- c) Identify the main stakeholder groups and the objectives of each group.
- d) Explain how the different stakeholder groups interact and how their objectives may conflict with one another.
- e) Compare the power and interest of various stakeholder groups and how their needs should be accounted for, such as under the Mendelow matrix.

## **Part 1: Organizations (*Study hub: Chapter 1*)**

### **1. Attribute of organizations 组织特征**

“**Organization** is a social arrangement which pursues collective goals, which controls its own performance and which has a boundary separating it from its environment.”

- **Social arrangement:** a group of more than one person.
- **Collective goals:** A common objective that the organization wants to achieve.
- **Controlled activities:** Structured operations of the organization.

### **2. Purpose of Forming business organizations 组织目的**

- Overcome people’s individual limitations 超越个人限制
- Enable people to **specialize** in what they do best 使个人发挥专长

- Save time 节省时间
- Accumulate and share knowledge 积累知识
- Enable people to pool their **expertise** 集中特长
- Enable **synergy** ( 协同效应:  $1+1>2$ )
- Reduce risk



### 3. How organizations differ 组织类型

#### 3.1 Profit or non-profit orientation

- **Profit seeking organization** 营利组织: the primary objective of profit seeking organization is profit maximization, therefore **profitability** is used to measure the performance of these organizations.
- **Not-for-profit organization** 非营利组织: the primary objective of not-for-profit organization is providing service, therefore **value-for-money indicator** (Effectiveness, Efficiency, Economy) is used to measure the performance of not for profit organization.

#### 3.2 Ownership

- **Private sector organization** 私营部门:

Organizations that are **owned by private owners and shareholders**. The private sector companies are divided on the basis of sizes like small & medium enterprises and large enterprises which are either privately or publicly traded organizations.

- **Public sector organization** 公共部门:

Organizations that are **owned and controlled by central government or local government**. The sector is engaged in the activities of providing government goods and services to the general public. For example: tax authorities, railway service, postal service, etc.

- **Co-operatives** 合作社（营利性）:

Businesses owned by their workers or customers, who share the profits.

**Mutual associations** 互助型组织（非营利性）:

Are organizations that exist for the **mutual benefit of their members**. E.g. savings and loan organizations where the members are the savers who deposit their savings in the organization.

#### 3.3 Legal status size

- **Sole trader** 个体经营:

A sole trader is a simple business arrangement, in which one individual runs and owns the entire business. For example: a cloth retailer.

- **Partnership** 合伙制:

A partnership is a formal arrangement by two or more parties to manage and operate a business and all partners share liabilities and profits equally. For example: an audit firm.

- **Unlimited partnership**
- **Limited partnership**
- **Limited liability partnership**

➤ **Limited liability companies** 有限责任公司:

Limited liability company has a **separate legal personality** from its owners (shareholders). **The shareholders cannot normally be sued for the debts of the business** unless they have given some personal guarantee. Their risk is generally restricted to the amount that they have invested in the company when buying the shares.

**Advantages of limited liability company** 有限责任公司优点:

- ✓ **More money** is available for investment
- ✓ **Risk is reduced** for investors thanks to limited liability
- ✓ They have a **separate legal personality** 独立法人. A company can own property, make contracts, etc.
- ✓ **Ownership is legally separate from control**. Investors need not get involved in operations.
- ✓ No restrictions on size apply. Some companies have millions of shareholders.
- ✓ They offer **flexibility**. Capital and enterprise can be brought together.

**Disadvantages of limited liability company** 有限责任公司缺点:

- ✧ **Legal compliance costs** 合规成本高. Because of limited liability, the financial statements of most limited companies have to be audited and then published for shareholders.
- ✧ **Shareholders have little practical power**, other than to sell their shares to a new group of managers, although they can vote to sack the directors.

### **3.4 Private limited company and Public limited company**

➤ **Private limited company:** 私营公司

Refers to the company which **is not listed** on a stock exchange and the shares are held privately by the members concerned.

➤ **Public limited company:** 公众公司

Implies a company that is **listed** on a recognized stock exchange and whose shares are traded openly by the public.

They differ as follows:

- ✓ **Number of shareholders** 股东人数:  
Most **private** limited companies are owned by only a small number of shareholders. **Public** limited companies generally are owned by a wider proportion of the investing public.
- ✓ **Transferability of shares** 股票是否可以转让:  
Shares in **public** limited companies can be offered to the general public. In practice, this means that they can be traded on a stock exchange. Shares in **private** limited companies, on the other hand, are rarely transferable without the consent of the shareholders.
- ✓ **Directors as shareholders** 董事和股东:  
The directors of a private limited company are more likely to hold a substantial portion of the company's shares than the directors of a public limited company.
- ✓ **Source of capital** 资金来源:  
A **private** company's share capital will normally be provided from three sources: the founder or promoter, business associates of the founder, venture capitalists. A **public** company's share capital, in addition, can be raised from the public directly, or through institutional investors, using recognized markets.

### 3.5 Non-governmental organization

A **non-governmental organization (NGO)** 非政府组织 is a legally constituted organization of people acting together independently from any form of government.

**Value for money indicator** is the performance measurement for not-for-profit organizations (NFPO).

- **Effectiveness:** The extent to which an NFPO achieves its objectives.
- **Efficiency:** How efficiently an NFPO uses its resources
- **Economy:** The financial performance of the NFPO.

#### Exam focus point

**Types of organization, and how to measure their performance.**

主要考核组织的类型和怎么衡量组织的业绩尤其是非营利组织。

## Part 2: Stakeholders (*Study hub: Chapter 2*)



## 4. Stakeholders 企业利益相关者

**Stakeholders** are those individuals or groups that, potentially, have an interest in what the organization does. These stakeholders can be within the organization, connected to the organization or external to the organization.

### 6.1 Agency relationships 代理关系

An **agent** is someone who is given the authority to act on behalf of a **principal**. The principal provides the agent with the power to act on their behalf.

- ✓ **Owners and directors:** Owners (shareholders) appoint directors to run the company on their behalf.
- ✓ **Shareholders and auditors:** Shareholders appoint the auditors who report to them on the financial statements produced by the directors.
- ✓ **Directors and employees:** Directors employ managers and staff to carry out the company's day-to-day operations.

### 6.2 Types of stakeholders

<b>Internal stakeholder</b>	Employees, management
<b>Connected stakeholder</b>	Shareholders, customers, suppliers, lenders
<b>External stakeholder</b>	Government, local government, competitors, the public, pressure groups, special interest groups

<b>Primary stakeholder</b>	shareholders
<b>Secondary stakeholder</b>	Directors/managers, employees, trade unions, customers, suppliers, lenders, government, public, the natural environment

#### **Main stakeholders for company:**

- ✓ **Managers** of the company : they manage and make decision
- ✓ **Shareholders** (股东) of the company : they want to know how much profit they can get
- ✓ **Trade contacts** (贸易伙伴) like: suppliers, customers: they want to know the ability to pay debts, source of supply

- ✓ **Providers of finance** to the company like: banks want to know whether the company can pay the loan, and overdraft issue 金融机构
- ✓ **Taxation authorities** : they will assess tax payable 税务机关
- ✓ **Employee** of the company: they will work for the company, and want to secure the future career and they get salary from company
- ✓ **Financial analysts** and advisers like credit agency, journalist : they will give advice to investors, and give information for public 金融分析家及顾问
- ✓ **Government** and their agencies
- ✓ **The public** : they want to know the employment opportunity, pollution 公众

### 6.3 The Power and Interest matrix (Mendelow)

		LEVEL OF INTEREST	
		Low	High
POWER	Low	<b>A</b> Minimal effort	<b>B</b> Keep informed
	High	<b>C</b> Keep satisfied	<b>D</b> Key players

Stakeholder mapping can help deal with stakeholders' conflicting demands. The process involves making decisions on the following two issues.

- **Interest:** How **interested** they are in the company's strategy (**would they want to resist it?**)
- **Power:** How much **power** they have over the company's strategy (**Would they be able to resist it?**)

#### Box A - Minimum effort

Their lack of interest and power makes them open to influence. They are more likely than others to accept what they are told and follow instructions.

#### Box B - Keep informed

These stakeholders are interested in the strategy but lack the power to do anything.

#### Box C - Keep satisfied

The key here is to keep these stakeholders satisfied to avoid them gaining interest and moving to box D.

### **Box D - Key players**

These stakeholders are the major drivers of change and could stop management plans if not satisfied..

#### **Exam focus point**

**Types of stakeholders, Mendelow's matrix.**

能熟练应用这个理论来分析 stakeholders 重要性。

以下内容可以帮助你进行本章复习及自测

#### 1. 重点词汇

Limitation

Procedure

Objectives

Performance

Specialize

Expertise

Synergy

Public sector organization

Profit-seeking

Not-for-profit

Sole trader

Partnership

Limited company

Shareholder

Executive director

Non-executive director

Debt

Accountable

Board

Voluntary

Stakeholder conflict

#### 2. 必做习题

BPP BT KIT 2022: Q1.1-1.8

# Chapter 2 Business environment

## *(Study hub: Chapter 3,6,7,8)*

本章主要介绍企业的外部宏观大环境，比如：政治，经济，社会，技术，生态，法律环境。

### **Learning outcomes**

#### **3. Political and legal factors affecting business**

- a) Explain how the political system and government policy affect the organisation.
- b) Describe the sources of legal authority, including supra-national bodies, national and regional governments.
- c) Identify the principles of data protection and security.
- d) Describe the legal responsibility of the individual and the organisation in relation to data protection and security.

#### **6. Social and demographic factors**

- a) Explain the medium and long-term effects of social and demographic trends on business outcomes and the economy.
- b) Identify and explain the measures that governments may take in response to the medium and long-term impact of demographic change.

#### **7. Technological factors**

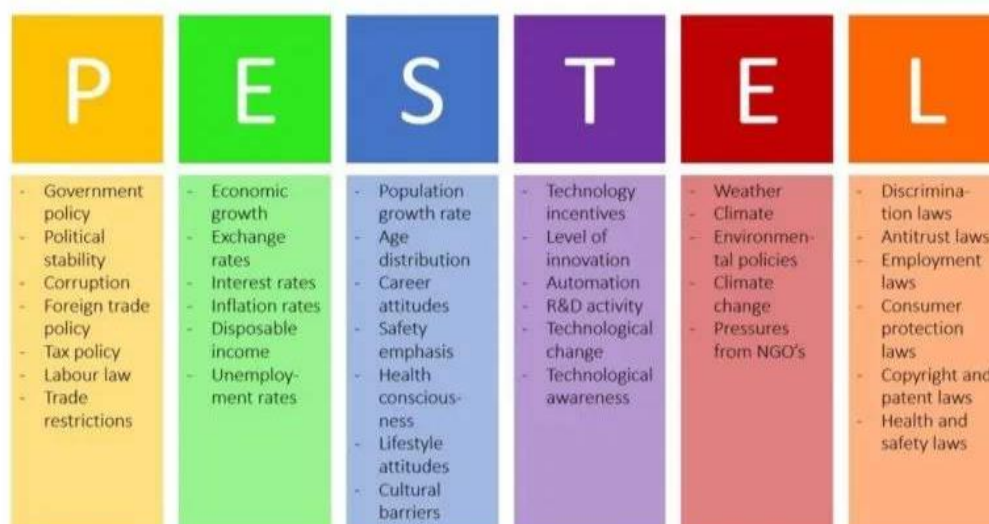
- a) Explain the potential effects of technological change on organisational structure and strategy: i) Downsizing ii) Delaying iii) Outsourcing.
- b) Describe the impact of information technology and information systems development on business processes and the changing role of the accountant in business as a result of technological advances.

#### **8. Environmental and sustainability factors**

- a) List ways in which the business can affect or be affected by its physical environment.
- b) Describe ways in which businesses can operate more sustainably to limit damage to the environment.
- c) Identify the benefits of economic sustainability to stakeholders.

## **Part 1 PESTEL analysis (Study hub: Chapter 3,6,7,8)** 组织的（宏观）环境

**PESTEL analysis** is an acronym for external factors that include issues from the **(P)olitical, (E)conomic, (S)ocial, (T)echnical, (E)cological and (L)egal environment** which have impact on business.



## 1.0 Political environment (P) 政治环境

**Political environments** are about how and to what degree a **government** intervenes in the economy. It also includes policies towards the business community etc. For example: political stability, government in power, political risks, etc.

### 1.1 Level of government 各级政府

- **Supranational body:** The United Nations, The European Union
- **National government:** The federal governments of countries
- **Regional government:** e.g. City, town, state

### 1.2 The impact of government: 政府对企业影响

#### ➤ **Capacity expansion** 生产规模:

Government policy can encourage firms to increase or cut their capacity, for example: offer 'capital allowance' to encourage investment in equipment, incentives to encourage investment by overseas firms.

#### ➤ **Demand** 需求:

Government is a major customer, and government can also influence demand by legislation, e.g. tax relief, subsidies.

#### ➤ **Nationalization** 国有化:

Nationalization is the action of government taking control of an organization or an industry.

#### ➤ **Entry barriers** 行业门槛:

Government policy can discourage firms from entering an industry, by restricting investment or competition or by making it harder, by use of quotas and tariffs, for overseas firms to compete in the domestic market.

#### ➤ **Competition** 竞争:

Government's purchasing decision will have a strong influence on the strength of one firm relative to another in the market. Regulations and controls in an industry will affect the growth and profits of the industry.

### 1.3 Businesses can influence government: 企业对政府的影响

- ✓ They can **employ lobbyists** to put their case to individual ministers or civil servants.  
雇佣说客
- ✓ They can **give MPs non-executive directorships**, in the hope that the MP will take an interest in all legislation that affects them. 让议员担任公司非执行董事
- ✓ They can try to **influence public opinion**, and hence the legislative agenda, by advertising.

#### Exam focus point

能分析 PESTEL 模型中每个因素，并且了解政府对企业的影晌，和企业对政府的影响。

## 2.0 Economic environment (E): 经济环境

**Economic environment** refers to the level of interest rates, economic growth trends, the exchange rates and the inflation level. For example: GDP, local economic trends, inflation, interest rates, tax, government spending, etc.

## 3.0 Social environment (S): 社会环境

**Social environment** refers to the trends in society, the ageing population, tastes and preferences of customers, healthy living lifestyles, leisure preference vs. long-working hours. The population characteristics and education levels and population density characteristics too are important for the firm to be aware of.

- **Demography 人口学**: It includes: growth rate, age, geography, ethnicity, household and family structure, social structure, employment, wealth.

**Organizations are impacted by social and demographic factors in two ways:**

- (a) **The population affects an organization's supply of labour** and hence its policies towards recruiting and managing human resources. 劳动力供给
- (b) Social and demographic factors **influence the buying behavior** of individuals and households 顾客购买行为

### 3.1 Population size:

When the population is growing, there is potential for economic growth, as there is

potentially more output (labour, entrepreneurship).

If the economic growth rate is lower than the population growth rate, people will be worse off on average.

### 3.2 Ageing population 老龄化

- When a country's population is ageing, there will be a **growing number of retired people**. Life expectancy will be higher. More people will live into old age, and fewer people will die young from disease or other illnesses.
- **Government response to ageing population 政府应对老龄化:**
  - ✧ Encouraging people to work beyond the statutory retirement age.
  - ✧ Provision of training to older workers
  - ✧ Increasing the statutory retirement age.
  - ✧ Encourage migrant workers
  - ✧ Encourage the growth of families

### 3.3 Social structure 社会结构

- **Social structure:** The organised pattern of social relationships and institutions that make up society. E.g. social class

A social change could involve changes in the structure of society or changes in the values, attitudes, habits and tastes of people in society.

- **Social class 社会阶层:** a society can be divided into broad strata which comprise individuals, whose members share common features, such as type of **occupation, income level, education background** and other variables.

### 3.4 Women in workforce 劳动女性

Women are **rapidly increasing their participation** in the workforce, especially in professional and service occupations (accountancy, law and medicine). Many organisations find that what may be considered traditionally female values are welcomed by their clients and customers.

## 4.0 Technological environment (T) 技术环境

Technological environment refers to the methods of production using either labour intensive or capital intensive techniques such as the use of machines, robots and computers.

### 4.1 Technological effect on strategy:

- **Cost leadership: 成本领先**

Using technology to **reduce costs** below competitors, thus becoming the industry's lowcost producer of products and services.

➤ **Differentiation:** 差异化

Making a product or a service **stand out from those of a rival**, focusing on particular market segments or niches, or reducing the potential differentiation of a competitor's product.

➤ **Innovation:** 创新

Develop new ways of doing business; develop **new products** or services; identify new markets or niches; evolve the current business into a fundamentally different structure.

➤ **Growth:**

Expanding production and services; identifying and **entering new markets** (location and buyers); and producing new products.

➤ **Alliances:** 同盟

Forge **strategic alliances** through the Internet, extranet and other networks with customers, suppliers, competitors and other companies through the integration of systems, shared systems, joint ventures and mergers.

#### 4.2 Downsizing 减员:

Large numbers of managers and staff have been made redundant.

Downsizing means becoming smaller. In particular, it means **reducing the number of workers employed**. It can also mean reducing the range of business activities and producing fewer products or services.

#### 4.3 Delayering 减少中间管理层,组织扁平化:

**Reduce numbers of management levels.** Removal of layers of middle management.

#### 4.4 Outsourcing 外包:

It is the contracting out of specified operations or services to an external vendor.

➤ **Advantages of outsourcing:**

- Outsourcing can bring the benefits of **economies of scale** 规模经济.
- New skills and knowledge become available. A specialist company can share staff with **specific expertise** between several clients.
- **Flexibility.** Resources may be able to be scaled up or down depending on demand.

➤ **Disadvantages of outsourcing:**

- A company may have highly **confidential** 机密的 information and to let outsiders handle it could be seen as risky in commercial and legal terms.



- An organization may find itself **locked into an unsatisfactory contract**. The decision may be very difficult to reverse. 锁定长期合同无法终止
- Can not get immediate support

#### 4.5 The effect of technology on the role of accountant

The accountant's role in business has transformed significantly due to technological advancement.

As technology has enabled **most of the routine accounting tasks to be automated, accountants are now relied on to provide valuable insights into the financial state, performance, and future of the organisation.**

The role of accountants has developed from mere bookkeepers and reporting of financial information to valued sources of judgement, foresight, and analysis.

- **Spreadsheet 电子表格**: Software to store, manipulate, and analyse data in tabular form.
- **ERP 信息化管理系统**: Software that integrates accounting with other functions like procurement, risk management, and supply chain operations.
- **Data analytics 数据分析**: Software that analyses and creates data sets to enable trends and patterns to be examined.
- **Automation 自动化**: Use of technology to complete processes with minimal human intervention.
- **Artificial intelligence (AI) 人工智能**: The ability of machines to learn to perform tasks in a capacity similar to humans.

### 5.0 Ecological environment (E) 环保生态环境

**Ecological factors** include ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance.

#### 5.1 How business affect environment 企业对环境的影响

- **Consumption of natural resources 消耗自然资源**

Businesses use natural resources that cannot be replaced. They may use resources faster than they can replace, such as wood and fish.

- **Pollution 污染**

Industrial processes may pollute the air, causing potential long-term damage to health.

- **Loss of biodiversity 失去生物多样性**

Some business activities, such as clearing forests for plantations, threaten the existence of some species of animals and plants.

- **Global warming (climate change) 全球变暖**

Burning fossil fuels and the subsequent release of greenhouse gasses contribute to the earth's temperature rise, adversely affecting weather conditions and creating harmful climate change.

## 5.2 Environment affect business 环境对企业影响

### ➤ Natural disaster

The earth's seas and atmosphere are getting warmer. This change is the cause of the increasing frequency and severity of adverse weather phenomena: **earthquakes, tsunamis, flooding and storms, which cause massive damage to societies and the businesses.**

### ➤ Shortage of resources

The supply of some resources may become scarce, so their **cost would increase**. Businesses may need to find cheaper alternative materials for products.

### ➤ Customer demand or preferences

Businesses may need to develop products that are more **environmentally friendly**.

### ➤ Government regulation 政府出台环保政策

Businesses may be affected by the natural environment indirectly through government measures to protect the environment.

## 5.3 Sustainability

### ➤ Environmental footprint 环境足迹:

It is the **impact** that a business's activities have **upon the environment** including its resource environment and pollution emissions.

### ➤ Sustainability 可持续性:

Ensuring that development meets the needs of the present without compromising the ability of the future to meet its own need.

### 5.3.1 Triple bottom line (3Ps) 三重底线

- **Profit:** Long-term profitability and economic survival. A company must be able to generate profits consistently for the long term.
- **Planet:** Preserving the natural environment the business operates.
- **People:** Ensuring the company has a sustainable source of human capital and customer base.

### 5.3.2 Sustainability reporting (6 Capitals)

**The Integrated Reporting Framework** 综合报告 defines capital as stocks of value that are affected or transformed by the activities and outputs of an organisation. It has

recognised six capitals organisations used as inputs and transformed into outputs.

- **Financial:** The pool of funds available to an organisation.
- **Manufactured:** Manufactured physical objects that are available for use by the organisation.
- **Intellectual:** Organisation's knowledge-based intangibles.
- **Human:** Competencies, capabilities, experience, and motivation of the organisation's people.
- **Social:** Relationships between communities, stakeholders, and other networks.
- **Natural:** Renewable and nonrenewable environmental resources.

## 6.0 Legal environment (L) 法律环境

**Legal environment** refers to the rules and regulations of the government. For example: contract law, criminal law, employment law, health and safety law, data protection law, environment protection law, tax law, competition law, etc.

### 6.1 Source of legal authorities

- **Statute law** 成文法 – Acts created by national parliaments or equivalent bodies.
- **Case law** 案例法 – in some, mainly Anglo-Saxon countries, the courts may also have the authority to interpret the law or make decisions where the law is silent on specific issues.
- **Delegated legislation** 授权立法 – parliaments may delegate the creation of detailed regulations to civil servants but maintain powers to veto such legislation.

### 6.2 Data protection and data security legislation: 数据保护和数据安全法

**Data protection** 数据保护: is concerned with protecting individuals against the misuse of information about them held by organizations.

**Data security** 数据安全: is concerned with keeping data safe from various hazards that could destroy or compromise it.

**Data subject:** a person who can be identified, directly or indirectly, from data held.

#### 6.3.1 Personal data

- ✓ Personal description: name, age, date of birth, gender, Height, weight, etc.
- ✓ ID number
- ✓ Ethnicity
- ✓ Health record

- ✓ Individual attitudes and preferences

**Data protection laws should prohibit the use of personal data about individuals by anyone else**, and particularly by businesses, **unless**:

- The data is used for a purpose that is expressly permitted, or
- The individual has consented to the data controller's use of their data for a specified purpose.

### 6.3.2 Principles of data protection: 数据保护原则

- **Lawfulness, fairness and transparency**: data can only be used fairly and with clarity, openness and honesty in how the data is used from the start
- **Purpose limitation**: data subjects must be made aware of the purpose for recording the data. Should data need to be used for a different purpose in future then consent from the data subject must be obtained unless there are legal grounds to do so otherwise.
- **Data minimization**: data held must be adequate, relevant and not excessive.
- **Accuracy**: Data held must be accurate and not misleading.
- **Storage limitation**: data must not be held for longer than is needed for the purpose it was collected and processed.
- **Integrity and confidentiality**: appropriate security measures regarding the risks that might arise in connection with the data must be taken.
- **Accountability**: organizations should take responsibility for how they use personal data and comply with the other principles.

### 6.3.3 The rights of data subjects: 数据当事人权利

- **To be informed**: data subjects must be informed about how their personal data is collected and used.
- **Access**: individuals have the right to request information held about them either verbally or in writing.
- **Rectification**: data subjects can request inaccurate or misleading information held about them to be rectified.
- **Erase**: the right "to be forgotten". Data subjects may request information held about them be destroyed.
- **Restrict processing**: data subjects can have restrictions placed on the processing of their data or have it suppressed altogether.
- **Data portability**: data subjects can request to be sent the data held about them so they can reuse it in a different service.
- **To object**: data subjects can object to the processing of their data.
- **Automated decision making and profiling**: data held about them is used to

make automated decisions about them, or where data evaluation about them is automated.

#### 6.4 Data security 数据安全性

##### ➤ Identify threats to software and data

Hacking, Virus, Theft of data/files, Industrial espionage, Fraud, Unauthorized access to data, Operational mistake, Natural disaster, Fire/flood, Power off

##### ➤ How to protect

Back-up, Training staff, Firewall/anti-virus, Regular check, Regular upgrade, Data encryption, Password, PIN number, System log, Audit trail, Check on new software

##### ➤ Data Protection officer

A key element of most data protection legislation is the **appointment of a Data Protection Officer**, who is responsible to

- ✓ Ensure data is adequately protected
- ✓ Monitor data collection, processing, and retention activities for compliance with applicable data protection and make recommendations.
- ✓ Cooperate with the supervisory authority
- ✓ Serve as a contact point for inquiries regarding data protection.

#### Exam focus point

需要了解数据保护法保护的是谁的数据，以及当事人具备什么权力。

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Stability

Terrorism

Entry barriers

Lobbyists

Retirement

Resignation

Dismissal

Redundancy

Corporate Image

Plant

Equipment

Maintain

Training

Risk assessment

Data protection

Compensation

2. 必做习题

BPP BT KIT 2022: 2.1-2.18

# Chapter 3 Competitive Environment

## (Study hub: Chapter 9)

本章节介绍影响组织竞争的因素，比如行业竞争，价值链，竞争战略等。

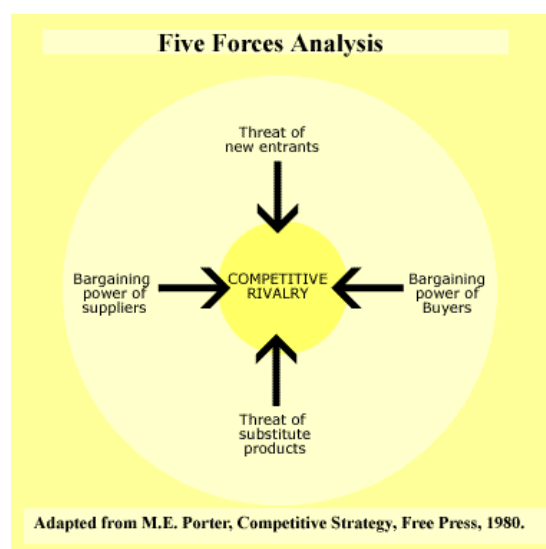
### Learning outcome:

#### 9. Competitive factors

- a) Identify a business's strengths, weaknesses, opportunities and threats (SWOT) in a market and the main sources of competitive advantage.
- b) Identify the main elements within Porter's value chain and explain the meaning of a value network.
- c) Explain the factors or forces that influence the level of competitiveness in an industry or sector using Porter's five forces model.
- d) Describe the key activities of an organisation that affect its competitiveness:

## 1. Competitive environment 组织竞争环境

### 1.1 Porter's five forces analysis 五力模型



#### ➤ Threat of new entrants 新入侵者威胁

The threat posed by an outside organization that may try to penetrate the market place. Examples of barriers include economies of scale, product differentiation, capital costs, distribution channels.

➤ **Threat of substitutes** 替代品威胁

The threat that alternative products or services will equally satisfy customer needs. E.g. substitutes for travelling to France: ferry, plane, train or even swimming.

➤ **Bargaining power of customers** 顾客议价能力

The power customers have to reduce prices and increase quality or to simply shop around. This depends on switching costs to change provider, the customer's relative size, and the number of buyers.

➤ **Bargaining power of suppliers** 供应商议价能力

The power suppliers have to increase prices and reduce quality. This depends on, for example, monopoly power and switching costs and relative size of supplier.

➤ **Industry rivalry** 行业竞争

The inherent level of rivalry and competition in the industry between existing firms.

**Exam focus point**

能熟练应用 5 forces model 并且了解什么因素影响这 5 个 forces。

## 1.2 Porter's value chain analysis 价值链模型

➤ **Primary activities** 首要活动

- **Inbound logistics** - receiving, storing and handling raw material inputs. For example, a just-in-time stock system could give a cost advantage.
- **Operations** - transformation of the raw materials into finished goods and services. For example, using skilled craftsmen could give a quality advantage.
- **Outbound logistics** - storing, distributing and delivering finished goods to customers. For example, outsourcing delivering could give a cost advantage.
- **Marketing and sales** - for example, sponsorship of a sports celebrity could enhance the image of the product.
- **Service** - all activities that occur after the point of sale, such as installation, training and repair, e.g. Marks & Spencer's friendly approach to returns gives it a perceived quality advantage.

➤ **Support activities** 辅助活动

- **Firm infrastructure** - how the firm is organised. For example, centralised buying could result in cost savings due to bulk discounts.



- **Technology development** - how the firm uses technology. For example, the latest computer-controlled machinery gives greater flexibility to tailor products to individual customer specifications.
- **Human resources development** - how people contribute to competitive advantage. For example, employing expert buyers could enable a supermarket to purchase better wines than competitors.
- **Procurement** - purchasing, but not just limited to materials. For example, buying a building out of town could give a cost advantage over high street competitors.

### 1.3 The value network

The value chain is an internal model of how an organisation adds value to its customers.

However, organisations are connected in reality and form supply chains – effectively working together to supply a finished product to the end customer. Michael Porter described these **interconnections between different organisations** as the value network.

#### Exam focus point

需要熟练了解价值链模型具体内容，并能分析出案例中每个人是哪个环节的。

### 1.4 SWOT analysis

SWOT analysis is a method of environmental analysis which looks at an organization's **internal strengths and weaknesses** as well as **external opportunities and threats**

- **Strengths:** Characteristics of the firm that are relatively better compared to rivals.
- **Weaknesses:** Characteristics of the firm that are relatively worse compared to rivals.
- **Opportunities:** Environmental factors that could enhance the firm's competitive advantage.
- **Threats:** Environmental factors that worsen the firm's competitive advantage.

### 1.5 Competitive advantage: 竞争优势

The ability of a firm to create value for its buyers that exceeds the costs of creating it, either through cost leadership (lower cost base than rivals) or differentiation (unique benefits than rivals).

- ✓ Valuable
- ✓ Rare
- ✓ Inimitable

- ✓ Non-substituable

### 1.6 Strategic choice (Generic strategy)一般竞争战略

- **Cost leadership 成本领先**: Ability to provide equivalent or proximate benefits as competitors for a lower cost base. It does not mean that the business sells goods at the lowest price.
- **Differentiation 差异化**: The ability to provide a unique proposition valued by buyers and not easily replicated by competitors.
- **Focus 聚焦**: The broadness of competitive scope. A business may focus on a small market segment and be the cost leader or differentiate its products.
  - **Cost focus**
  - **Differentiation focus**

#### **Exam focus:**

理解模型的内容和使用，SWOT, 5 forces, value chain.

# Chapter 4 Macro economic environment

## *(Study hub: Chapter 4)*

本章主要介绍宏观经济学的内容，比如：失业，通货膨胀，货币政策，财政政策，国际收支等。

### Learning outcomes

#### 4. Macroeconomic factors

- a) Define macroeconomic policy and explain its objectives.
- b) Explain the main determinants of the level of business activity in the economy and how variations in the level of business activity affect individuals, households and businesses.
- c) Explain the impact of economic issues on the individual, the household and the business: i) Inflation ii) Unemployment iii) Economic growth iv) International payments disequilibrium.
- d) Describe the main types of economic policy that may be implemented by government and supra-national bodies to maximise economic welfare.
- e) Describe the impact of fiscal and monetary policy measures on the individual, the household and businesses.

## 1.0 Introduction

- **Microeconomics:** 微观经济学 the study of the economic behavior of **individual** consumers, firms and industries.
- **Macroeconomics:** 宏观经济学 the study of the **sum** of individual economic decisions.
- **Gross domestic product (GDP):** 国内生产总值  
The value of the economy's total output at a given price level for a period.
- **Gross National Product (GNP):** 国民生产总值  
It is similar to GDP, with the addition of international cash flows. It measures the total economic output of a country's residents.

### 1. 1 Four macroeconomic policy objectives 宏观经济政策目标

- To achieve **economic growth**, and growth in national income per head of the population.
- To **control price inflation** (to achieve stable prices)

- To **achieve full employment**, unemployment levels are low and involuntary unemployment is short term
- To achieve a **balance between exports and imports** (on the country's balance of payment accounts) over a period of years.

## 1.2 Aggregate demand and aggregate supply

### 1.2.1 Aggregate demand 总需求

- Aggregate demand (GDP): The total demand in the economy for goods and services. It include: **consumption, investment, government spending and exports minus imports.**
- 计算公式 **Aggregate demand (GDP) =consumption+investment+government spending+(total exports-total imports)**
- **Factors affecting determinants of GDP: 组成要素**
  - ✓ **Consumption:** Consumer wealth, consumer expectations (confidence), Personal taxes, Saving rate.
  - ✓ **Investment:** Interest rates, profit expectations, availability of finance
  - ✓ **Government spending:** Availability of funds, political trends.
  - ✓ **Export minus imports:** Foreign incomes, exchange rates, tariffs, taxation, and other trade restrictions.

### 1.2.2 Aggregate supply 总供给

- **Aggregate supply:** refers to the ability of the economy to produce goods and services.
- **Factors affecting aggregate supply:**
  - ✓ Input prices: e.g. materials, machinery, wages.
  - ✓ Productivity: e.g. methods of working, technological advancement, available resources.
  - ✓ Legal/institutional environment: e.g. taxes, subsidies, regulations

## 2. Economic growth 经济增长

### 2.1 Actual and potential economic growth

- **Actual economic growth:** 实际经济增长 is the annual percentage increase in national output, which typically fluctuates in accordance with the trade cycle.  
Actual growth in the long run is determined by two factors:
  - ✓ The growth in potential output
  - ✓ The **growth in aggregate demand**

- **Potential economic growth:** 潜在经济增长 is the rate at which the economy would grow if all resources were utilized. The causes of growth in potential output are the determinants of the capacity of the economy (the supply side) rather than actual spending (the demand side) and are as follows:
  - ✓ There may be **increases in the amount of resources** available (land, raw materials, labor, capital).
  - ✓ **Increases in the productivity of resources** may result from technological progress or changed labor practices.
- **Benefits of economic growth**
  - ✓ **Business:** produce or sell more output, more profit, more investment
  - ✓ **Individuals and households:** more jobs, higher wages, spend more
  - ✓ **Government:** more tax income, can spend more on welfare.

#### ➤ **Excessive economic growth**

Although economic growth is generally favourable, there are certain situations where focusing on economic growth leads to more adverse than positive effects.

For example, excessive use of credit, and **over-use of economic resources**, will lead to short-term economic growth but may lead to the economy overheating, suffering from high inflation, eventually reducing economic activity and leading to a recession.

- ✓ **Nominal GDP** (including inflation effects) 名义 GDP
- ✓ **Real GDP** (without inflation effects). 实际 GDP

#### **Exam focus point**

**The components of aggregate demand and whether it expand or slow down the economic activities.**

## **2.2 Business cycles** 经济周期

**Business cycles** are the continual sequence of rapid growth in national income, followed by a slowdown in growth and then a fall in national income (recession). After this recession comes growth again, and when this has reached a peak, the cycle turns into recession once more. The four main phases of the business cycle are **recession, depression, recovery, and boom**.

- Recession 经济衰退
- Depression 经济萧条
- Recovery 经济复苏
- Boom 经济繁荣



### 3. Monetary policy and fiscal policy

#### 3.1 Fiscal policy 财经政策

**Fiscal policy:** provides a method of managing aggregate demand in the economy, for example: government policy on **taxation, public borrowing and public spending**.

➤ **Public spending:** 政府支出

The government, at a national and local level, spends money to provide goods and services, such as a health service, public education, a police force, roads and public buildings, and to pay its administrative workforce. It may also provide finance to encourage investment by private industry, for example by means of grants.

➤ **Taxation.** 税收

Most government income comes from **taxation**, although some income is obtained from direct charges to users of government services, such as National Health Service charges.

➤ **Public Borrowing.** 政府债务

To the extent that a government's expenditure exceeds its income it must borrow to make up the difference. The amount that the government must borrow each year is now known as the **Public Sector Net Cash Requirement (PSNCR)** 政府收支短差 in the UK.

#### 3.2 Monetary policy 货币政策

**Monetary policy:** government policy on the **money supply, the monetary system, interest rates, exchange rates and availability of credit**. Monetary policy can be used as a means towards achieving ultimate economic objectives for inflation, the balance of trade, full employment and real economic growth.

➤ **Money supply:** 货币供应量

An increase in the money supply will raise prices and incomes and this in turn will raise the demand for money to spend. **The central bank may buy bonds from the market**, lowering the effective interest rate and increasing the money supply. **The central bank may sell bonds to the market**, raising effective interest rates and reducing the money supply.

➤ **Interest rate:** 利率

**A rise in interest rates will raise the price of borrowing** in the internal economy for both companies and individuals. If companies see the rise as relatively permanent,

rates of return on investments will become less attractive and **investment plans may be curtailed**.

➤ **Exchange rates:** 汇率

A **fall in the exchange rate** might be good for a domestic economy, by giving a **stimulus to exports and reducing demand for imports**. An increase in the exchange rate will have the opposite effect, with dearer exports and cheaper imports. If the exchange rate rises and imports become cheaper, there should be a reduction in the rate of domestic inflation. A fall in the exchange rate, on the other hand, tends to increase the cost of imports and adds to the rate of domestic inflation.

### 3.3 Supply-side policies 供给方政策

Some economists argue that lasting economic improvements can come **only from measures to improve how firms, industries and markets operate**. This approach to managing the economy is known as supply-side economics because it is concerned with improving the supply of goods and services, not managing demand.

**Some supply-side measures are:**

✓ **Reducing direct taxation** 降低直接税收

Reducing direct taxes will increase the incentive to earn more and make more profits.

✓ **Improve workforce skills** 提升员工技能

Output in the economy will improve if workers are better trained and have better skills, increasing their capabilities.

✓ **Reduce the power of trade unions** 减少工会干预

The government may change employment laws to reduce trade unions' bargaining powers, such as restricting when strikes occur so that firms can employ workers more cheaply.

✓ **Research and development** 研发

The government can encourage investment in research and development activity to promote innovation and improve productivity (i.e. tax breaks).

**Exam focus point**

**Can classify whether it is fiscal policy or monetary policy.**

## 4. Types of tax 税

- A **regressive tax** 累退税: takes a higher proportion of a poor person's salary than of a rich person's. e.g. road tax
- A **proportional tax** 比例税: takes the same proportion of income in tax from all

levels of income.

- A **progressive tax** 累进税: takes a higher proportion of income in tax as income rises.
- **Direct tax** 直接税: is paid direct by a person to the tax authority. It tends to be progressive or proportional.
- **Indirect tax** 间接税: is collected by the tax authority from an intermediary who then attempts to pass on the tax to consumers in the price of goods they sell. It can be regressive.
  - A **specific tax** is charged as a **fixed sum** per unit sold
  - An **ad valorem tax** is charged as a **fixed percentage** of the price of the good.

## 5. Unemployment 失业

### 5.1 Flow into unemployment 流入

- **Members of the working labour force becoming unemployed** (redundancies, lay-offs, voluntarily quitting a job)
- **People out of the labour force joining the unemployed**, e.g. school leavers without a job, others rejoining the workforce but having no job yet.

### 5.2 Flows out of unemployment 流出

- Unemployed people finding jobs
- Laid-off workers being re-employed
- Unemployed people stopping the search for work

### 5.3 Types of unemployment

- **Cyclical unemployment** 周期性失业:  
It has been the experience of the past that domestic and foreign trade go through **cycles** of boom, decline, recession, recovery, then boom again. During recovery and boom years, unemployment is low. During decline and recession years, unemployment is high.
- **Frictional unemployment** 摩擦性失业:  
It is inevitable that some unemployment is caused not so much because there are not enough jobs to go round, but because of the **friction in the labor market** (difficulty in matching quickly workers with jobs) caused perhaps by a lack of knowledge about job opportunities. Frictional unemployment is **temporary**.
- **Structural unemployment** 结构性失业:



This occurs where **long-term changes occur in the conditions of an industry**. A feature of structural unemployment is high regional unemployment in the location of the industry affected. The primary cause is a significant reduction in the level of demand.

➤ **Seasonal unemployment** 季节性失业:

This occurs in certain industries, for example building, tourism and farming, where the demand for labor fluctuates in seasonal patterns throughout the year.

➤ **Real wage unemployment** 古典型失业:

This type of unemployment is caused when the supply of labor exceeds the demand for labor, but real wages do not fall for the labor market to clear. This type of unemployment is normally caused by strong **trade unions** which resist a fall in their wages. Another cause of this type of unemployment is the minimum wage rate, when it is set above the market clearing level.

#### 5.4 Policies to reduce unemployment 减少失业的方法

➤ **Cyclical**

- ✓ Decrease interest rates (monetary policy)
- ✓ Increase government spending (fiscal policy)
- ✓ Direct employment by the government.

➤ **Structural**

- ✓ Implement upskilling programmes for the current workforce.
- ✓ Adapt the education system to meet the skills needs of the future.
- ✓ Provide incentives for labour to relocate/upskill.
- ✓ Provide incentives for companies to retain and retrain employees.

➤ **Seasonal**

- ✓ Provide alternative avenues for work during offseason periods.
- ✓ Initiate programmes that upskill workers for alternative employment during the off-season.
- ✓ Provide contribution-based welfare schemes to help seasonal labour manage their earnings effectively.

➤ **Frictional**

- ✓ Enable and support initiatives that make it easier for labour to find employment (job search, job fairs, etc.)
- ✓ Involve industry in education to secure jobs earlier for graduates.

**Exam focus point**

**Can identify different reasons for unemployment.**

## 6. Inflation, deflation and stagflation

- **Inflation 通货膨胀**: is the name given to an increase in price levels generally. It is also manifest in the decline in the purchasing power of money.
- **Deflation 通货紧缩**: is normally associated with low rates of growth and even recession.
- **Stagflation 滞胀**: a combination of unacceptably high unemployment and unacceptably high inflation and low/negative economic growth.

### 6.1 Types of inflation:

- **Demand pull inflation 需求拉动型通货膨胀**:

Arises from an **excess of aggregate demand** over the productive capacity of the economy. It occurs when the economy is buoyant and there is a high aggregate demand, in excess of the economy's ability to supply.

- **Cost push inflation 成本推动型通货膨胀**:

Arises from **increases in the costs of production**. It occurs where the costs of factors of production rise regardless of whether or not they are in short supply. This appears to be particularly the case with wages.

- **Imported inflation 输入型通货膨胀**:

Import cost push inflation occurs when the cost of essential imports rise regardless of whether or not they are in short supply.

- **Monetary inflation: 发行货币造成的货币贬值**

It is caused by increases in the supply of money.

- **Expectation inflation 预期不当造成的通货膨胀**:

Once the rate of inflation has begun to increase, a serious danger of expectational inflation will occur. This means, regardless of whether the factors that have caused inflation are still persistent or not, there will arise a generally held view of what inflation is likely to be, and so to protect future income, wages and prices will be raised now by the expected amount of future inflation. This can lead to the vicious circle known as the wage-price spiral, in which inflation becomes a relatively permanent feature because of people's expectations that it will occur.

### 6.2 Measure of inflation:

- ✓ **Retail Prices Index (RPI) 零售物价指数**: this index includes prices for all goods and services purchased by UK consumers.
- ✓ **Consumer price index (CPI) 消费者物价指数**: is based on a chosen 'basket' of items which consumers purchase. A weighting is decided for each item according to the average spending on the item by consumers.

### 6.3 Consequence of inflation 通货膨胀后果

- ✓ **Loss of purchasing power:** money loses its value and buys fewer goods and services.
- ✓ **Redistribution of wealth:** It make economic inequalities worse.
- ✓ **Foreign exchange rates:** When the rate of inflation is high, the value of the country's currency will fall against other currencies. This will make imports more expensive. But it will also make exports less expensive and therefore more competitive.

### 6.4 Consequence of deflation:通货紧缩后果

- ✓ Price fall
- ✓ Consumers defer purchases
- ✓ Economic activity falls
- ✓ Unemployment rises
- ✓ Demand falls

## 7. Budget surplus and budget deficit

- **Public Sector Net Cash Requirement (PSNCR)** 政府现金短差– The excess of government spending over collected revenues. Needs to be funded by additional taxes, borrowings or other means (i.e. foreign aids, grants, etc.)
- **Budget surplus** 政府财政盈余: a negative PSNCR
- **Budget deficit** 政府财政赤字: a positive PSNCR

## 8. Balance of payments 国际收支

**The balance of payments** is a statement of all transactions made between entities in one country and the rest of the world over a defined period. It summarizes all transactions that a country's individuals, companies, and government bodies complete with individuals, companies, and government bodies outside the country.

### 8.1The balance of payments accounts 国际收支平衡表

It consist of a current account with visibles and invisibles sections and transactions in capital (external assets and liabilities including official financing). **A surplus or deficit on the balance of payments usually means a surplus or deficit on the current account.**

- ✓ **Current account:**

It includes trade in goods, trade in services, income (income from employment of UK residents by overseas firms, income from capital investment overseas) and transfers (Public sector payments to and receipts from overseas bodies, non-

government sector payments to and receipts from bodies, such as the EU).

✓ **Capital account:**

Is made up of public sector flows of capital into and out of the country, such as government loans to other countries.

✓ **Financial account:**

Is made up of flows of capital to and from the non-government sector, such as direct investment in overseas facilities, portfolio investment, and speculative flows of currency.

## 8.2 Balance of payment deficits, and balance of payment surplus

➤ **Balance of payment deficits 逆差:**

It is importing more goods and services than it is exporting.

➤ **Balance of payment surplus 顺差:**

It is exporting more goods and services than it is importing.

### Strategies to reduce a balance of payment deficit:

- ✓ A depreciation of the currency (devaluation)
- ✓ **Direct measures to restrict imports, such as tariffs or import quotas or exchange control regulations.**
- ✓ Domestic deflation to reduce aggregate demand in the domestic economy.

## 8.3 Protectionist measures 贸易保护主义

- ✓ **Tariffs** on imported goods 进口关税
- ✓ Import bans and **quotas** 进口配额
- ✓ **Extensive bureaucratic procedures** : regulators may impose excessive procedures on imports, slowing their entry rate into the country.
- ✓ **Mandatory use of local products**: laws and regulations may require producers to use a certain quantity of local goods.
- ✓ Increase the competitiveness of local firms

## 9. Free trade 自由贸易

Various measures have been put in place to promote free trade internationally, facilitated by the World Trade Organisation:

➤ **The World Trade Organization (WTO) 世界贸易组织**

The WTO is the only global international organisation dealing with trade rules between nations. At its heart are the WTO agreements, negotiated and signed by most of the world's trading nations and ratified in their parliaments. The goal is to ensure that

trade flows as smoothly, predictably and freely as possible.

➤ **Free trade agreements** 自由贸易协定

Countries have signed free trade agreements to enable the free flow of goods without restrictions.

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Infrastructure

Unemployment

Inflation

Interest rate

Exchange rate

Microeconomics

Macroeconomics

Aggregate demand

Consumption

Investment

Recession

Depression

Boom

Monetary policy

Fiscal policy

Deflation

Stagflation

Uncertainty

Surplus

Deficit



2. 必做习题

BPP BT KIT 2022: 3.1-3.14

# Chapter 5 Micro-economic Factors

## (Study hub: Chapter 5)

本章主要介绍微观经济学内容，比如：需求，供给，需求弹性，最高限价，最低限价，竞争等。

### Learning outcomes

#### 5. Microeconomic factors

- a) Define the concept of demand and supply for goods and services.
- b) Explain elasticity of demand and the impact of substitute and complementary goods.
- c) Explain the economic behaviour of costs in the short and long-term.
- d) Describe perfect competition, oligopoly, monopolistic competition and monopoly.

## 1. Demand 需求

In a free market, the **price mechanism** signals demand and supply conditions to producers and consumers. It therefore determines the activities of both producers and consumers, influencing the levels of demand for and the supply of goods.

- **Market:** involves the buyers and sellers of a good who influence its price. A market can be defined as a situation in which potential buyers and potential sellers of a good or service come together for the purpose of exchange.
- **Demand** – The quantity of goods and services consumers want to purchase, at various price levels, for a specified period.

### 1.1 Demand curve 需求曲线



- A **market demand curve** expresses the expected total quantity of the good that would be demanded by all consumers together, at any given price.

- A **demand curve** generally **slopes down from left to right**.

Demand has an inverse relationship with price.

- ✓ **If prices rise, demand falls.**
- ✓ **If prices fall, demand rises.**

### 1.2 Factors determining demand for a good:

- ✓ The price of the good
- ✓ The size of households' income
- ✓ The price of other substitute goods
- ✓ Tastes and fashion
- ✓ Expectations of future price changes
- ✓ The distribution of income among households

### 1.3 Substitute goods and complements

**Substitute goods** 替代品 are goods that are alternatives to each other, so that an increase in the demand for one is likely to cause a decrease in the demand for another.

**Complements** 补充品 are goods that tend to be bought and used together, so that an increase in the demand for one is likely to cause an increase in the demand for the other.

### 1.4 The price elasticity of demand 需求的价格弹性

**Price elasticity of demand** explains the relationship between change in quantity demanded and changes in price.

- ✓ **Elastic:** when changes in price have a relatively large effect on the quantity of a good demanded. When the price elasticity of demand is **greater than 1**
- ✓ **Inelastic:** When changes in price have a relatively small effect on the quantity of the good demanded. When the price elasticity of demand is **less than 1**
- ✓ **Unity elasticity: equal to 1** (the demand changes proportionately to a price change)

### 1.5 Income elasticity of demand 需求的收入弹性

Income elasticity of demand measures the responsiveness of demand to changes in household income.

- If income elasticity is **greater than 1**, these are **luxury goods**
- If income elasticity is **between 0 and 1**, these are **normal goods** or necessities

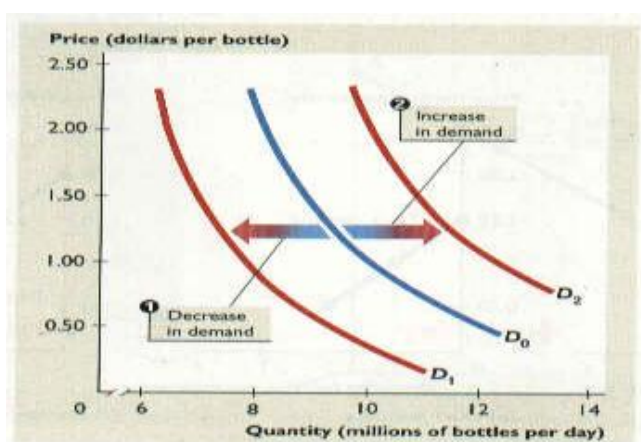
- If income elasticity of demand is **negative**, the commodity is called an **inferior good** since demand for it falls as income rises.

### 1.6 Cross elasticity of demand 交叉弹性

**Cross elasticity of demand** is the responsiveness of quantity demanded for one good following a change in price of another good.

- If the two goods are **substitutes**, cross elasticity will be **positive**.
- If the goods are **complements**, cross elasticity will be **negative**.
- For **unrelated goods**, cross elasticity will be **0**

### 1.7 Shift of the demand curve 需求曲线移动



A change in price affects the quantity demanded, depicted as a movement along the demand curve. However, when there is a change in the conditions of demand, the quantity demanded will change even if price remains constant. In this case, there will be a different price/quantity demand schedule and so a different demand curve. We refer to such a change as a **shift of the demand curve**.

#### Reasons for demand curve shift to the right: 需求曲线右移原因

- A rise in household income
- A rise in the price of substitute
- A fall in the price of complements
- A change in tastes
- An expected rise in the price of the product
- An increase in population

#### **Exam focus point**

**The reasons for the shift of demand curve.**

## 2. Supply 供给



- **Supply** refers to the quantity of a good that existing suppliers or would be suppliers would want to produce for the market at a given price.

The quantity of a good supplied to a market varies up or down for two reasons:

- ✓ Existing suppliers may increase or reduce their output quantities.
- ✓ Firms may stop production altogether and leave the market, or new firms may enter the market and start to produce the good.

## 2.1 The supply curve 供给曲线

The **supply curve** shows the quantity suppliers are willing to produce at different price levels. It is an **upward sloping curve** from left to right, because greater quantities will be supplied at higher prices.

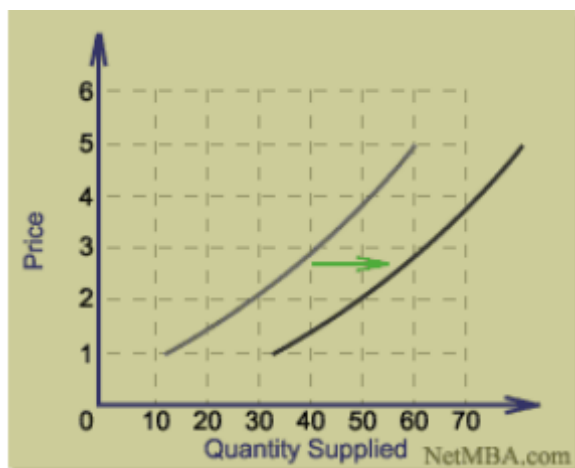
Supply has a positive relationship with price.

- ✓ **If prices rise, supply rises.**
- ✓ **If prices fall, supply falls.**

## 2.2 Factors influencing the supply quantity:

- The costs of making the good
- The price of other goods
- Expectations of price changes
- Changes in technology
- Other factors, e.g changes in the weather, natural disasters or industrial disruption.

## 2.3 Shift of supply curve 供给曲线移动



The market supply curve is the aggregate of all the supply curves of individual firms in the market. A shift of the market supply curve occurs when supply condition change.

**A rightward shift of the curve** shows an expansion of supply and may be caused by the factors below: 供给曲线右移原因

- **A fall in the cost of factors of production**, e.g. a reduction in the cost of raw material inputs
- **A fall in the price of other goods**. The production of other goods becomes relatively less attractive as their price falls and firms are therefore likely to shift resources away from the goods whose price is falling and into the production of higher priced goods that offer increased profits.
- **Technological progress**, which reduces unit costs and also increases production capabilities.
- **Improvements in productivity** or more efficient use of existing factors of production, which again will reduce unit cost.

## 2.4 Short run cost and long run cost

- **Average cost (AC)** 平均成本 = Total economic cost of output / Total output
- **Marginal cost (MC)** 边际成本: The incremental economic cost of producing an additional output unit.

### 2.4.1 Short run cost 短期成本曲线

**Short-run** – Economic state in the short-term where the supply of at least one factor of production is fixed.

**The Law of diminishing return** 收益递减规律: In the short run, as output increases, the marginal cost of output (MC) will eventually increase (efficiency declines) at some point. This will eventually affect the average cost per output unit (AC).

### 2.4.2 Long run cost 长期成本曲线

**Long-run** – Economic state where the supply of all factors of production is variable.

**(a) Economies of scale** 规模经济 – State where the **average cost per unit (AC)** reduces with increasing output.

**Economies of scale can be achieved by:**

- ✓ Labour and managerial specialization
- ✓ Efficient capital deployment
- ✓ Technological improvement
- ✓ Bulk purchasing

- ✓ Lower cost financing
- ✓ Spreading fixed costs
- ✓ Large operation efficiencies

### (b) Constant returns to scale

A firm will eventually grow to a size where there are no more efficiencies and improvements to be gained by getting bigger. Although the firm might grow, **average costs stay the same.**

### (c) Diseconomies of scale

As a firm continues to grow, losses in efficiency start to occur. The main problem is that a firm can grow to a size that is impossible to manage effectively. It becomes too big to control properly, so by increasing even more prominent in size, **average costs over the long term begin to rise.**

## 2.5 Marginal revenue 边际收益

- **Marginal revenue (MR)** – The incremental revenue earned from selling an additional unit.

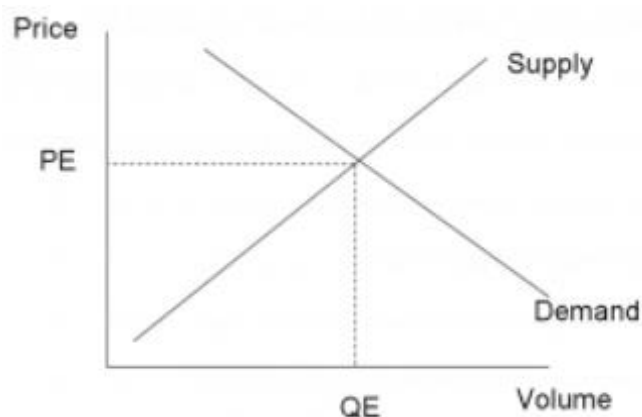
If a firm can sell all its output at the same price, the marginal revenue is the selling price. If a firm has to reduce its selling prices to sell more output, the marginal revenue will fall as output and sales increase.

- **Profit Maximising Rule: Profit is maximised when  $MC = MR$ .**

If  **$MC < MR$**  at the firm's output level, the firm has some capacity to earn additional revenue by increasing production.

If  **$MC > MR$**  at the firm's output level, each additional unit the firm makes is incurring a loss. The output should be reduced.

## 3. Market equilibrium



The price mechanism brings demand and supply into equilibrium, and **the equilibrium price** for a good is the price at which the volume demanded by consumers and volume that firms would be willing to supply is the same. This is also known as the **market clearing price**, since at this price there will be neither surplus nor shortage in the market.

- **Excess supply** 供大于求:  $\text{supply} > \text{demand}$
- **Excess demand** 供不应求:  $\text{demand} > \text{supply}$

#### 4. Maximum price and minimum price

- **Maximum price** 最高限价:

The government may try to prevent prices of goods rising by establishing a price ceiling below the equilibrium price. (**The price ceiling has to be below the equilibrium price.** If the price ceiling is higher than the equilibrium price, setting a price ceiling will have no effect at all on the operation of market forces).

- **Minimum price** 最低限价:

Minimum price legislation aims to ensure that suppliers earn at least the minimum price for each unit of output they sell. **If the minimum price is set below the market equilibrium there is no effect.**

### 5. Types of competition

- **Perfect competition** 完全竞争:

A perfectly competitive market has many firms producing the same goods or services. The market is easy to enter and exit.

- ✓ There are **many firms of similar size** in the market all competing with each other.
- ✓ All firms sell **identical homogeneous products**.
- ✓ Firms must sell their output at the current market price, **marginal revenue for firms is the same** at all levels of output.

- ✓ All firms have **perfect knowledge** about the market.
- ✓ **Free entry and exit**

**In the long run, in a perfect competition market:**

$$MC = MR = AC = \text{Market price}$$

➤ **Imperfect competition:**

It applies to any market that is not perfect.

- ✓ **Monopoly 垄断**: it describes the situation where a market has **only one producer**.
- ✓ **Oligopoly 寡头垄断**: it arises when a market has a **few dominant producers**. Each of the few producers has a high level of influence and a high level of knowledge of their competitor strategies.
- ✓ **Monopolistic competition 垄断竞争**: it arises when the market comprises **many producers who tend to use product differentiation to distinguish themselves from others**.

**Exam focus point**

**Different types of competition.**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Marginal utility

Substitute good

Complement

Elastic

Inelastic

Productivity

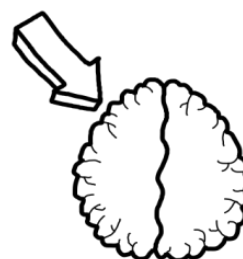
Maximum

Minimum

Monopoly

Oligopoly

Monopolistic competition



2. 必做习题

BPP BT KIT 2022: 4.1-4.25, 1-4 章小结: 5.1-5.6

# Chapter 6 Organizational structure

## *(Study hub: Chapter 10-11)*

本章主要介绍公司组织结构的基本要素，比如：控制跨度，集权分权，组织部门划分形式，新型组织等。

### Learning outcomes

#### 1. The formal and informal business organisation

- a) Explain the informal organisation and its relationship with the formal organisation.
- b) Describe the impact of the informal organisation on the business.

#### 2. Business organisational structure

- a) Explain the different ways in which formal organisations may be structured : i) Entrepreneurial ii) Functional iii) Matrix iv) Divisional (geographical, by product, or by customer type) v) Boundaryless: (virtual, hollow or modular).
- b) Explain basic organisational structure concepts: i) Separation of ownership and management ii) Separation of direction and management. iii) Span of control and scalar chain iv) Tall and flat organisations v) Outsourcing and offshoring vi) Shared services approach.
- c) Explain the characteristics of the strategic, tactical and operational levels in the organisation in the context of Anthony's hierarchy.
- d) Explain centralisation and decentralisation and list their advantages and disadvantages.

## 1. Anthony's hierarchy

### ➤ Strategic management:

It is concerned with direction setting, policy making and crisis handling. The time frame of decisions made at strategic management level would typically have implications from three to five years.

### ➤ Tactical management:

It is concerned with establishing means to the corporate ends, mobilizing resources and innovating. Decisions made at this level would have medium-term implications.

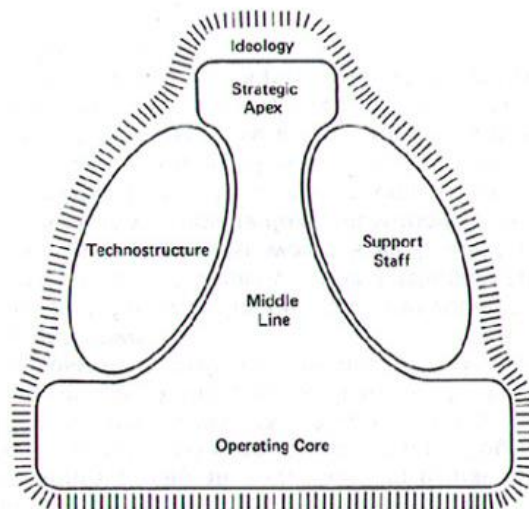
### ➤ Operational management:

It is concerned with routine activities to carry out tactical plans. Decisions at this level would deal with short-term matters.

## 2. Organization structure

## 2.1 Elements of organization (*Mintzberg*)

*Six Basic Parts of the Organization*



### ➤ **Strategic apex:** 高层管理

Refers to the higher levels of management, it ensures the organization follows its **mission**. Manages the organization's relationship with the environment

### ➤ **Operating core:** 一线工人

Represents the basic productive work of the organization, e.g. shop-floor staff in a manufacturing organization. People directly involved in the process of **obtaining inputs, and converting them into outputs**.

### ➤ **Middle line:** 中层管理

It is the **intermediate level** of management. Converts the desires of the strategic apex into the work done by the operating core. **Standardization of outputs**.

### ➤ **Technostructure:** 技术支持

It refers to staffs who provide a technical input without being directly engaged in core activities. This category might include work-study analysts, accountant. **Standardization** of work processes.

### ➤ **Support staff:** 人员支持

It provide serves ancillary to the core operations of the organization. E.g. public relations, catering

## 2.3 Organization charts 组织结构图

It shows:

- The units into which the organization is divided and how they relate to each other  
各部门如何分配和联系
- Formal communication and reporting channels of organization 沟通渠道
- The structure of authority, responsibility and delegation 权力职责结构
- Any problems in these areas

## 2.4 Span of control 管理跨度

**Span of control:** It refers to the number of subordinates immediately reporting to a superior official.

### ➤ **Wide span of control 宽跨度**

#### **Advantages:**

- Responsibility and discretion for **subordinates**
- Increase job satisfaction

#### **Disadvantages:**

- Take up time
- Subordinates may not get **supervision**

### ➤ **Narrow span of control 窄跨度**

#### **Advantages:**

- **Better control, co-ordination** and communication
- More efficient use of time

#### **Disadvantages:**

- Manager may over-supervise the work
- Manager feel no pressure to delegate, **employee feel stressed.**

### ➤ **Factors affecting the scalar chain and span of control:**

- ✓ **Types of work:** A manager may have a wide span of control for simple routine work as he can manage many subordinates effectively.
- ✓ **Operational risk:** If the risk and impact of errors and mistakes are high, a manager should have a narrow span of control.
- ✓ **Types of employee:** Experienced employees capable of working with minimal supervision enable the manager to have a wider span of control.

## 2.5 Tall and flat organizations

### ➤ **Tall organization 锥型组织**

When an organisation has a long scalar chain (and so may have a narrow span of control for managers), the organisation is said to be tall.

#### ✓ **Advantages:**

- Advantages of narrow span of control
- Smaller working groups may be more satisfying to members (job satisfaction)
- More steps on **promotional** ladder, supporting management development, succession and motivation (have opportunity to get promoted) 有机会被提拔



✓ **Disadvantages:**

- Inhibits delegation (授权), which may frustrate employee and overtake managers
- Rigid (严格的) supervision (监督) block initiative and flexibility
- **Inflexible communication and decision-making** e.g. red stamp
- Increase administration costs, too many people in administration position
- Create inefficiency, same work may pass through many levels

➤ **Flat organization 扁平型组织**

When an organisation has a short scalar chain (and so may have a wide span of control for managers), the organisation is said to be a flat organisation.

✓ **Advantages:**

- **Cost less** due to fewer management layers
- **Higher staff motivation**, as the organisation is less bureaucratic and junior staff are more empowered.

✓ **Disadvantages:**

- **Limited career development opportunities** as there are fewer management jobs available.
- **May reduce management effectiveness**, as the wide span of control may make management challenging.

## 2.6 Centralization (集权) and decentralization (分权)

➤ **Centralization: 集权**

Authority for decision making is retained at the top.

**Advantages:**

- Decisions are made at one point and easier to co-ordinate
- Senior managers can **take a wider view of problems** and consequences
- Senior manager can balance between different departments or functions
- Quality of decision is higher
- **Crisis decisions** are taken more quickly
- **Standardization 标准化**: Centralised decisions ensure that standardised choices are made throughout the entire organisation.

➤ **Decentralization/delegation: 分权**

Authority for decision is delegated to lower levels

**Advantages:**

- Avoids overburdening top managers 避免上级负担过重
- Improve **motivation** of junior managers, they can practice their managerial skill
- Greater awareness of **local problems** in different region, Greater speed of **decision**

**making of local decisions.**

- Helps junior managers to **develop** managerial work

**2.7 Departmentation 组织结构类型****(a) Entrepreneurial organizations: 创业型组织结构**

An organisation **owned and controlled by one person or a small number of people**, often the founder(s) of the business. This type of structure is built around the owner manager and is typical of small companies in the early stages of their development.

- The organisational structure is **informal** in many respects.
- Employees may be asked to do any task. There are no fixed job descriptions.
- **The owner is closely involved**, deciding what should be done, who should do it and when. Anyone in the organisation may be asked to do any task. However, there may be **limited specialisation**.

➤ **Advantages and disadvantages:**

- ✓ **Advantages** of entrepreneurial organizations: fast decision making, more responsive to market, goal congruence, good control, close bond to workforce.
- ✓ **Disadvantages** of entrepreneurial organizations: lack of career structure, dependent on the capabilities of the manager/owner, cannot cope with diversification/growth.

**(b) Functional departmentation 职能型**

A functional organisational structure is a common type of organisational structure.

**Tasks are divided by functions**, and each is established as a separate department.

- **Economies of scale:** Combining labour working on related tasks into functions allows them to become skilled in their work and achieve economies of scale for greater efficiency and lower costs.
- **Clear authority and responsibility:** Individual managers clearly understand the scope of their responsibilities and authority.
- **Specialization:** Focus on functional tasks allows the organisation to train and employ specialists in a particular area.

➤ **Advantages:**

- Pools specialized skills and knowledge, **specialization**, same function in same department.
- Efficiency (效率): shared specialized technology and equipment.
- Facilitates the recruitment, training and management of specialist staff.
- Avoids duplication 避免职能重复: enable economics of scale.

➤ **Disadvantages:**

- Creates vertical **barriers to cross-disciplinary communication** 跨部门交流有障碍

(a) **Divisional structure** 事业部型组织结构

➤ **Division by geographical region** 按地域划分

Operations are grouped by geographical regions.

➤ **Division by Product/ brand** 按产品划分

A division structure by product group may be appropriate when each product has different requirements concerning product design, production or marketing.

➤ **Division by customer types** 按顾客划分

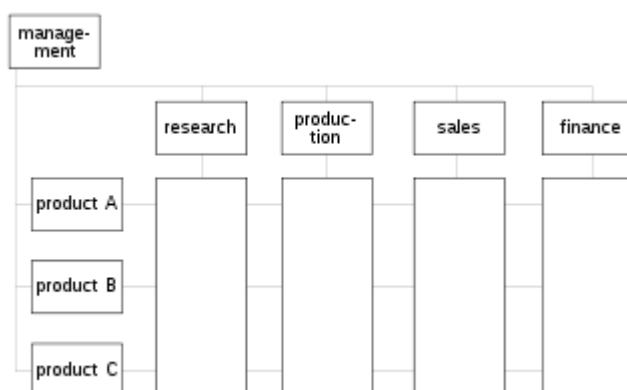
➤ **Advantages of divisional structure:**

- ✓ Performance of each part of the business is more **easily monitored**
- ✓ It **allows top management to focus on overall corporate strategy**
- ✓ **It is easier to sell off parts of the business** or acquire new companies as each division may operate independently.

➤ **Disadvantages of divisional structure:**

- ✓ It is usually **inappropriate in small organisations**, where senior management should be able to manage the entire business
- ✓ There is a risk of **duplication of activities**, especially in administrative activities, unless divisions share some head office services

(b) **Matrix structure** 矩阵型组织结构



In a matrix organisation, **employees may have two different managers:**

- Their departmental or section manager, within the usual functional hierarchy; and also
- A project manager or activity manager.

➤ **Advantages:**

- Combines efficiency benefit of specialization with accountability benefits of product structure 把部门化的高效率和产品化的独立性相结合

- **Supports inter-disciplinary cooperation** 促进协调
- Develops tolerance of flexibility
- **Encourages “big picture” thinking** 全局观

➤ **Disadvantages:**

- Possible competition between managers
- **Conflicting demands** 需求有矛盾,两个领导,两个指令
- Inefficiency of ambiguous priorities 不知道先听谁的
- Slower decision-making
- Cost of added management positions



**Exam focus point**

**Types of departmentation.**

**2.9 New types of organization structure: 新型组织**

- **Boundaryless organization:** it removes both the internal barriers that separate the hierarchy levels, different functions and different departments and remove the barriers between the organization and its suppliers, customers, and competitors.

✓ **Virtual organization:**

The organization is **geographically dispersed**.

✓ **Hollow organization:**

The organization split between core and non-core competencies, and **all non-core processes and activities are outsourced**.

✓ **Modular organization:**

Different elements or components of the product or service are outsourced to different suppliers. The retained people within the organization assemble or combine these elements to produce the final product or service.

➤ **Shared service center 共享中心:**

**A center for shared services** in an organization is the entity responsible for the execution and the handling of specific operational tasks, such as **treasury, human resources, IT**. The shared services center is often a **spin-off** of the corporate services to separate all operational type of tasks from the corporate headquarters.

✓ **Advantages of shared service:**

- Reduced headcount due to **economies of scale**, resulting from bringing operations to a single location.
- Associated **reduction in premises** and other **overhead costs**.

- **Knowledge sharing** should lead to an improvement in quality of the service provided.
- Allows standard approaches to be adopted across the organization, leading to more **consistent** management of organizational data.
- ✓ **Disadvantages of shared service:**
  - **Loss of business-specific knowledge.** For example: creating a consolidated finance function which broadly handles financial matters for the entire organization may lack an understanding of specific finance issues affecting individual departments or business units.
  - **Removed from decision making.** It is unlikely to be able to provide meaningful financial information for decision making if finance personnel are removed from the day-to-day realities facing a particular department or business unit.
  - Weakened relationships. **Geographical distance.**

### ➤ **Offshoring 离岸外包**

Offshoring : Transferring operations to a different country.

- ✓ **Advantages:**
  - **Save cost:** When a company transfers some operations offshore, such as its manufacturing operations, this is often because labour and other costs are lower in the other country.
  - **Closer to local market**
- ✓ **Disadvantages:**
  - **Loss of control:** Offshoring may make it difficult for managers to monitor what is happening because of the geographical distance and possibly differences in time zones.
  - **Language and cultural barriers:** These differences can make communication and understanding difficult.
  - **Distribution cost:** When a company transfers manufacturing operations offshore, it may need to transport the manufactured goods back to its own country. This will increase distribution costs.

#### **Exam focus point**

**Advantage and disadvantage of shared service centre.**

## **2.11 Formal and Informal organization**

➤ **Formal organisation:** 正式组织

Explicit structure of the organisation, including reporting lines, job positions, roles, scope, areas of responsibility, and formal communication channels.

➤ **Informal organisation:** 非正式组织

Relationships and communication links between individuals in the organisation.

- ✓ It has no predetermined structure.
- ✓ It exists spontaneously.
- ✓ It exists simultaneously with the formal organisation.
- ✓ It develops due to relationships between individuals.
- ✓ It is ever-changing.
- ✓ Everybody is a part of it.

➤ **Positive influences of informal structure on formal organization:**

- ✓ **Speed the spread of information** (greater credibility)
- ✓ Encourage horizontal and upward communication, increasing co-ordination
- ✓ More efficient than formal procedures
- ✓ May support a manager in gaining the commitment of the team

➤ **Negative influences of informal structure on formal organization:**

- **Divert attention and energy from a task**
- Inaccurate and negative, causing stress, conflict and resistance to change
- Undermine managerial authority
- Inaccuracy of rumors
- Informal practices may violate safety or quality assurance

**Exam focus point**

**The influence of informal organization.**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Strategic

Tactical

Operational

Implementation

Strategic apex

Operating core

Middle line

Technostructure

Staff support

Organization chart

Span of control

Narrow

Centralization

Decentralization

Rigid

Administration cost

Promotion

Wider view of problem

Crisis decision

Standardization

Overburden

Motivation

Entrepreneurial

Goal congruence

Close bond

Diversification

2. 必做习题

BPP BT KIT 2022: 6.1-6.10

# Chapter 7 Organizational culture

## *(Study hub: Chapter 12,13,14)*

本章主要介绍文化和组织文化，公司各部门职责，委员会，主席和秘书的职责等。

### Learning outcomes

e) Describe the roles and functions of the main departments in a business organisation: i) Research and development ii) Purchasing iii) Production iv) Service operations v) Marketing vi) Administration vii) Finance.

f) Explain the role of marketing in an organisation: i) Definition of marketing ii) Marketing mix iii) Relationship of the marketing plan to the strategic plan

### 3. Organisational culture

a) Define organisational culture.

b) Describe the factors that shape the culture of the organisation.

c) Explain the contribution made by writers on culture (Schein, Handy and Hofstede).

### 4. Governance in business organisations

a) Explain the purposes of business committees.

b) Describe the types of committee used by business organisations.

c) List the advantages and disadvantages of committees.

d) Explain the roles of the Chair and Secretary of a committee.

## 1. Organizational department and functions 职能部门

### 1.1 Research and development function 研发

The role of R&D is to develop new products that the company can sell to customers or improve processes that will enable a company to produce items more efficiently or to a higher quality standard.

- **Product research** is based on creating new products and developing existing ones; in other words, the organization's 'offer' to the market.

- **Process research** is based on improving the way in which those products or services are made or delivered, or the efficiency with which they are made or delivered.

### 1.2 Purchasing function (procurement function) 采购部门



The purchasing function buys goods and services from suppliers.

➤ **The purchasing mix:**



- ✓ **Quantity:** a system of inventory control will set optimum reorder levels to ensure economic order quantities are obtained for individual inventory items.
- ✓ **Quality:** The production department will need to be consulted about the quality of goods required for the manufacturing process, and the marketing department about the quality of goods acceptable to customers.
- ✓ **Price:** Favourable short-term trends in prices may influence the buying decision.
- ✓ **Delivery:** The lead time between placing and delivery of an order can be crucial to efficient inventory control and production planning.

➤ **The purchasing process**

- ✓ **Purchase requisition:** The buying process begins with the purchasing department receiving a request to purchase, specifying the items to be bought and the quantity.
- ✓ **Supplier selection:** the buyer may ask several suppliers to submit price quotations and then probably select the supplier quoting the best price.
- ✓ **Purchase order:** The buyer places the order with the suppliers when satisfied with the terms of sale.

➤ **Advantages of centralized purchasing:** 集中采购

✓ **Obtaining better prices**

If the organisation places its purchase orders from a central department, the orders will be larger. Negotiating lower prices and bulk purchase discounts for large orders is often possible.

✓ **Standard quality**

A central buying department can ensure that the specifications for purchased items are standard and that all purchases meet a **higher quality standard** than otherwise.

✓ **Collaboration with suppliers**

A central buying department can negotiate with major suppliers about changes to the specifications of items the organisation wishes to purchase.

✓ **Less risk of fraud**

Centralised control over buying may reduce the risk of fraudulent purchases compared with a system where many different operational managers make their

purchases locally.

### 1.3 Production function 生产部门

Production is taking raw materials and components and turning these into a finished product that the organisation can sell.

➤ **Determinants of production:**

- ✓ **Volume:** The number of units to be produced within a given period.
- ✓ **Variety:** Higher levels of variety and customisation increase cost as there are limited gains from specialisation.
- ✓ **Variation:** The higher the variation in demand, the less efficient production will be.
- ✓ **Visibility:** The amount of communication and dependency between production units.

➤ **Relationship with other functions:**

- ✓ Product design is co-ordinated with R&D
- ✓ Job design will involve consultation with human resources specialists
- ✓ The quantities needed to be produced will be notified by the sales department
- ✓ The human resources department will be involved in managing the workforce
- ✓ The finance department might indicate the resources available for new equipment

### 1.4 Service operation function 服务部门

**Services** are intangible, cannot be stored, are inherently variable in quality and nature and their purchase results in no transfer of property. The people and processes involved in providing them are therefore a paramount importance.

➤ **The nature of services:**

- ✓ **Intangibility:** unlike goods, there are no substantial material or physical aspects to a service.
- ✓ **Inseparability:** Many services are created at the same time as they are consumed. Associated with this is perishability, services can not be stored.
- ✓ **Variability:** It may be hard to attain precise standardization of the service offered.

- ✓ **Perishability:** A service cannot be stored.
- ✓ **Involvement:** The customer may be involved in the service delivery.

### 1.5 Marketing function 市场部门

#### ➤ **Sales and Marketing**

- ✓ **Sales:** persuade customer to buy
- ✓ **Marketing:** Identify customer's needs

#### ➤ **Product differentiation**

Most businesses try to obtain a competitive advantage by offering a product or service differentiated from its competitors.

#### ➤ **Market segmentation 市场细分**

It is 'the subdividing of a market into distinct and increasingly homogeneous subgroups of customers, where any subgroup can conceivably be selected as a target market to be met with a distinct marketing mix.'

#### ➤ **Targeted marketing**

An organisation develops and markets its product or service for customers in a particular market segment.

#### ➤ **Differentiated marketing**

The organisation produces various products, each aimed at a market segment.

#### ➤ **B2B and B2C**

Some products are sold to business customers (business-to-business or B2B). Others are sold to consumers (business-to-consumer or B2C).

#### ➤ **The marketing mix 市场营销组合 (4Ps) (7Ps)**

It is a term used to describe a collection of tools that can be used to construct a detailed marketing strategy. It is a set of controllable marketing variables that a firm uses to influence a target market.



- **Price:** 定价

Setting an appropriate price with reference to factors such as cost, competitors' prices, perceived quality, firm strategy etc. E.g. list price, discounts, payment terms, service price. **The pricing strategies are:** Price penetration, price discrimination, loss leader, captive product pricing. **The 4 Cs of pricing** are: Cost, customer, competitors, and corporate objectives.

- **Promotion :** 促销

The activities involved in telling the customer or potential customer about the product. For example, **direct selling, advertising, sales promotions, public relations, personal selling, sponsorship, social media.**

- **Place :** 销售地点渠道

It refers to the outlets, geographic areas and distribution channels. How the product is delivered to customers. For example, **sold in shops or online, location, retail/wholesale, delivery methods.**

- **Product :** 产品

The item/good purchased by the customer. From a customer's point of view, this will be a solution to a problem or package of benefits. E.g. **Design/sizes colors, materials, features, quality, packaging, warranties/guarantee, and after-sales service.**

- **People** - this relates to both staff and the need to understand customer needs. The interaction between customers and the organization's staff. E.g. skills, competency, capabilities, resources.
- **Processes** - these are the systems through which the service is delivered. E.g. time saving, customers focused, user friendly.

- **Physical evidence** - as services are intangible, it is sometimes important to provide evidence of ownership, e.g. a ticket to travel or certificate of attainment for training, dress code, building, premises, vehicles.

### 1.6 Administration function 行政

A large organisation often centralises its administration function at the head office.

- **Advantages of a centralised administration office:**
  - ✓ It provides consistency.
  - ✓ It gives better security/control over operations and it is easier to enforce standards
  - ✓ Head office is in a better position to know what is going on.
  - ✓ There may be economies of scale available
  - ✓ Administration staff are in a single location and more expert staff are likely to be employed. Career paths may be more clearly defined.
- **Disadvantages of a centralized administration office:**
  - ✓ Local offices might have to wait for tasks to be carried out
  - ✓ There is a reliance on head office as local offices are less self- sufficient
  - ✓ A system fault or hold-up at head office will impact across the organization

### 1.7 Finance function 财务部门

#### ➤ **Financial accounting 财务会计**

**Financial accounting** is mainly a method of reporting the results and financial position of a business.

- ✓ **Recording financial transactions.** Financial accounting covers the classification and recording of transactions in monetary terms in accordance with established concepts, principles, accounting standards and legal requirement.
- ✓ **Reporting to shareholders:** The information must be reported to shareholders in accordance with the detailed disclosure requirements of the Companies Act.

#### ➤ **Management accounting 管理会计**

Management accounting analyzes data to provide information as a basis for managerial action.

#### ➤ **Financial management 财务管理**

✓ **Investment decision**

The financial manager will need to identify investment opportunities, evaluate them and decide on the optimum allocation of scarce funds available between investments. Investment decisions may be on the **undertaking of new projects** within the existing business, the **takeovers of, or merger with, another company or the selling off of a part of the business**.

✓ **Financing decisions**

The financial manager will need to determine the source, cost and effect on risk of the possible **sources of long-term finance**. A balance between profitability and liquidity must be taken into account when deciding on the optimal level of short-term finance.

✓ **Dividend decisions**

Dividend decisions may affect the view that shareholders have of the long-term prospects of the company, and thus the market value of the shares.

## 1.8 Human resources function 人力资源部门

**Human resource management (HRM)** is concerned with the most effective use of human resources. It deals with organization, staffing levels, motivation, employee relations and employee services.

**Exam focus point**

能识别题目中是哪个部门的工作，还有 **Marketing mix** 内容，**marketing** 和 **sales** 的区别。

## 2. Culture

**Culture** is 'the collective programming of the mind which distinguishes the members of one category of people from another.' It may be identified as ways of behaving, and ways of understanding, that are shared by a group of people. (**Hofstede**)

**Culture**: is the set of shared taken-for-granted assumptions that a group holds and that determines how it perceives, thinks about and reacts to the environment. (**Schein**)

### 2.1 Elements of culture (Schein)

(a) **The first level-artefact**: 表层文化

The **observable, expressed or 'explicit' elements of culture**

- **Behavior:** norms of personal and interpersonal behavior; customs and rules about behavior that is acceptable or unacceptable.
- **Artefact:** concrete expressions such as architecture and interior design, dress codes and symbols.
- **Attitudes:** patterns of collective behavior such as greeting styles, business formalities, social courtesies and ceremonies.

(b) **The second level- Value and belief:** 中层文化

Beneath these observable phenomena lie **values and beliefs** and the professed culture, which give the behavior and attitudes their special meaning and significance.

(c) **The third level-Assumptions:** 深层文化

**Assumptions:** foundational ideas that are no longer consciously recognized or questioned by the culture, but which 'program' its ways of thinking and behaving.

## 2.2 The Hofstede Culture dimension 文化维度理论

(a) **Power distance** 权利距离:

The extent to which unequal distribution of power is accepted

- ✓ **High power distance** culture accept greater **centralization**, a top-down chain of command and closer supervision.
- ✓ **Low power distance** culture expect less centralization and **flatter** organizational structures. Subordinates expect involvement and participation in decision-making.

(b) **Uncertainty avoidance** 不确定性规避:

The extent to which security, order and control are preferred to ambiguity, uncertainty and change

- ✓ **High uncertainty avoidance** cultures respect control, certainty and ritual. They value task structure, **written rules and regulations**, specialists and experts, and standardization. There is a strong need for consensus: deviance and dissent are not tolerated. The work ethics is strong.
- ✓ **Low uncertainty avoidance** cultures respect **flexibility and creativity**. They have less task structure and written rules more generalists and greater variability. There is more tolerance of risk, dissent, conflict and deviation from norms.

(c) **Individualism/collectivism** 个人主义/集体主义:

The extent to which people prefer to live and work in individualist or collectivist ways.

- ✓ **High individualism** cultures emphasize autonomy and **individual choice and responsibility**. They prize individual initiative. The organization is impersonal and tends to defend business interest: task achievement is more important than relationships. Management is seen in an individual context.
- ✓ **Low individualism** cultures emphasize interdependence, reciprocal obligation, and social acceptability. The organization is seen as a 'family' and tends to defend employees' interest: **relationships are more important than task achievement**. Management is seen in a team context.

#### (d) Masculinity/ feminine 男性化/女性化:

The extent to which social gender roles are distinct.

- ✓ **High masculinity** cultures clearly differentiate gender roles. Masculine values of **assertiveness, competition, decisiveness and material success** are dominant.
- ✓ **Low masculinity** cultures minimize gender roles. Feminine values are dominant- and both men and women are allowed to behave accordingly. Feminine values of **modesty, tenderness, consensus, focus on relationships and quality of working life** are less highly regarded, and confined to women.

**Exam focus point**

**Application of Hofstede culture dimension.**

## 3. Organization culture 组织文化

**Organization culture** is 'the way we do things round here'.

### 3.1 Influences on organizational culture:

- **Size:** Larger organisations have a more formalised culture.
- **Diversity of operation:** More diverse operations mean less shared culture.
- **Staff age distribution**
- **Technology:** Speed of adopting new technology will affect culture.
- **Organization history:** History and tradition affect how ways of thinking and behaving develop over time.
- **Leadership:** The behaviour and attitude of owners and leaders affect culture.





### 3.2 Culture and structure (*Handy*)

#### (a) **Power culture (Zeus):** 宙斯

It is dependent on a central power source which controls the organization. The rays of influence emanate from the center and hence there is **little need for formal rules and procedures**. Power and influence come from a central source: an individual or group.

- ✓ Informal communication
- ✓ Dominant individual/group
- ✓ Small entity
- ✓ Entrepreneurial

#### (b) **Role culture (Apollo):** 阿波罗

It is typified by **large bureaucratic organizations**. Work is controlled by procedures and rules. Power is associated with positions and not people. It is based on order and rationality. All individuals have a formal role and follow established rules and procedures.

- ✓ Formal communication
- ✓ Strict hierarchy
- ✓ Predictable
- ✓ Compliance is rewarded.

#### (c) **Task culture (Athena):** 雅典娜

It reflects a team approach to getting a job completed. It often consists of people who solve problems **in teams or specially formed work groups**. Each person makes a contribution based on their own area of expertise and shares this with the team or group for the overall benefit of the task in hand.

- ✓ Focus on output and results.
- ✓ Performance-based rewards.
- ✓ Development of individual skills.

#### (d) **Person culture (Dionysus):** 狄俄倪索斯

It exists to serve the individuals within the organization and is one of the most unusual in Handy's typology. All rules and procedures within the organization **exist to meet the needs of the individuals** within it and can be changed as those needs change. e.g. **solicitors'** or dentists' partnerships.

- ✓ The firm protects critical individuals.
- ✓ Organisation activities support vital individuals.

## 4. Committee 委员会

### 4.1 Types of committee

- ✓ **Executive committee:** have the power to govern or administer
- ✓ **Standing committee:** are formed for a particular purpose on a permanent bases.
- ✓ **Ad hoc committee:** are formed to complete a particular task
- ✓ **Sub-committee:** may be appointed by committees to relieve the parent committee of some of its routine work.
- ✓ **Joint committee:** may be formed to co-ordinate the activities of two or more committees.
- ✓ **Management committees:** in many businesses contain executives at a number of levels, not all the decisions in a firm need to be taken by the board.
- ✓ **Steering committee:** A committee is established to monitor progress in a significant project, to check whether it is progressing towards completion on time, with the required resources and within the budget spending limit for the work.

### 4.2 Advantages and disadvantages of committee

- **Advantages of committees:**
  - ✓ Responsibilities are shared
  - ✓ Ability to undertake a larger volume of work than individuals working alone
  - ✓ Decisions are based on a group's assessment of facts and ideas
  - ✓ Pools talent, judgment and allows specialization
  - ✓ Improves coordination between work groups
  - ✓ Improve communication
- **Disadvantages of committee:**
  - ✓ Slower decision making
  - ✓ Decisions may represent compromise solutions rather than optimum solutions
  - ✓ Waste time and resources
  - ✓ Some 'experienced' committee members may dominate
  - ✓ Excess procedural matters reduces the time available
  - ✓ Can not act quickly and flexibly to meet sudden changes in a situation

### 4.3 The committee Chairman 主席

- ✓ Create meeting agendas
- ✓ Moderate and direct committee discussions

- ✓ Ensure the committee fulfils its purpose
- ✓ Summarise actions
- ✓ Call for action/decision
- ✓ Ensure the opportunity for members to participate
- ✓ Minimise domination by any single party
- ✓ Decide on split decisions

#### 4.4 The committee secretary 秘书

- Duties **before** committee meeting:
  - ✓ Fixing the date and time of the meeting
  - ✓ Choosing and preparing the location of the meeting
  - ✓ Preparing and issuing various documents
- Duties **at the meeting**: assisting the Chair, making notes
- Duties **after** the meeting: preparing minutes, acting on and communicating decisions

#### Exam focus point

能识别主席和秘书的工作。



以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Inseparability

Variability

Ownership

Marketing

Sales

Product

Price

Promotion

Place

Value

Whistle blowing

Assumption

Individualism

Collectivism

Masculinity

Feminine

Power distance

Principle

Uncertainty avoidance

Dominant

Philosophy

Remuneration committee

Artefact

2. 必做习题

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# Chapter 8 Corporate governance and social responsibility

*(Study hub: Chapter 15,16)*

本章内容主要介绍公司治理的理论，董事会，执行董事，非执行董事，4个委员会的作用等。

## Learning outcomes

- e) Explain the agency concept in relation to corporate governance.
- f) Briefly explain the main recommendations of best practice in effective corporate governance: i) Executive and non-executive directors ii) Remuneration committees iii) Audit committees iv) Public oversight.

## 5. Sustainable business practices

- a) Define social responsibility and explain its importance in contemporary organisations.
- b) Explain the responsibility of organisations to maintain appropriate standards of corporate social responsibility.
- c) Explain how organisations take account of their social responsibility objectives through analysis of the needs of internal, connected and external stakeholders.
- d) Identify the social and environmental responsibilities of business organisations to internal, connected and external stakeholders.

## 1. Corporate governance theories

**Corporate governance** 公司治理: the system by which companies are directed and controlled, it ensures that the directors act in the capital providers' interests and not in their own.

### ➤ **Agency relationship:** 代理关系

It is a contract under which one or more persons (the **principals**) engage another person (the **agent**) to perform some service on their behalf that involves delegating some decision-making authority to the agent. An **agent** is employed by a **principal** to carry out a task on their behalf

### ➤ **Accountability:** 问责

It means that **the agent is answerable under the contract to his principal** and must

account for the resources of his principal and the money he has gained working on his principal's behalf.

➤ **Fiduciary duty** 信托义务:

It is a **duty of trust and care toward one or more constituencies**.

➤ **Stockholder theory:**

It focuses on the interests of shareholders. It states that shareholders alone have a legitimate claim to influence over the company. Hence directors as agents have a moral and legal duty **only to take account of shareholders' interests**. As it is assumed that shareholders wish to maximize their returns, then directors' sole duty is to pursue profit maximization.

➤ **Stakeholder theory:**

It proposes corporate accountability to a **broad range of stakeholders**. It is based on companies being so large, and their impact on society being so significant that they cannot just be responsible to their shareholders. **Because a business organization is a citizen of society, enjoying its protection, support and benefits, it has a duty to recognize a plurality of claims in the same way that an individual might act as a 'responsible citizen'.**

## 2. Corporate governance principles

➤ **Fairness:** 公平

The directors' deliberations and also the systems and values that underlie the company must be balanced by **taking into account everyone who has a legitimate interest in the company**, and respecting their rights and views.

➤ **Openness/transparency:** 信息透明

Transparency means corporate disclosure to stakeholders. In particular, transparency means **openness, clarity, lack of withholding of relevant information** unless necessary and a default position of information provision rather than concealment. This is particularly important in financial reporting, as this is the primary source of information that investors have for making effective investment decisions.

➤ **Independence:** 独立性

Corporate governance reports have increasingly stressed the importance of independent non-executive directors: They should be **free from conflicts of interest** and in a better position to promote the interests of shareholders and other stakeholders.

➤ **Probity/honest:** 不误导股东

It relates not only to telling the truth, but also **not misleading shareholders and other stakeholders** by presenting information in a slanted way.

➤ **Responsibility:**

The *South African King report* stresses that for management to be held properly responsible, there must be a system in place that allows for corrective action and penalizing mismanagement. Responsible management should do, when necessary, whatever it takes to **set the company on the right path. Management accepting the credit or blame for governance decisions.**

➤ **Accountability:** 问责

Corporate accountability refers to whether an organization (and its directors) is **answerable in some way for the consequences of their actions.**

➤ **Reputation:**

Reputation includes a **reputation for competence**, supplying good quality goods and services in a timely fashion, and also being managed in an orderly way. However, **a poor ethical reputation can be as serious for an organization as a poor reputation for competence.**

➤ **Judgment:**

The board member must acquire a **broad enough knowledge** of the business and its environment to be provided meaningful direction.

➤ **Integrity:** 诚信

**Straightforward dealing, completeness, honesty, and balance.** What is required of financial reporting is that it should be honest and that it should present a balanced picture of the state of the company's affairs. The integrity of reports depends on the integrity of those who prepare and present them.

### 3. The role of board 董事会

- **The board** is to define the **purpose** of the company and the **values** by which the company will perform its daily existence and to identify the **stakeholders** relevant to the business of the company. The board must then develop a **strategy** combining all three factors and ensure management implements that strategy. **(King Report)**

➤ **Other tasks of the board:**

- ✓ Monitoring the Chief Executive Officer
- ✓ Overseeing strategy
- ✓ Monitoring risks, control systems and governance
- ✓ Monitoring the human capital aspects of the company



- ✓ Managing potential conflicts of interest
- ✓ Ensuring that there is effective communication of its strategic plans, both internally and externally

➤ **The chairman 董事长:**

The chairman is the leader of the board of directors.

➤ **The chief executive officer (CEO) 首席执行官:**

The CEO is the leader of the executive team and is responsible for the day-to-day management of the organization.

## 4. The roles of non executive director (NED) 非执行董事

➤ **Executive director (ED) 执行董事:**

Full time members, have management position, are part of executive structure, have industry knowledge or expertise.

➤ **Non- executive director (NED) : 非执行董事**

Part-time, bring relevant independent, external input and scrutiny to the board, typically occupy positions in the committee structure.

**Except for smaller companies, at least half the board, excluding the chairman, should comprise non-executive directors** determined by the board to be independent. A smaller company should have at least two independent non-executive directors. (The UK CG Code)

➤ **The roles of non-executive directors (The UK Higgs report):**

- ✓ **Strategy:** Non-executive directors should contribute to, and challenge the direction of strategy. They should use their own business experience to reinforce their contribution.
- ✓ **Scrutiny:** Non-executive directors should scrutinize the performance of the executive management in meeting goals and objectives and monitor the reporting the performance.
- ✓ **Risk:** Non-executive directors should satisfy themselves that financial information is accurate and the financial controls and systems of risk management are robust
- ✓ **People:** Non-executive directors are responsible for determining appropriate levels of remuneration for executives, and are key figures in the appointment and removal of senior managers and in succession planning.



➤ **Advantages of non-executive directors:**

- ✓ They may have **external experience and knowledge** which executive directors do not possess. The experience they bring can be in many different fields.
- ✓ Non-executive directors can provide a **wider perspective** than executive directors who may be more involved in detailed operations.
- ✓ Good non-executive directors are often a **comfort factor for third parties** such as investors or suppliers.
- ✓ **Dual nature** of non-executive director's role. Non-executive directors are full board members who are expected to have the level of **knowledge** that full board membership implies. At the same time they are to provide the so-called strong, **independent** element on the board.

➤ **Problems of non-executive directors:**

- Non-executive directors may **lack independence**. There are in practice a number of ways in which non-executive directors can be linked to a company, as suppliers and customers for example.
- Non-executive directors have **limited time to devote** to the role.

**Exam focus point**

**Difference between ED and NED, and the independence of NED.**

## 5. The roles of board committees

### 5.1 Nomination committee 提名委员会

**The roles of nomination committee, it should consider:**

- ✓ The **balance** between executives and independent non-executives
- ✓ The **skills, knowledge and experience** possessed by the current board
- ✓ The **need for continuity** and succession planning
- ✓ The desirable **size** of the board
- ✓ The need to attract board members from a **diversity** of backgrounds

### 5.2 Remuneration committee 薪酬委员会

**The roles of remuneration committee:**

- ✓ **Determining remuneration policy** on behalf of the board and shareholders
- ✓ **It ensures that each director is fairly but responsibly rewarded** for their individual contribution in terms of levels or pay and the components of each director's package.

- ✓ The remuneration committee **reports to the shareholders** on the outcomes of their decisions, usually in the corporate governance section of the annual report.
- ✓ Where appropriate and required by statute or voluntary code, the committee is required to be seen to **be compliant with relevant laws or codes of best practice**.

### 5.3 Risk committee 风险委员会

**Risk committee** is responsible for overseeing the organization's risk response and management strategies.

### 5.4 Audit committee 审计委员会

The *UK CG report* recommends that the audit committee should consist **entirely of independent non-executive directors** (excluding the chairman), and should include **at least one number with significant and recent financial experience**.

#### ➤ **Role and function of audit committee:**

- ✓ **To monitor the integrity of the financial statements** of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgement contained in them.
- ✓ **To review the company's internal financial control** and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, to review the company's internal control and risk management system.
- ✓ **To monitor and review the effectiveness of the company's internal audit function.**
- ✓ **To make recommendations to the board**, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- ✓ **To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process**, taking into consideration relevant UK professional and regulatory requirements.
- ✓ **To develop and implement policy on the engagement of the external auditor to supply non-audit services**, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

- ✓ To report to the board on how it has discharged its responsibilities.

## 6. CG Code 公司治理准则



### Corporate governance Code

#### 1. UK

- The Cadbury Report 1992 and the Hampel Reports 1996: covered general corporate governance issues.
- The Greenbury report 1995: concentrated on remuneration of directors
- **The UK CG code** (The Combined Code 1998): include the Cadbury Report 1992, Hampel Report 1996 and the Greenbury Report 1995
- The Turnbull Report 1999: focused on risk management and internal control
- The Smith Report 2003: discussed the role of audit committees
- The Higgs Report 2003: focused on the role of the non-executive director

#### 2. USA

- **The Sarbanes-Oxley Act 2002**: the primary aim of this Act is to protect investors through improving the accuracy and reliability of corporate disclosures, and placing accountability for this upon the senior management of the organization.

#### 3. South Africa

- **The king Report**: it advocates an integrated approach to corporate governance in the interest of a wide range of stakeholders-embracing the social, environmental and economic activities of a company's activities.

### ➤ **Rule-based approach:** 基于法律

There is **clear line between acceptable and unacceptable behavior**. It instills the code into law with appropriate penalties for transgression. For example: **US Sarbanes Oxley Act**

### ➤ **Principles-based approach:** 基于原则

Allows the sector to determine what standards are acceptable and unacceptable. It requires the company to **adhere to the spirit rather than the letter of the code**. The company must either **comply** with the code **or explain** why it has not through reports to the appropriate body and its shareholders. For example: **UK CG code**

**'Comply or explain'**: a principles-based code requires the company to **state that it has complied with the requirements of the code or to explain why it could not do so in its annual report**. This will leave shareholders to draw their own conclusions regarding the governance of the company. **Non-compliance is allowed as long as they made**

clear in their annual report the ways in which they were non-compliant and, usually, the reason why.

**Exam focus point**

**The roles of 4 committees.**

## 7. Reporting on corporate governance

### ➤ The operating and financial review (OFR)

It set out the directors' analysis of the business, in order to provide to investors a historical and prospective analysis of the reporting entity **'through the eyes of management'**.

### ➤ Contents of corporate governance report 公司治理报告

- ✓ **A narrative statement** of how the principles of the corporate governance code have been applied
- ✓ **A statement of compliance with the Code** throughout the accounting period, or reasons for non-compliance
- ✓ Information about the **board of directors**
- ✓ **Committee reports**
- ✓ **A statement of effectiveness of internal controls**

## 8. Corporate social responsibility 企业社会责任

### ➤ Corporate Social responsibility (CSR) : 企业社会责任

Organizations have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations.

### ➤ Corporate citizenship: 企业公民

Companies should live up to their responsibilities as global citizens and local neighbours.

### 8.1 Strategy toward social responsibility:

- **Proactive strategy:** prepared to take full responsibility for its action
- **Reactive strategy:** waiting until there is a public reaction before amending the company's ways
- **Defense strategy:** attempting to avoid obligation arising from a particular problem.

- **Accommodation strategy:** Accommodating concerns of the public and governments to prevent stricter legislation being introduced.

**Whistle blowing 举报:** it is the intervention by an employee to bring the wrongs of the employer to the attention of the owners of the company, the government or the public at large.

## 8.2 Triple bottom line 企业三重底线

- **Economic growth (Profit):** Businesses need to sustain themselves economically and ensure that this year's performance doesn't compromise performance in future years.
- **Preserving natural environment (Planet):** Businesses should operate in a way that preserves and protects the natural environment and its resources.
- **Social responsibility (People):** Businesses should recognise responsibilities to society: this includes duties to employees (including their health and safety policies), customers, local communities where they operate, and to society in general.

## 8.3 Four Ethical stance 道德立场

- **Short-term shareholder interest:** the organization is responsible for its ethical stance in the short-term interests of shareholders, but the government has a wider longer-term remit.
- **Long-term shareholder interest:** corporate image enhancement, presentation of pressure for legal regulation.
- **Multiple stakeholder obligations:** the organization accepts the legitimacy of the expectations of stakeholders other than shareholders.
- **Shaper of society:** this is a more demanding role than "multiple stakeholder obligations" and is largely the preserve of public sector organizations.

## 8.4 Socially responsible policy:

- Reducing discrimination
- Maintaining a healthy and safe environment at the workplace.
- Maintaining fair pay and working conditions.
- Improving social mobility and skills.

## 8.5 Environmental policy objectives

- **Reduce pollution**

Companies may have policies for reducing the amount of pollution they cause through

emissions and output into the air, the sea, rivers or land. Pollution may also be reduced indirectly by reducing energy consumption.

➤ **Protect species**

A company may have policies to protect species whose natural habitat is threatened and may face extinction.

➤ **Reduce waste**

Companies may implement policies to reduce the waste they create in their operations. One method of reducing waste is recycling used materials for reuse and using recyclable materials wherever possible.

➤ **Reduce the use of scarce resources**

Companies may implement policies to reduce their use of scarce resources (such as water or minerals), possibly by switching to alternative materials in much greater supply.

### 8.6 The relationship between law, governance, social responsibility and ethics:

- **Law:** rules individuals and companies must follow. The minimum level of behavior society allows
- **Corporate governance:** Publicly listed companies only are regulated. Others are encouraged to follow 'best practice'
- **Social responsibility:** no regulation. Individuals and companies have a free choice. Some social pressure to act in a socially responsible manner.
- **Ethics:** values and principles. Individuals and companies are expected to follow. Adopting an ethical position is down to free choice.



以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Architecture

Subordinate

Welfare

Bureaucratic

Risk committee

Committee

Nomination committee

Standing committee

Audit committee

Compromise

Dominate

Venue

Agenda

Share option

Correspondence

Appointment

Corporate governance

Stewardship

Agency

Comply

Fairness

Non-executive director

2. 必做习题

BPP BT KIT 2022: 8.1-8.12, 5-7 章小结: 9.1-9.6

# Chapter 9 The role of Accounting

## *(Study hub: Chapter 17,18,19,20)*

本章内容主要介绍国际会计准则委员会，财务部门的主要职责，会计电算化，主要会计业务流程，信息系统等。

### Learning outcomes

#### 1. The relationship between accounting and other business functions

- a) Explain the relationship between accounting and other key functions within the business such as procurement, production and marketing.
- b) Explain financial considerations in production and production planning.
- c) Identify the financial issues associated with marketing.
- d) Identify the financial costs and benefits of effective service provision.

#### 2. Accounting and finance functions within business organisations

- a) Explain the contribution of the accounting function to the formulation, implementation, and control of the organisation's policies, procedures, and performance.
- b) Describe the main financial accounting functions in business:
  - i) Recording financial information ii) Codifying and processing financial information iii) Preparing financial statements.
- c) Describe the main management accounting functions in business: i) Recording and analysing costs and revenues ii) Providing management accounting information for decision-making iii) Planning and preparing budgets and exercising budgetary control.
- d) Describe the main finance and treasury functions: i) Calculating and mitigating business tax liabilities ii) Evaluating and obtaining finance iii) Managing working capital iv) Treasury and risk management. e) Describe the main audit and assurance roles in business: i) Internal audit ii) External audit

## 1. The regulatory system

### 1.1 Company law

- **Limited companies are required by law (The Company Act, 2006) to prepare and publish accounts annually.** The company Act requires companies to keep proper accounting records in order to be able to prepare financial statements. These statements are then required to be audited and an auditor's report appended before being filed at Companies House. These financial statements are then available for inspection by members of the public.
- **Consequences of failing to comply with regulations:**



- Companies can **be fined** for failing to keep proper accounting records or failing to file the financial statement with the government's company registration body on time.
- Inaccurate or late tax return can **lead to audits and investigations** by tax authorities, which can lead to fines and tax penalties.
- The auditors may issue a '**qualified**' audit opinion.
- **Public oversight boards review** financial statements on a sample basis to ensure that the accounts comply with relevant regulations. If they do not, the companies may be required to reissue the accounts.
- If financial statements intentionally mislead the users, **the directors are guilty of fraud**, which is a criminal activity.
- Directors or officers of companies may be subject to **criminal procedures** for failing to adhere to the accounting regulations.
- **If a listed company fails** to publish financial statements within the required deadline, **the company's listing on the stock market can be suspended**. This means that it will no longer be possible to buy or sell the company's shares.

## 1.2 International Accounting Standards Board (IASB)

### ➤ The objectives of IASB are:

- ✓ To **develop a single set of high quality, understandable and enforceable global accounting standards** that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions.
- ✓ To promote the use and rigorous application of those standards.
- ✓ To bring about convergence of national accounting standards and International Accounting Standards to high quality solutions.

**International Financial Reporting Standards (IFRS):** help to improve and to harmonize financial reporting around the world.

**True and fair view:** accurate and not misleading.

## 1.3 Generally Accepted Accounting Principles (GAAP)

GAAP is a set of rules governing accounting, The rules may derive from:

- Company law
- Accounting standards
- International accounting standards and statutory requirements in other countries
- Stock Exchange requirements

**Exam focus point****Understand IASB, GAAP, IFRS.**

## 2. Roles of finance function

### 2.1 Financial accounting 财务会计

**Financial accounting** is concerned with recording the details of the company's financial transactions, processing them and using the information to prepare financial statements.

➤ **Codify financial transactions:**

Transaction data is put into code form when it is recorded in the accounts.

For example, customers are given unique customer codes, suppliers have supplier codes, employees have employee numbers, and there are stock codes for inventory.

➤ **Preparing financial statements**

Financial statements are produced predominantly for external stakeholders, particularly the company's shareholders. The information must be reported to shareholders in accordance with the detailed disclosure requirements of the Companies Act.

**The Statement of profit and loss (income statement) 利润表:** is a record of income generated and expenditure incurred over a given period.

**The statement of financial position (Balance sheet) 资产负债表:** is a list of all the assets owned by a business and all the liabilities owed by a business at a particular date.

**The statement of cash flow 现金流量表:** shows sources of cash generated during a period and how these funds have been spent.

### 2.2 Management accounting 管理会计

➤ **Costing:**

Management accountants provide information about the costs of goods, services, activities and functions. Their ability to produce costing information depends on the amount of data available.

➤ **Measuring and reporting profits:**

Management accountants analyse both costs and revenues and report to management on profitability. This can be either reporting historical profits or making estimates of future profits.

➤ **Planning:**

- ✓ The finance function draws up **budgets** which direct and allocate resources
- ✓ The finance function also produces **forecasts** of anticipated future results.

➤ **Decision-making:**

Managers may want information to help them make a decision – for example, whether to invest in a new item of equipment, update the company's IT systems, or manufacture and sell a new product.

➤ **Controlling:**

**Budgets are also used to monitor performance.** The finance function regularly provides information comparing budgeted revenues and costs for a period, with actual results and comparisons from previous months.

### 2.3 Treasury 资金管理部门，财资管理

Treasury management plans and controls the sources and uses of funds by the organization.

➤ **Cash management:**

The treasury function is responsible for cash management and arranging loans and bank overdrafts.

- ✓ **Short-term:** The treasury department's job is to forecast the business's cash flows and check whether there will be sufficient cash from operations or an adequate bank overdraft facility.
- ✓ **Long-term:** If there is a long-term need for more cash, it would be the job of the treasury or the finance director to negotiate terms for borrowing the money.

➤ **Managing and paying tax:**

Companies pay taxes on their profits. They can also make claims against tax if they make losses. Taxation can significantly impact profits and cash flows, so companies usually try to minimise their tax liabilities.

- ✓ **Tax mitigation** – Utilisation of provisions within tax regulations to legitimately reduce tax liability.
- ✓ **Tax avoidance** – Using methods that are legally available to reduce tax liability. This may include exploiting loopholes in tax legislation and may be against the spirit of the law.
- ✓ **Tax evasion** – Failure to pay tax liabilities that are legally due.

➤ **Managing working capital:**

It is defined as the funds – cash – tied up in a business's day-to-day operations.

Working capital (trading assets) is the current assets needed for a business to sustain

operations.

It consists:

- ✓ **Inventory** : finished goods, work-in-progress, and raw materials
- ✓ **Trade receivables** : sums owing from customers for credit sales
- ✓ **Trade payables**: sums owed to suppliers for credit purchases

**Working capital \$ = Inventory \$ + Trade receivables \$ – Trade Payables \$**

➤ **Risk management:**

The treasury function may be involved in various aspects of financial risk management. Financial risk relates to an unforeseen change or development in a monetary item, such as a currency exchange rate, an interest rate, or the market price of shares.

## 2.4 Audit and assurance 审计与鉴证

➤ **Assurance engagement**

Accountants provide assurance as part of a formal engagement or investigative task.

➤ **To provide an opinion about something**

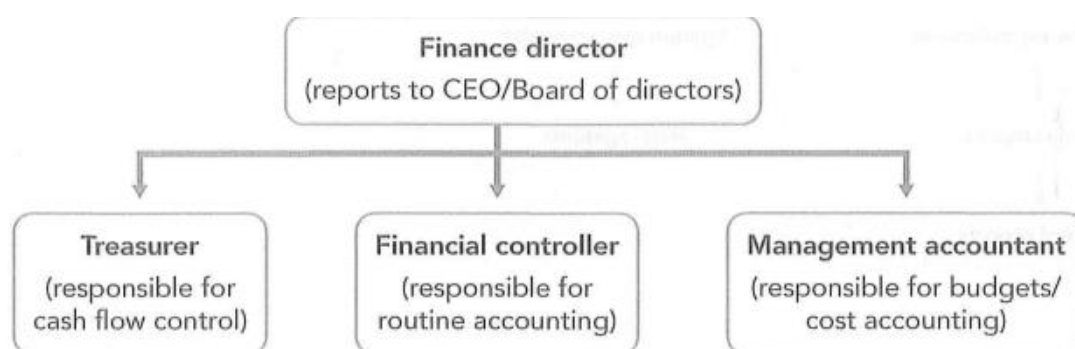
An expression of opinion, which is reached as a result of the investigation of the subject matter, such as the reliability of a financial forecast.

➤ **Comparison with established standards**

Comparing the subject matter of the investigation how information has been prepared in a financial statement with established standards or requirements.

**Exam focus point**

**Different roles of accounting function, financial statements.**



## 3. Internal report and external report

### 3.1 Internal report:

➤ **Cost schedule**

A simple form of report is a cost schedule (or **cost card**). This is simply a list of the individual items in the overall cost of a product. It includes different cost objects like

materials, labour, expenses and overheads.

➤ **Budget 预算**

A budget is a planning document expressed mainly in financial terms. It is usual for companies to prepare a budget for each financial year before the year begins. The budget then becomes the officially accepted plan for the year.

➤ **Variance reports 差异报告**

Compare what was estimated in the budget with the actual results, the difference is the variance. It shows the difference between revenues, costs and profits compared to what was expected. Variances provide management with information for management to investigate the reasons and take control measures if needed.

### 3.2 External report:

➤ **Statement of Profit and loss 利润表**

A statement of profit or loss reports the organisation's financial results for a given period, typically a financial year.

- ✓ **Revenue:** the income generated from the ordinary operating activities of the business, such as sales of goods or services.
- ✓ **Cost of sales:** all costs relating directly to the production of goods
- ✓ **Operating profit:** equals revenue less costs of sales. This represents the profits generated from the trading activities of the business.
- ✓ **Distribution cost:** the costs of transporting goods to where they are to be sold, for example, delivery of goods to shops.
- ✓ **Administrative expenses:** the indirect costs of running the business, including staff salaries, rent and overheads.
- ✓ **Profit before interest and tax:** the total gain before any tax liability and finance cost is considered.
- ✓ **Finance costs:** interest payable on borrowings.
- ✓ **Profit before tax:** the total gain after finance costs before any tax liability is considered.
- ✓ **Taxation charge:** the amount of taxation due to be paid to the local tax authority on the business's profit for the year.
- ✓ **Profit after tax:** the profit after deducting all the business's expenses to be transferred to the statement of financial position

➤ **Statement of financial position 资产负债表**

A statement of financial position is often called a balance sheet. It is a statement of

the company's financial position, showing its assets, liabilities, and equity capital at the end of its financial period.

**Assets = liability + Equity**

✓ **Assets** 资产

**Non-current asset:** Long-term assets held for more than 12 months,

**Current asset:** Short-term assets are held for less than 12 months.

✓ **Liability** 负债

**Non-current liabilities:** are payable more than one year.

**Current liabilities:** are payable within one year.

✓ **Equity** 所有者权益

Equity capital is the capital contributed to the company by its shareholders.

➤ **Statement of cashflow** 现金流量表

✓ **Cash flows from operating activities:** Cash flows from trading.

✓ **Cash flows from investing activities:** Cash flows from buying or selling of non-current assets and investments.

✓ **Cashflows from financing activities:** Cash flows related to how the company is financed (debt or equity).

➤ **Integrated report** 综合报告

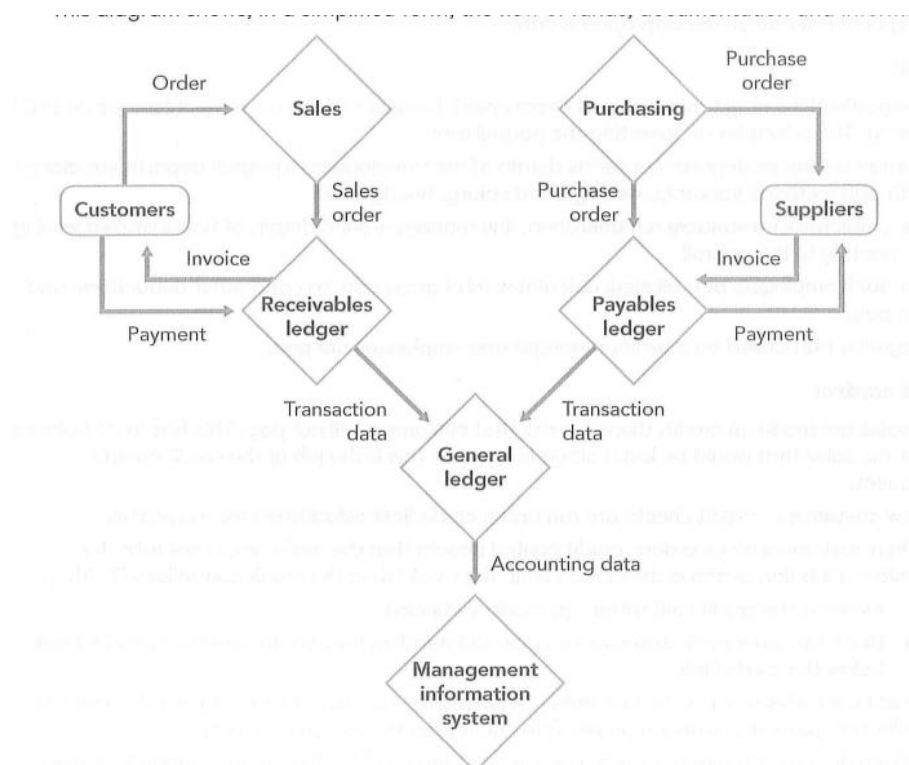
The initiative for non-financial reporting originates from the International Integrated Reporting Council (IIRC). The IIRC has developed a framework for integrated reporting that is primarily nonfinancial, with a forward-looking element in addition to historical performance.

➤ **Sustainability report** 可持续性报告

**Sustainability reports** report three aspects of a company's performance and operations: economic, social, and environmental. This is also known as triple-bottom-line reporting on the 3Ps: profit, people, and the planet.

## 4. Accounting procedures

➤ **Sales and purchase system** 销售流程，采购流程



### ➤ Payroll systems 工资流程

- ✓ Maintaining **employee records**
- ✓ **Time records:** When employees are paid an hourly rate for their hours, there must be procedures for recording time worked, including overtime.
- ✓ **Calculating pay and deductions:** Pay is calculated as the total amount earned, together with deductions for payments such as payment of tax on earnings to the government (income tax), leaving a net amount to be paid to the employee.
- ✓ **Making the payments**
- ✓ **Recording the payments**

**Standing data** on each employee will include:

- Personal details, e.g. name, employee number, job grade, address
- Rate of pay
- Details of deductions (including tax code)
- Holidays

**Variable data** will include:

- Gross pay to date
- Tax to date
- Pension contributions

➤ **Credit control procedure** 信用控制流程

- ✓ Decide a credit policy
- ✓ Decide credit terms and limits for individual customers
- ✓ Check for credit when making a sale
- ✓ Check for payment and pursue late payers

## 5. Computerized accounting packages 电算化

➤ **Advantages:**

- ✓ Can be used by non-specialists
- ✓ Large amount of data can be processed quickly
- ✓ More accurate
- ✓ Capable of handling and processing large volume of data
- ✓ Can analyze data rapidly
- ✓ Minimum of labor cost

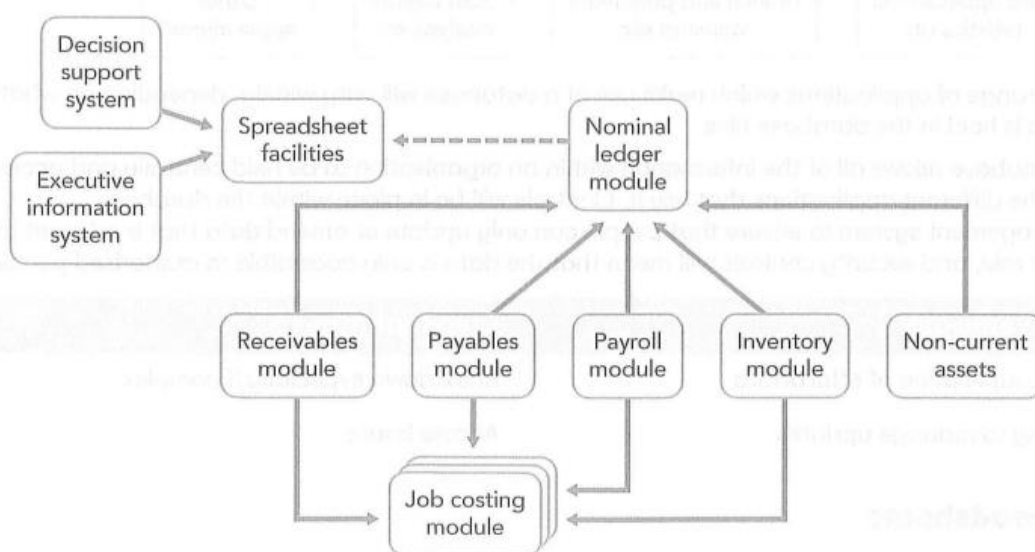
➤ **Disadvantages:**

- Initial time and cost involved
- Lack of intelligence
- Can only make quantifiable decisions
- Inflexibility
- Easy to be damaged



## 6. Integrated accounting software 综合会计软件

‘Each module integrated with the other, so that data entered in one module will be passed automatically through into other relevant module’





- **Advantages:**
  - ✓ Automatically updates the others
  - ✓ Decision made on basis of data will be consistent
- **Disadvantages:**
  - Operate more slowly than stand-alone modules
  - More expensive
  - A failure in one module may make the whole package inoperative
  - Less specialized

## 7. Information systems

**Strategic information:** to help senior managers with long term planning

**Tactical information:** to help middle managers monitor and control

**Operational information:** to help operational managers track the organization's day-to-day operational activities.

- **Executive information/support system (EIS/ESS):**  
It pools data from **internal** and **external** sources and makes information available to **senior managers** in an easy-to-use form. ESS help senior managers make strategic, unstructured decisions.
- **Management information system (MIS):**  
It converts data from mainly **internal** sources into information. This information enables managers to make timely and effective decisions for planning, directing and controlling the activities for which they are responsible.
- **Decision support system (DSS):**  
It combine data and analytical models or data analysis tools to support semi-structured and unstructured decision making.
- **Expert system (ES):**  
A computer program that captures human expertise in a limited domain of knowledge, e.g. credit approval in banking
- **Knowledge work system (KWS):**  
Information systems that facilitate the creation and integration of new knowledge into an organization. E.g. specialized financial software.

➤ **Office automation system (OAS):**

Computer systems designed to increase the productivity of data and information workers. E.g. word processing, e-mail, videoconferencing, intranet, etc.

➤ **Transaction Processing system (TPS):**

It performs and records routine transactions. E.g. order processing system.

## **8. The relationship with other business functions**

### **8.1 Relationship with purchasing department**

Accountants work with the purchasing department to record purchasing transactions, pay suppliers and plan and monitor the costs of purchased items.

- Planning and monitoring purchase costs
- Recording and paying for purchases
- Ensuring sufficient funds for payment
- Monitoring inventory levels: The accounting function should obtain and provide information about the quantities of purchased inventory in store, so that management can monitor whether it is excessive and control future purchases.

### **8.2 Relationship with production department**

Production costs are a crucial aspect of production and production management. The accounting function records production expenses and then produces information about costs for management to use in planning and control of manufacturing operations.

- Recording production costs
- Calculate production costs
- Discuss the features that can be included in products and the raw materials that should be used
- Ensure that there are sufficient raw materials in stock for the production

### **8.3 Relationship with service department**

Accountants provide information to assist with the effectiveness of services.

- Decide charge-out rates
- Estimating cost in service

### **8.4 Relationship with HR department**

- Payroll calculation and payment

### 8.5 Relationship with sales department

- Discuss the likely sales volume of each product to produce a sales budget
- Check the creditworthiness of customers
- Receive payment

### 8.6 Relationship with marketing department

The marketing department is responsible for marketing and selling products and services. Accountants provide valuable financial information to assist marketing managers with planning and controlling marketing activities and product profitability.



- Advertising payment
- Pricing of the products : Determine the optimum price

**Exam focus point**

**Relationship of accounting function with other department.**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Companies Act

Enforceable

Global

Convergence

Harmonize

Departure

Treasury

Financial statement

Receivable

Credit control

Payable

Payroll

Budget

Foreign exchange rate

Tax avoidance

Tax evasion

Relevant

Procedure

Procedure manual

Flow chart

Payslip

Tax authorities

2. 必做习题

BPP BT KIT 2022: 10.1-10.27

# Chapter 10 Internal control and auditing

## *(Study hub: Chapter 21,22)*

本章主要介绍内部控制的目的，组成部分，具体控制手段，控制财务流程，金融科技，内审和外审的作用等。

### **Learning outcome:**

#### **4. Financial information provided by business**

- a) Explain the various business purposes for which the following financial information is required:  
i) The statement of profit or loss ii) The statement of financial position iii) The statement of cash flows iv) Sustainability and integrated reports.
- b) Describe the main purposes of the following types of management accounting reports: i) Cost schedules ii) Budgets iii) Variance reports

#### **5. Financial systems and technology**

- a) Identify an organisation's system requirements in relation to the objectives and policies of the organisation.
- b) Describe the main financial systems used within an organisation: i) Purchases and sales invoicing ii) Payroll iii) Credit control iv) Cash and working capital management.
- c) Identify weaknesses, potential for error and inefficiencies in accounting systems.
- d) Identify business uses of computers and IT software applications: i) Spreadsheet applications ii) Database systems iii) Accounting packages.

#### **6. Internal controls**

- a) Explain internal control and internal checks.
- b) Explain the importance of internal financial controls in an organisation.
- c) Describe the responsibilities of management for internal financial control.
- d) Describe the features of effective internal financial control procedures in an organisation, including authorisation.
- e) Describe general and application systems controls in business.

## **1. Internal Control**

An **internal control** is **any action taken by management** to enhance the likelihood that established objectives and goals will be achieved. Management plans, organize and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved. Thus, control is the result of proper planning,

organizing and directing by management.'

'An **internal control system** comprises the **whole network of systems established in an organization to provide reasonable assurance that organizational objectives will be achieved**. Control is the result of proper planning, organizing and directing by management.'

### 1.1 Internal check 内部牵制

An internal check is a control activity (**segregation of duties**). It is a procedure or series of procedures that: ensures that the same individual does not carry out a procedure from start to finish so that the work of each individual is subject to an independent check by another individual.

### 1.2 Objectives of internal control 内控目的

The **UK Turnbull report** provides a summary of the **main purposes** of an internal control system:

- **Facilitate its effective and efficient operation** by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve the company's objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud and ensuring that liabilities are identified and managed.
- **Help ensure the quality of internal and external reporting**. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organization.
- **Help ensure compliance with applicable laws and regulations**, and also with internal policies with respect to the conduct of business.
- **Achieving orderly conduct of business**: ensure the organization's operations are conducted effectively and efficiently. In particular they should enable the organization to respond appropriately to business, operational, financial, compliance and other risks to achieve its objectives.
- **Adherence to internal policies and laws**: ensure organizations and its staff comply with applicable laws and regulation, and that staff comply with internal policies.
- **Safeguarding assets**: ensure that assets are optimally utilized and top assets being used inappropriately; prevent losing assets through theft or poor maintenance.
- **Prevention and detection of fraud**: segregation of duties and checking references when staffs are recruited.
- **Accuracy and completeness of accounting record**: ensure providing timely, relevant and reliable information to aid management decision-making.

- **Timely preparation of reliable financial information:** ensure that published accounts give a true and fair view, and other published information is reliable and meets the requirements of those stakeholders.



### 1.3 The 5 components of internal control 内控组成部分

#### ➤ **The Control Environment:**

It relates to the **control consciousness** of the people within the organization. The control environment is the basis for all other components of internal control.

#### ➤ **Risk Assessment:**

It refers to the organization's **identification, analysis, and management of the risks** that are related to financial statement preparation, in order to ensure that financial statements are presented fairly and in compliance with generally accepted accounting principles (GAAP).

#### ➤ **Control Activities:**

the organization's policies and procedures which help ensure that necessary **actions are taken** to address the potential risks involved in accomplishing the entity's objectives.

#### ➤ **Information and Communication:**

focuses on 'the nature and quality of information needed for effective control, the systems used to **develop such information, and reports necessary to communicate it effectively**' (Internal Control Issues).

➤ **Monitoring:**

involves **assessing the quality and effectiveness of the organizations internal control process** over time. It includes assessing the design and operation of controls, and assessing compliance with policies and procedures. It also provides for the implementation of appropriate actions when necessary.

#### 1.4 Control environment

**The control environment is the overall attitude, awareness and actions of directors and management regarding internal controls and their importance in the entity.** The control environment encompasses the management style, and corporate culture and values shared by all employees. It provides the background against which the various other controls are operated.

- The **philosophy** and **operating style** of the directors and management
- The **entity's culture**, whether control is seen as an integral part of the organizational framework, or something that is imposed on the rest of the system
- The entity's **organizational structure** and methods of assigning authority and responsibility (including segregation of duties and supervisory controls)
- **The director's methods of imposing control**, including the internal audit function, the functions of the board of directors and personnel policies and procedures.
- The **integrity, ethical values and competence of directors and staff.**

#### 1.5 Types of internal control

The old **UK Auditing Practices Committee's** guideline Internal controls gave a useful summary that is often remembered as a mnemonic, **SPAMSOAP**.

- **Segregation of duties:** clear job descriptions should **segregate execution from control tasks**. One of the prime means of control is the separation of those responsibilities or duties which would, if combined, enable one individual to record and process a complete transaction.
- **Physical control:** procedures and security measures are needed to ensure that access to assets is limited to **authorized personnel**. Such controls include locks, safes, entry codes and so on.
- **Authorization and approval:** all transactions should require **authorization** or approval by an appropriate responsible person. The limits for these authorizations should be specified.
- **Management controls:** controls exercised by management outside the day-to-day



routine of the system.

- **Supervisory controls:** include the supervision by responsible officials of day-to-day transactions and the recording.
- **Organization:** well defined organizational structure show how responsibility and authority are delegated.
- **Arithmetical and accounting controls:** check transactions to be recorded and processed have been authorized, that they are all included and that they are correctly recorded and accurately processed.
- **Personnel control:** are 'procedures to ensure that personnel have capabilities commensurate with their responsibilities', since 'the proper functioning of any system depends on the competence and integrity of those operating it. The **qualifications, selection and training as well as the innate personal characteristics of the personnel** involved are important features to be considered in setting up any control system.

<b>Exam focus point</b>
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<b>Objective, limitation and types of internal control.</b>
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### 1.6 Limitations (局限性) on effectiveness of internal controls

- The *Turnbull report* goes on to say that a sound system of internal control **reduces but does not eliminate** the possibilities of losses arising from poorly-judged decisions, human error, deliberate circumvention of controls, management override of controls and unforeseeable circumstances.
- A sound system of **internal control** therefore provides **reasonable, but not absolute, assurance** that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen.
- **Limitations of internal control:**
  - The **costs** of control **outweighing their benefits**
  - A good internal control system cannot turn a **poor managers** into a good one
  - The system can only provide **reasonable assurance** regarding the achievement of objectives: all internal control systems are at risk from mistakes or errors
  - **Collusion** between employees
  - The possibility of controls being **by-passed or overridden by management**
  - There are **resource constraints** in provision of internal control systems, limiting

their effectiveness

### 1.7 Categories of Control

<b>Prevent control</b>	Controls that are designed to <b>prevent errors from happening in the first place</b>
<b>Detect controls</b>	Controls that are designed to <b>detect errors</b> once they have happened
<b>Correct controls</b>	Controls that are designed to <b>minimize or negate the effect of errors</b>

<b>Discretionary control</b>	Controls that are <b>subject to human discretion</b>
<b>Non-discretionary control</b>	Provided <b>automatically by the system</b> and cannot be bypassed, ignored or overridden

<b>Voluntary controls</b>	Are <b>chosen by the organization</b> to support the management of the business
<b>Mandated controls</b>	Are <b>required by law</b> and imposed by external authorities

**General control:** the policies and procedures that relate to many applications and support the effective functioning of application controls by helping to **ensure the continued operational integrity of specific software applications**.

**Application control:** manual or automated procedures that typically operate at a business process level. Can be preventive or detective in nature and are designed to **ensure the integrity of the accounting and other records**.

**Input controls:** validation checks to ensure that data is in a prescribed format and within an expected range.

**Processing control:** it focus on the **accurate processing** of the data. For example: sequence check (tests that a series of transactions are completed on input/processing in order), format checks (check that data conforms to the specified alphanumeric format and length).

**Output control:** it ensure that computer output is complete, accurate and correctly distributed. E.g. agreeing batch or other control totals for inputs against automatically generated output totals.

## 2. Internal audit and external audit 内审，外审

### 2.1 Internal audit

**Internal audit:** an independent appraisal activity established **within an organization** as a service to it. It is a control which functions by **examining and evaluating the adequacy and effectiveness** of other controls.

**Internal auditors** are employees of the organization whose work is designed to add value and who report to the audit committee. The role of internal audit will vary according to the organization's objectives but is likely to include review of internal control systems, risk management, legal compliance and value for money.

#### 2.1.1 The roles of internal audit

- **Review of the accounting and internal control systems.** The establishment of adequate accounting and internal control systems is a responsibility of management and the directors.
- **Examination of operating and financial information.** This may include review of the means used to identify, measure, classify and report such information and specific enquiry into individual items including detailed testing of transactions, balances and procedures.
- **Special investigations** into particular areas, for example: suspected fraud.
- **Identification and monitoring of significant business and financial risks,** monitoring the organization's overall risk management policy to ensure it operates effectively, and monitoring the risk management strategies to ensure they continue to operate effectively.
- **Review of the implementation of corporate objectives.** This includes review of the effectiveness of planning, the relevance of standards and policies, the organization's corporate governance procedures and the operation of specific procedures such as communication of information.
- **Review of the safeguarding of assets**
- **Review of compliance** with laws, regulations and other external requirements and with internal policies and directives and other requirements including appropriate authorization of transactions.
- **Review of the economy, efficiency and effectiveness of operations**

### 2.2 External audit

**External audit:** periodic examination of the books of account and records of an entity carried out by an independent third party to ensure that they have been properly maintained, are accurate and comply with established concepts, principles, accounting standards and legal requirements and give a true and fair view of the financial state of the entity. **External auditors are from accountancy firms and their role is to report on the financial statements to shareholders.**

- Generally firms of **chartered or certified accountants**
- Summarize conclusions **on the company's financial statement**
- Issue report (**Qualified audit report, unqualified audit report**)

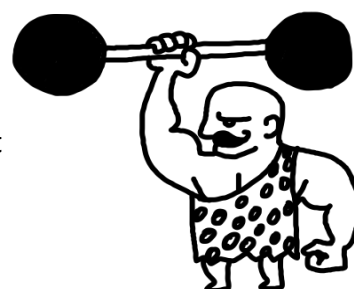
**'True and fair':** reasonably accurate and free from bias or distortion.

➤ **Advantages of external audit:**

- Disputes between management may be more easily settled
- Major changes in ownership may be facilitated
- Applications to third parties for finance may be enhanced by audited accounts
- Enable the auditor to give more constructive advice to management on improving the efficiency of the business

➤ **Disadvantages of an external audit:**

- The audit fees
- The audit involves the client's staff and management



### 2.3 Difference between internal and external audit

Aspect	Internal audit	External audit
<b>Objectives</b>	Internal audit is an activity designed to <b>add value</b> and improve an organization's operations	An external audit is an exercise to enable auditors to <b>express an opinion</b> on the financial statements
<b>Reporting to</b>	Internal audit reports to the <b>board of directors</b> , or other people charged with governance, such as the audit committee. Such reports are private and for the directors and management of the	The external auditors report to the <b>shareholders</b> or members of a company on the truth and fairness of the accounts. The audit report is publicly available to the shareholders and other interested parties

	company	
<b>Scope</b>	Internal audit's work relates to the <b>operations of the organization</b>	External audit's work relates to the <b>financial statements</b>
<b>Relationship with the company</b>	Internal auditors are very often <b>employees</b> of the organization, although sometimes the internal audit function is outsourced	External auditors are <b>independent</b> of the company and its management. They are appointed by the shareholders

➤ **External auditors need to assess the internal audit function:**

- To assess internal audit's specific **status** in the organization and any constraints and restrictions.
- To assess **scope of function** of internal audit.
- To assess the policies for hiring and training internal audit and their experience and professional **qualifications**.
- To assess the existence of adequate audit manuals, **work program and working papers** of internal audit.

**Operational audit:** Concerned with any sphere of a company's activities

**Systems audit:** testing and evaluation of internal controls within the organization

**Compliance test 符合性测试:** seek evidence that the internal controls are being applied as prescribed.

**Substantive test 实质性测试:** substantiate the entries in the figures in accounts. They are used to discover errors and omissions.

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Internal control

Collusion

Compliance

Risk-assessment

Competence

Integrity

Segregation of duties

Authorization

Override the control

Internal audit

Discretionary

Non-discretionary

Voluntary

Mandated

Fictitious

Audit trail

Contingency control

Terrorist activity

Physical access

Intruder alarm

2. 必做习题

BPP BT KIT 2022: 11.1-11.14, 13.1-13.9



# Chapter 11 Impact of advances in Technology

## *Study hub (Chapter 22)*

本章节介绍金融科技，网络安全，新技术对财务的影响等。

### **Learning outcome:**

#### **7. The impact of advances in technology**

- a) Describe cloud computing as a capability in accountancy and how it creates benefits for the organisation.
- b) Explain how automation and artificial intelligence (AI) in accounting systems can affect the role and effectiveness of accountants.
- c) Describe how the application of big data and data analytics can improve the effectiveness of accountancy and audit.
- d) Describe the key features and applications of Blockchain technology and distributed ledgers in accountancy.
- e) Define cyber security and identify the key risks to data that cyber-attacks bring.
- f) Identify and describe features for protecting the security of IT systems and software within business.

## 1.0 Control of information system

**Cyber risk:** a term that covers a number of organizational risks which are possible consequences of a cyber-attack. Include: financial losses, reputational damage and operational disruption.

**Cyber attack:** deliberate attempts to damage an organization by using the internet to take advantage of poor security controls and system integrity.

**Cyber security:** is the protection of computer systems from the risk of cyber-attack through the use of hardware and software security procedures and controls.

### **1.1 Cyber attacks:网络袭击**

- **Phishing:** the cyber-attacker sends emails to the victim which appear to be from a trusted source, for example a bank, leading the victim to divulge sensitive information under false presences.
- **Pharming:** the cyber attacker targets an organization's website by

automatically redirecting visitors from the organization's website to a bogus website and collecting their data without their knowledge or approval.

- **Hacking:** the cyber attacker uses specialist software and other tools to gain unauthorized access to an organization's computer system, either to obtain data or to stop the system working altogether.
- **Distributed Denial of service attack:** the cyber attacker attempts to disrupt an organization's online activities by preventing people from accessing the organization's website.
- **Webcam manager:** the cyber attacker uses software to take control of the user's webcam.
- **File hijacker/ransomware:** the cyber attacker gains access to the user's system to hijack their files and hold them to ransom.
- **Keylogging:** the cyber attacker plants software onto the user's computer to record what the user types onto their keyboard.
- **Screenshot manager:** the cyber attacker obtains information from the victim by installing software onto the user's computer to enable screenshots of the user's computer screen to be taken.

### 1.2 Cyber security methods: 网络安全

- **Access control:** physical and network procedures to restrict access to a system.
- **Boundary firewalls and internet gateways:** software protection that intercept data being transmitted in and out of a system.
- **Malware and virus protection:** it prevents installation and removes suspicious programs and viruses from a system.
- **Patch management:** a system procedure rather than a hardware or software solution.
- **Secure configuration:** the organization should have a policy which states that systems should be set up with cyber security as priority.

### 3.3 Building controls into an information system

- **Security control:** exist prevent risk
- **Integrity control:** exist to ensure conformity of systems operation to the design specification
- **Contingency control:** exist to recover the system in the event of a systems failure

## 2.0 Financial Technology (Fintech) 金融科技

### 2.1 Cloud computing and cloud accounting



➤ **Cloud computing** 云计算:

Provision of computing as a consumable service instead of a purchased product.

➤ **Cloud accounting:** 云会计

The provision of accountancy software through the cloud.

➤ **Public cloud:**

It sells services to anyone on the Internet.

➤ **Private cloud:**

It is a proprietary network or a data center that supplies hosted services to a limited number of people.

### 2.1.1 Benefits of cloud accounting

- System data is automatically refreshed and kept up-to-date
- Data is made available to multiple users simultaneously and globally.
- System errors and inconsistencies are eliminated as only one set of data is held
- Data is stored in one offsite location and users simply access the information when required.
- Multiple users mean key people can access financial and customer details easily.
- Reduces the cost and complexity of keeping backups of the data as this is done by the cloud service provider.
- Reduces the cost and time involved in upgrading the software
- Improves support as the service provider can access the user's information to help resolve issues.

## 2.2 Big data 大数据

- **Big data:** describes sets of data of such size that traditional databases are unable to store, manage or analyze them.
  - ✓ **Volume:** the quantity of data that is available.
  - ✓ **Velocity:** refers to the speed at which big data can be streamed into the organization.
  - ✓ **Variety:** concerns the different forms that big data can take.
  - ✓ **Veracity:** concerns the trustworthiness or accuracy of big data.
- **Data analytics:** The collection, management and analysis of large data sets with the objective of discovering useful information, such as customer buying patterns, that an organization can use for decision making.

## 2.3 Automation and artificial intelligence

- **Automation:** (自动化)

It refers to the ability of systems to perform routine activities and processing of data without the input of a human.

➤ **Artificial intelligence** （人工智能）：

It refers to the ability of a computer system to assist a human operator to make business decisions or help solve problems. **A key feature of automation and artificial intelligence systems** (collectively known as intelligent systems) **is that they harness the ability of computers to learn, make decisions and perform actions based on those decisions.**

**2.4 Distributed ledger technology** （Blockchain 区块链）：

- **Blockchain** is a technology that eliminates the need for data and information to be stored and managed centrally. Is a technology that allows organizations and individuals who are unconnected to share an agreed record of events, such as ownership of an asset.
- **Cryptocurrencies** （加密货币）：It get rid of banks and other centralized middleman altogether, because it rely on a technology called blockchain which is decentralized (meaning no single entity is in charge of it) instead every computer in the network confirms the transaction. The first ever cryptocurrency was **Bitcoin**.

**2.5 Impact of technology on accountancy and audit** 新技术对财务影响

- **Big data**: Modern technology gives the ability to **analyze** large amounts data very **quickly** and **deliver** results in real time.
- **Cloud computing**: This can **reduce costs** by eliminating the need for in-house hardware and maintenance staff and offer benefits such as a more intuitive interface, mobile access and built-in analytics.
- **Blockchain**: it allow organizations including firms of accountants and auditors to more **easily verify the transactions** undertaken by clients when preparing (and auditing) financial statements. The use of blockchain should also make it easier for accountants to **verify the background and transactional history** of prospective new clients, especially when undertaking money laundering procedures. Blockchain will also be beneficial to providers of finance as they will be able to **make more informed decisions about which prospective clients they should lend to.**

**Exam focus point**

**Understand big data, blockchain, cloud, cyber security.**

# Chapter 12 Identifying and preventing fraud

## *(Study hub: Chapter 23)*

本章节主要介绍欺诈的类型及后果，前提条件，怎么预防欺诈，和洗钱等。

### Learning outcomes

#### 3. Regulation and financial crime

- a) Explain basic legal requirements in relation to retaining and submitting proper records and preparing and auditing financial reports.
- b) Explain the broad consequences of failing to comply with the legal requirements for maintaining and filing accounting records.
- c) Explain how the international accountancy profession regulates itself through the establishment of reporting standards and their monitoring.
- d) Explain the circumstances under which fraud is likely to arise.
- e) Identify different types of fraud in the organisation.
- f) Explain the implications of fraud for the organisation.
- g) Explain the role and duties of individual managers in the fraud detection and prevention process.
- h) Explain why it is important to adhere to policies and procedures for handling clients' money.
- i) Define the term money laundering.
- j) Give examples of recognised offences under money laundering regulations.
- k) Identify methods for detecting, preventing and reporting money laundering.

## 1. Types of fraud

### 1.1 Removal of funds or assets (Asset misappropriation)

Taking money or other assets from the business dishonestly, such as making false expense claims.

- **Theft:** Employees may **steal cash** from the business or other **assets** such as materials, inventory or a laptop computer.
- **Teeming and lading** 拆东墙补西墙: this is one of the best known methods of fraud in the sales ledger area. Basically, teeming and lading is the theft of cash or cheque receipts. Setting subsequent receipts, not necessarily from the same debtor, against the outstanding debt conceals the theft. This

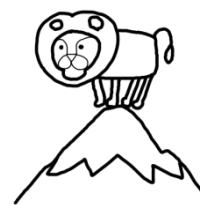
process can continue until the fraudster repays the amount or, more likely, leaves the firm or is discovered.

- **Fictitious** (假的) **customers** : bogus orders are set up, and goods are dispatched on credit. The customer then fails to pay for the goods and the cost is eventually written off as a bad debt.
- **Bogus supply of goods or services** 虚构提供服务以收钱: this involves senior staff who falsely invoice, the firm for goods or services that were never supplied.
- **Collusion with a customer**: Working together to receive higher value goods than invoiced.
- **Collusion with supplier**: Working together with a supplier to receive payment for non-existent supplies.
- **Disposal of business assets for less than their value**

## 1.2 Intentional Misrepresentation of financial position

Making false statements to deceive and disguise the truth.

- **Over-valuation** (高估) **of inventory**: It makes the cost of sales lower and profits higher.
- Bad debt policy may not be enforced, leading to inflated trade receivables
- **Fictitious sales**: A company may create fictitious sales to increase reported profits.
- Manipulation of year end events (**Window-dressing**)
- **Understating expenses or overstating expenses**: Profit may be manipulated by understating or overstating some items of expense.
- Manipulation of depreciation figures via inaccurate lifetimes or inappropriate policies



## 2. Prerequisites for fraud

### 2.1 Prerequisites 前提条件

- ✓ **Dishonesty** 不诚实: Fraud can only occur if one or more individuals are dishonest and are prepared to commit a crime, usually for personal gain.
- ✓ **Motivation** 有动机: Reason for an individual to commit fraud.
- ✓ **Opportunity** 有机会: The individual must be able to see an opportunity for committing fraud without being discovered.

### 2.2 Controls that deal with three prerequisites:

- **Dishonesty:** reference check
- **Opportunity** : sound internal control system
- **Motivation:** good employment condition, equitable reward system, grievance procedure

### 2.3 Signs of potential fraud

#### ➤ **Secretive behaviour**

When an employee behaves secretly and does not want colleagues to see what they are doing.

#### ➤ **Working long hours and not taking holidays**

Employees may work long hours and refuse to take holidays so no one else can take over their work and see what they have been doing.

#### ➤ **Expensive lifestyle**

When an employee appears to be living an expensive lifestyle beyond what might be expected of their income.

#### ➤ **No segregation of duties**

Opportunities for fraud are much more significant when there is no segregation of duties and the same individual is responsible for different tasks, such as invoicing, receiving, and recording payments.

#### ➤ **Unusual transactions**

An unusual transaction may be a cover for fraud.

#### ➤ **Poor morale**

When employees are unhappy and resent the organisation they work for, they may be more motivated to commit fraud.

#### ➤ **IT system hackers**

Management must also be aware that the risk of fraud by unauthorised hackers into the organisation's IT systems is high, despite improvements in anti-hacker software such as firewalls.

## 3. Systems for detecting and preventing fraud

- **Emphasising ethics:** formal codes of ethics which employees are required to sign covering areas such as gifts from customers.
- **Personnel control:** thorough interviewing and recruitment procedures, for example: reference check. Appraisal and grievance systems can prevent staff demotivation
- **Training and raising awareness:** fraud awareness education

## 4. Responsibility for detecting and preventing fraud

### ➤ Directors:

- **Ensure that the activities of the entity are conducted honestly** and that its assets are safeguarded.
- **Establish arrangements** to deter fraudulent or other dishonest conduct and to detect any that occurs.
- Ensure that, to the best of their knowledge and belief, financial information, whether used internally or for financial reporting, is reliable.

### ➤ External auditor:

- **Design audit procedures** so as to have a reasonable expectation of detecting material misstatements arising from fraud and error.
- If the auditors become aware during the audit that fraud or error may exist, they should document their findings and **report them to management**.
- If the financial statements are materially affected by fraud or error, they should **issue a qualified opinion** within their auditor's report.

## 5. Money laundering

**Money laundering** constitutes any financial transactions whose purpose is to conceal the origins of the proceeds of criminal activity.

### 5.1 Categories of criminal offences: 洗钱犯罪

#### ➤ Laundering:

Acquisition, possession or use of proceeds of criminal conduct, or assisting another to retain the proceeds of criminal conduct and concealing, disguising, converting, transferring or removing criminal property.

#### ➤ Failure to report:

Failure to disclose knowledge or suspicion of money laundering.

#### ➤ Tipping off: 通风报信

Disclosing information to any person if disclosure may prejudice an investigation into drug trafficking, drug money laundering, terrorist related activities, or laundering the proceeds of criminal conduct.

### 5.2 Money laundering process: 洗钱步骤

#### ➤ Placement:

The initial disposal of the proceeds of the illegal activity into apparently legitimate

business activity or property.

➤ **Layering:**

Transfer of monies from business to business or place to place to conceal the original source.

➤ **Integration:**

Having been layered, the money has the appearance of legitimate funds.

### 5.3 The financial action task force (FATF)

**The Financial Action Task Force** was established in 1989 to set standards and promote the effective implementation of legal, regulatory and operational measures against money laundering, terrorism financing and other related threats to the integrity of the international financial system.

FATF has **published recommendations** about how countries should take measures to combat money laundering. These are called the FATF Recommendations.

### 5.4 Anti-money laundering procedure

- **Due diligence:** know your customer
- **Dealing with large transactions:** Large transactions should be referred to a senior manager for approval.
- **Staff training:** Staff should receive regular training to remain alert for money laundering and to report suspicions of money laundering transactions.
- **Retaining record:** The organisation should retain transaction records and the results of customer due diligence procedures for a specified minimum period.
- **Handling potential tipping-off offences :** Company staff should be aware that warning customers that they might be reported on suspicion of money laundering is tipping off. This is a criminal offence.

### 5.5 Handling client's money

Effective policies and procedures must be implemented for handling client money:

- ✓ Reduce the risk of involvement in financial crime (fraud and money laundering)
- ✓ Ensure client funds are not misspent or misappropriated.
- ✓ Ensure client funds are correctly accounted for.

#### Exam focus point

**Types of fraud, money laundering.**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Teeming and lading

Overstate

Depreciation

True and fair

Publicity

Dishonesty

Motivation

Opportunity

Reference check

Grievance

Chronic

Morale

Money laundering

Tipping off

Placement

Layering

Integration

2. 必做习题

BPP BT KIT 2022: 12.1-12.15, 8-10 章小结: 14.1-14.6



# Chapter 13 Leading and Managing

## *(Study hub: Chapter 24)*

本章节主要介绍管理的理论，管理和领导的区别，领袖理论等。

### Learning outcomes

#### 1. Leadership, management and supervision

- a) Define leadership, management and supervision and explain the distinction between these terms.
- b) Explain the nature of management: i) Classical theories of management - Fayol, Taylor ii) The functions of a manager – Mintzberg, Drucker.
- c) Explain the areas of managerial authority and responsibility.
- d) Explain approaches to leadership with reference to the theories of Adair, Fiedler and Bennis.
- e) Describe leadership styles using the models of Ashridge, and Blake and Mouton.

## 1. Types of power

- **Coercive (强制权) power:** the perception that the leader has the power to punish them if they do not comply with his or her instructions. Also known as physical power.
- **Reward (resource) power** 奖赏，资源权: the ability to offer pay increases, promotion, recognition or the granting of other privileges to those who follow directions. To be effective the rewards must be valued.
- **Legitimate (position) power** 职位所获得的权力: the right to exercise leadership stems from an individual's position in the hierarchical structure of the organization.
- **Expert power** 在擅长领域专家权: arises from having superior knowledge or expertise. It may be limited to well defined areas such as personnel or finance, or more generally policy-making or problem-solving skills.
- **Referent (personal) power** 个人性格魅力权: based on the characteristics of the leader. Charisma, charm and courage are important, as are physical characteristics such as height, size and strength.
- **Negative power** 负面权力: is the ability to create trouble or rally support amongst the staff to resist or go against management policies or to lobby for some change/benefits.

### Source of power (French and Raven)

- **Physical power:** this is the power of superior force
- **Resource power:** this is the control over resources which are valued by the

individual or group.

## 2. Authority, responsibility, accountability

**Authority:** is the **right** to get things done: to ask someone else to do something and expect it to be done. Authority is legitimate or position power.

**Responsibility:** is the **obligation** a person has to fulfill a task, which he(she) has been given.

**Accountability:** is a person's **liability** to be called to **account for** the fulfillment of tasks they have been given.

**Power:** the ability to do something

## 3. Delegation 授权

**Delegation:** the process whereby a superior gives to a subordinate part of his or her own authority to make decisions.

### ➤ *Reason for managers to delegate authority*

- Physical and mental limitation
- Concentrate on the aspects of the work
- The increasing size and complexity of organization

However, they need to monitor and co-ordinate

### ➤ *How to delegate*

- Specify performance 指出目标
- Formally assign tasks 分配任务
- Allocate resources and authority 分配资源
- Back off 别插手
- Maintain contact 保持联系

## 4. Management theories

### 4.1 Taylor's scientific management 科学管理理论

- **Work study techniques** were used to analyze tasks and establish the most efficient methods to use.
- **Planning and doing were separated.** It was assumed that the persons who were intellectually equipped to do a particular type of work were probably unlikely to

be able to plan it to the best advantage: this was the manager's job.

- **Jobs were micro-designed:** divided into single, simple task components which formed a whole specialized 'job' for an individual, rather than permitting an individual to perform whole or part-task processes.
- Workers were **paid incentives** on the basis of acceptance of the new methods and output norms. Pay was assumed to be the only important motivating force.

#### 4.2 Five functions of management (Fayol) 管理者 5 大职能

- **Planning:** Determining objectives, and strategies, policies, programs and procedures for achieving those objectives, for the organization and its sub-units.
- **Organizing:** Establishing a structure of tasks which need to be performed to achieve the goals of the organization. Grouping these tasks into jobs for individuals or teams, allocating jobs to sections and departments. Delegating authority to carry out the jobs, and providing systems of information and communication, for the co-ordination of activities.
- **Commanding:** Giving instructions to subordinates to carry out tasks, for which the manager has authority to make decisions and responsibility for performance.
- **Coordinating:** Harmonizing the goals and activities of individuals and groups within the organization.
- **Controlling:** Measuring and correcting the activities of individuals and groups, to ensure that their performance is in accordance with plans. Deviations from plans are identified and corrected.

#### 4.3 Fayol's 14 principles of management

- ✓ **Division of Work:** assigning tasks to employees to become proficient on. Multitasking is not encouraged.
- ✓ **Authority:** Managers must have the appropriate authority (rank) to give orders.
- ✓ **Discipline:** Subordinates must follow the rules.
- ✓ **Unity of Command:** Only a single reporting line.
- ✓ **Unity of Direction:** groups of subordinates with the same objective should work under the same manager on the same plan.
- ✓ **Collective Interest Over Individual Interest:** Individuals should prioritise the interests of the team over their own.
- ✓ **Remuneration:** Employee remuneration should be deemed fair and equitable to effort.
- ✓ **Centralization:** Decision-making should be centralised.

- ✓ **Scalar Chain:** The chain of command is clear and known.
- ✓ **Order:** The factors of production should be arranged efficiently.
- ✓ **Equity:** Managers should be fair to employees.
- ✓ **Stability of Tenure of Personnel:** Staff turnover should be minimised.
- ✓ **Initiative:** Employee initiative (improving things on their own) is encouraged.
- ✓ **Esprit de Corps:** Strong team spirit and unity should be cultivated.

#### 4.4 Bureaucracy (官僚机构) (*Weber*)

*Characteristics:*

- Clearly defined duties and responsibilities 职责明确
- Hierarchically arranged staff : lower office is under control and supervision of higher one 等级森严
- Elaborate system of rules 明确规章制度
- Promotion by seniority 按资排辈
- Impersonality: impersonal rules and regulations, formal impersonal procedures
- Uniformity 一致性: standardized procedure regardless who do it

#### 4.5 Work of managers (*Drucker*)

- **Set objectives:** determining what they should be and what the goals in each area should be. They decide what has to be done to reach these objectives and make them effective by communicating them to the people who are going to perform them
- **Organize:** analyzing the activities, decisions and relations needed. They classify the work, divide it into manageable activities and further divide the activities into manageable jobs. They group the units and jobs, and select people for the management of the units and for the jobs to be done
- **Motivate and communicate:** making a team out of the people that are responsible for various jobs
- **Establish yardsticks:** by making measurements available which are focused on the performance of the whole organization and which, at the same time, focus on the work of the individual and help him to do it. Managers analyze, appraise and interpret performance
- **Develop people:** training and development, including themselves

#### Management has three basic functions (*Drucker*)

- Managing a business
- Managing managers

➤ Managing worker and work

#### 4.6 The manager's roles (*Mintzberg*) 管理者角色

(a) **Interpersonal**: dealing with the maintenance of relationships with others within and outside the organization

- **Figurehead**: formal, representational and symbolic duties
- **Leader**: relationship with subordinates: motivating, communicating, coaching, etc
- **Liaison**: contact with others outside work unit, for assistance, information, etc

(b) **Informational**: dealing with the gathering and provision of information, again within and outside the organization

- **Monitor**: ensuring acquisition of information necessary for work
- **Disseminator**: distributing information throughout organization and outside
- **Spokesperson**: formal provision of information on behalf of organization

(c) **Decisional**: dealing with organizational and operational problems and difficulties

- **Entrepreneur**: initiating, developing and facilitating change and innovation
- **Disturbance handler**: trouble shooting problems as and when they arise handler
- **Resource allocator**: distributing and arranging use of resources
- **Negotiator**: representing organization in negotiations within area of responsibility

**Exam focus point**

**Understand and identify different management theories.**

## 5. The role of the supervisor (主管)

Supervisor is the lowest level of management, at the **interface between managerial and non-managerial staff**

➤ ***The duties and responsibilities of supervisor***

- Allocate task to subordinate
- Supervise work of subordinates
- Introduce new employees to their section
- Maintain discipline
- Handle personal problems and settle grievance
- Deal with unsatisfactory performance
- Inform management
- Link with management and employees



- **How managerial functions differ within the organization:**
  - ✓ **Strategic management:** senior management is responsible for long-term planning and policy decisions within the organization.
  - ✓ **Tactical management:** Middle managers are required to implement on a day-to-day basis the policies decided by senior management.
  - ✓ **Operational management:** sometimes called first-line management, supervisors or foremen, these are the managers in daily contact with the workers.

## 6. Differences between management and leadership

- **Leadership** – The social process where an individual convinces others to follow a direction through factors other than formal authority.
- **Management** – The process of organisation and coordination of activities to achieve objectives.
- **Supervision** – The management activity of directly overseeing the work of another individual.
- **Differences between role of manager and the role of leader (Bennis)**
  - ✓ The **manager administers and maintains**, by focusing on systems and controls and the short term. Manager is someone who **“does things right”**.
  - ✓ The **leader innovates**, focuses on people and inspires trust, and holds a long-term view. Leader is someone **who “does the right thing”**

	Management	Leadership
<i>Kotter</i>	- <b>Coping with complexity</b>	- <b>Coping with change</b>
<i>Yukl</i>	- Defined by a <b>prescribed role</b> and position in the structure or organization - have <b>subordinates</b>	- Are given their roles by the <b>perception</b> of others, through election choice or influence - is an interpersonal process - have <b>followers</b>
<b>Bennis</b>	- The manager administers and maintains, by focusing on systems and controls and <b>the short term</b>	- The leader innovates, focuses on people and inspires trust, and holds a <b>long-term view</b> - <b>“Do the right things”</b>

	- "Do the things right"	
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## 7. Theories of leadership

There are three basic **schools of leadership theory**: trait ('qualities') theories, style theories and contingency (including situational and functional) theories.

### ➤ **Trait theories** 领袖特质学派

Based on analyzing the **personality characteristics** or preferences of successful leaders.

### ➤ **Style theories** 领袖行为学派

Based on the view that leadership is an interpersonal process whereby different leader **behaviours** influence people in different ways. More or less effective patterns of behaviour (or 'styles') can therefore be adopted.

### ➤ **Contingency theories** 领袖权变学派

Based on the belief that there is **no 'one best way'** of leading, but that effective leaders adapt their behaviour to the specific and changing variables in the leadership context: the nature of the task, the personalities of team members, the organisation culture and so on.

### 7.1 Trait or 'qualities' theories

Early theories suggested that there are certain personal **qualities** common to 'great men' or successful leaders. In other words, **'leaders are born, not made'**.

### 7.2 Style theories of leadership

**Leadership styles** are clusters of leadership behaviour that are used in different ways in different situations. While there are many different classifications of style, they mainly relate to the extent to which the leader is focused primarily on task/performance (directive behaviour) or relationships/people (supportive behaviour).

#### 7.2.1 The Ashridge Management College model 管理学院模型

The Research Unit at Ashridge Management College distinguished four different management styles.

##### (a) **Tells (autocratic)**

The 'tells' style is where the **leader makes all of the decisions** and issues instructions which must be obeyed without question. Quick decisions can be made when speed is required but it does not encourage initiative and commitment from subordinates.

##### (b) **Sells (persuasive)**

This style is where the leader still makes all of the decisions but believes that **subordinates have to be motivated to accept them** and carry them out properly. Employees are made aware of the reasons for decisions but they may not accept the decisions.

(c) **Consults**

This style is where the **leader confers with subordinates** and takes their views into account **but retains the final say**. This encourages motivation and employees can contribute their knowledge but it may take much longer to reach decisions.

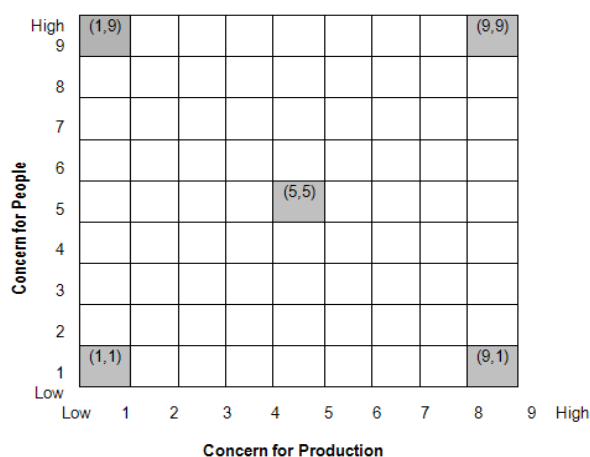
(d) **Joins (democratic)**

This style is where the leader and followers make the decision on the **basis of consensus**. This can provide high motivation and commitment from employees but decision making might become a very long process.

## 7.2.2 Blake and Mouton's Managerial Grid 管理方格图

Robert Blake and Jane Mouton carried out research (The Ohio State Leadership Studies) into managerial behaviour and observed two basic dimensions of leadership: **concern for production** (or task performance) and **concern for people**.

Figure 1: Managerial Grid



The extreme cases shown on the grid are:

- (a) **Impoverished (1,1)**: the manager is lazy, showing little interest in either staff or work.
- (b) **Country club (1,9)**: the manager is attentive to staff needs and has developed satisfying relationships. However, there is little attention paid to achieving results.
- (c) **Task management (9,1)**: almost total concentration on achieving results. People's needs are virtually ignored.
- (d) **Middle of the road (5,5)** or the **dampened pendulum**: adequate performance through balancing (or switching between) the necessity to get out work with team



morale.

(e) **Team (9,9)**: high work accomplishment through 'leading' committed people who identify themselves with the organizational aims.

### 7.3 Contingency approaches to leadership 权变学派

In essence, contingency theory sees effective leadership as being dependent on a number of variable or contingent factors. There is **no one right way** to lead that will fit all situations. The ability of a manager to be a leader, and to influence his subordinate work group, **depends on the particular situation and will vary from case to case**.

#### 7.3.1 Fiedler's model 费德勒模型

(a) **Task oriented leader** (任务型) :

**Psychologically distant managers** (PDMs) maintain distance from their subordinates.

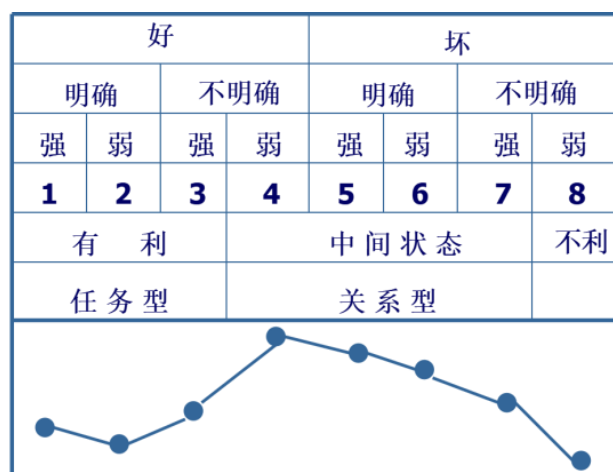
- They **formalise the roles and relationships** between themselves and their superiors and subordinates.
- They choose to be withdrawn and reserved in their inter-personal relationships within the organisation (despite having good inter-personal skills).
- They prefer **formal consultation** methods rather than seeking the opinions of their staff informally.

(b) **Relationship oriented leader** (关系型) :

**Psychologically close managers** (PCMs) are closer to their subordinates.

- They do not seek to formalise roles and relationships with superiors and subordinates.
- They are more concerned to **maintain good human relationships at work** than to ensure that tasks are carried out efficiently.
- They **prefer informal contacts** to regular formal staff meetings

上下级关系  
任务结构  
职位权力  
情景类型利



Fiedler suggested that the effectiveness of a work group depended on the **situation**, made up of three key variables.

- **Leader-member relations**
- **Task structure**
- **Position power**

Fiedler found that a **task-oriented approach was most productive when the situation was either very favourable to the leader or very unfavourable**. In less extreme cases, a more people-oriented approach was more effective.

#### **7.4 Adair's action centered leadership 行为为中心的 leadership 风格**

- **Consideration of task needs** (set objectives for the group, plan the task, allocate responsibilities to members, set performance standards, establish control and monitoring system)
- **Consideration of individual needs** (development of individual skills, motivation through recognition and achievement, encourage creativity and innovation, delegate authority, attend to grievance or problem)
- **Consideration of group needs** (team building, develop interdependence within group, set standards, provide training, ensure communication channels)

#### **7.5 Transactional leader and transformational leader**

- **Transactional leaders: 交易型领导** focus on systems and controls and generally seek improvement rather than change. This approach is also called instrumental leadership.
- **Transformational leader: 变革型领导** energize people and build a vision of the future. Change management is a natural part of what they do. It is also known as **Charismatic leader**.

#### **Exam focus point**

**Understand and apply theory of leadership.**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Legitimate power

Authority

Responsibility

Delegation

Micro-design of job

Bureaucracy

Promotion by seniority

Hawthorne experiments

Cohesion

Job satisfaction

Self-actualization needs

Pessimistic

Optimistic

Figurehead

Liaison

Monitor

Spokesperson

Disseminator

Entrepreneur

Disturbance handler

Resource allocator

Negotiator



2. 必做习题

BPP BT KIT 2022: 15.1-15.21

# Chapter 14 Individual, Group and Team management

## *(Study hub: Chapter 25)*

本章节主要介绍组织中的个体，群体，团队管理。

### **Learning outcomes:**

#### **2. Individual and group behaviour in business organisations**

- a) Describe the main characteristics of individual and group behaviour.
- b) Explain the contributions of individuals and groups to organisational success.
- c) Identify individual and group approaches to work.

#### **3. Team formation, development and management**

- a) Explain the differences between a group and a team.
- b) Explain the purposes of a team.
- c) Explain the role of the manager in building the team and developing individuals within the team with reference to Belbin's team roles theory and Tuckman's theory of team development.
- d) List the characteristics of effective and ineffective teams.
- e) Describe tools and techniques that can be used to build the team and improve team effectiveness.

## **1. Individual**

- **Personality:** is the total pattern of an individual's thoughts, feelings and behavior. It is shaped by a variety of factors, both inherited and environmental.

**Where incompatibilities occur,** the manager or supervisor has three options:

- **Restore compatibility:** This may be achieved by reassigning an individual to tasks more suited to their personality type.
- **Achieve a compromise:** individuals should be encouraged to understand the nature of their differences and modify their behavior if necessary.
- **Remove the incompatible personality.** In the last resort, obstinately difficult or disruptive people may simply have to be weeded out of the team.

- **Perception:** is the process by which the brain selects and organizes information in order to make sense of it. People behave according to what they perceive-not according to what really is.

- **Attitudes:** is a 'mental state...exerting a directive or dynamic influence upon the individual's response to all objects and situation with which it is related.'
- **Role theory:** suggests that people behave in any situation according to other people's expectation of how they should behave in that situation.
  - ✓ **Role set:** is a group of people who respond to you in a given role
  - ✓ **Role ambiguity:** if you do not know what role you are operating in at a given time.
  - ✓ **Role conflict:** when you are expected to operate in two roles at once.
  - ✓ **Role signs:** indicate what role you are in at a given moment.
  - ✓ **Role model:** are individuals you aspire to be like.

## 2.Group

A **group** is a collection of individuals who perceive themselves as a group. It thus has a sense of identity.

### 2.1 Group differs from crowd:

- ✓ **A sense of identity:** There are acknowledged boundaries to the group which define who is in and who is out, who is us and who is them.
- ✓ **Loyalty to the group,** and acceptance within the group. This generally expresses itself as conformity or the acceptance of the norms of behavior and attitudes that bind the group together and exclude others from it.
- ✓ **Purpose and leadership.** Most groups have an express purpose.

### 2.2 Advantages and disadvantages of groups:

#### ➤ Advantages of group:

- Improved teamwork and problem solving
- Greater creativity
- Improved communication through participation
- Satisfaction of social needs
- Provides a forum for conflict resolution



#### ➤ Disadvantages of group:

- They can restrict or inhibit individuals
- Non-members may be unfairly treated by group members
- Strong group pressure

- 'Group think'

### 2.3 Group think (very cohesive group)

- Resistance to criticism, contradiction (矛盾) and new information
- Strong group pressure for all members to 'toe the line'
- A sense of invulnerability (blind group to problems)
- A tendency to stereotype (模式化) all outsiders (consider outsiders as competitors)
- Poor decision-making (because persistently uncriticized)

#### Ways to avoid 'group think'

- Actively encourage self-criticism
- Welcome outside ideas and evaluation
- Respond positively to conflicting evidence

## 3. Team

**Team** is a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves basically accountable.

### 3.1 Difference between team and group

Team	Group
<ul style="list-style-type: none"> <li>* More openness and trust</li> <li>* Feelings expressed freely</li> <li>* Common objectives</li> <li>* Process issues are part of work</li> <li>* Conflict is worked out</li> <li>* Decision by consensus</li> <li>* very high commitment</li> </ul>	<ul style="list-style-type: none"> <li>* People accommodate each other</li> <li>* People negotiate</li> <li>* Objectives modified</li> <li>* Process issues are covert</li> <li>* Politics are rife</li> <li>* High commitment</li> </ul>

### 3.2 Types of teams

#### ➤ **Multi-disciplinary teams** 多种人才团体:

It brings together individuals with different skills and specialisms, so that their skills, experience and knowledge can be pooled or exchanged.

- ~ bring together individuals with different skills and **specializations** (专长)
- ~ increase workers awareness of their overall objectives and targets

- ~ aid co-ordination and communication across functional boundaries
- ~ help generate new ideas and solutions to problems

➤ **Multi-skilled teams** 多面手团体:

It brings together a number of individuals who can perform any of the group's tasks.

- ~ bring together individuals who can perform any of the group's tasks
- ~ is the cornerstone of team empowerment

➤ **Self-managed teams** 自我管理团体

(team members collaboratively decide all major issues)

- ~ saving managerial costs
- ~ gains in quality and productivity
- ~ encouraging individual initiative and responsibility
- ~ gains in efficiency

➤ **Virtual teams** 虚拟团体:

It brings together individuals working in remote locations, reproducing the social, collaborative and information-sharing aspects of teamworking using information and communication technology.

- ~ need to develop trust
- ~ self-motivated
- ~ set up regular "virtual meetings"

### 3.3 Team identity and team solidarity

➤ **Team identity:** 团队身份

- ✓ **Name:** staff at McDonald's are known as the Crew
- ✓ **Badge or uniform:** this often applies to service industries
- ✓ Expressing the **team's self-image:** teams often develop their own jargon
- ✓ Building a **team mythology:** over time, groups and teams build up their own history and character.
- ✓ **A separate space:** it might help if team members work together in the same or adjacent offices, but this is not always possible.

➤ **Team solidarity:** 团结

- ✓ **Expressing solidarity**
- ✓ Encouraging **interpersonal relationships**
- ✓ **Dealing with conflict** by getting it out into the open

- ✓ **Controlling competition:** the team leader needs to treat each member of the team fairly and to be seen to do so.
- ✓ **Encouraging some competition** with other groups

### 3.4 Nine Team roles (*Belbin*) 在团队中角色

#### ➤ **Plant:**

Introverted, but intellectually dominant and imaginative, source of ideas and proposals but with disadvantages of introversion, creative, imaginative, unorthodox. A plant does not always give sufficient attention to practical issues, and some of their ideas may be impractical.

#### ➤ **Resource investigator:**

A resource-investigator is a person who likes to investigate and explores new ideas with enthusiasm. They are good networkers and communicate well with individuals and groups outside the team. Resource investigators may lose interest fairly quickly.

#### ➤ **Co-ordinator:**

The chairperson or team leader helps the other team members concentrate on their particular tasks. They are a good listener, is well-respected by the other team members, and is good at delegating tasks to others.

#### ➤ **Shaper:**

An individual who challenges other team members to get things done and sees problems as obstacles to be overcome when other team members might be inclined to give up. The shaper can be insensitive to the feelings of other team members.

#### ➤ **Monitor evaluator:**

An individual who is logical and is good at analysing, evaluating and challenging people and situations and making objective judgements. He may be overly critical, slow down the decision-making process, and not inspire the other team members.

#### ➤ **Team-worker:**

A team worker is likely to be good at their job but prioritises concern for the well-being of the team and its members and will try hard to resolve any personal problems that may arise between team members.

#### ➤ **Implementer:**

A well-organised person, efficient at their work. An implementer can take the basic ideas of the team and put them into practice. An implementer may be slow to relinquish their plans and accept change.

#### ➤ **Completer:**

A completer or finisher is a person who gives attention to small details and tries to ensure that the team's work is completed to the final details before the deadline for completion. The completer or finisher may become too concerned about getting



things done perfectly.

➤ **Specialist:**

An individual who obtains and provides specialist information and knowledge the team needs. They may also develop a particular specialism in a critical area of the team's work and will solve problems relating to this area of specialisation. The specialist may show little interest in the rest of the team's work.

### 3.5 Stages of team development (*Tuckman*)

➤ **Forming** 形成期:

The initial formation of the group. Group members get to know one another and test out behaviors to find out what is acceptable to other group members and to find out the nature of the situation and the task. Each member wishes to impress his or her personality on the group. The leader generally acts as a facilitator-helping people to get to know one another and also to understand collectively the nature of the task. The leader has a concern for both task and team but at this early stage of team development is more likely to focus on team issues. Group members tend to be very dependent on the leader.

➤ **Storming** 冲突期:

Characterized by a lack of unity and the emergence of open conflict as members have now got to know one another better and are prepared to put forward ideas. If the team is developing effectively this can be a very productive phase as more realistic targets are often set and trust between team members increases. The leader tries to resolve any conflicts that may arise and as a consequence is often much more heavily involved with team issues rather than task issues. Because of the dominant role that the leader often needs to take at this stage it is likely that there may be resistance to the leader from other group members.

➤ **Norming** 平静期:

a general understanding of one's own role and the role of others. A sense of unity develops as the group 'settles down'. Differences are accommodated. Group cohesion develops and there is mutual support and cooperation. The group acquires a sense of identity. The leader is no longer required to facilitate team processes and resolve conflict and the leadership role changes to one of being much more focused on the task. This involves the leader in coordinating activities and tasks to ensure that the work is completed and overall team objectives can be met.

➤ **Performing** 高效期:

Interpersonal problems are resolved and the team begin to focus on the task in hand and how to achieve their goal. The leadership role is much less in evidence at this stage of development as all team members including the leader are focused on completing

the task and achieving the agreed objectives. The leader is likely to merge with the rest of the group.

➤ **Dorming** 维持期:

Once a group has been performing well for some time, it may become complacent and fall back into self-maintenance functions, at the expense of the task. The role of the leader would be one of trying to keep the group focused on the task, but this is sometimes difficult, or indeed may not happen, as the leader has merged with the rest of the group at the previous stage.

➤ **Mourning** 衰退期:

The group sees itself as having fulfilled its purpose. This can be a stage of confusion, sadness and anxiety as the group disbands and breaks up. There is evaluation of its achievements and gradual withdrawal of group members. The leader can be important in the evaluation of the group's performance. If the group is to continue and go on to a new task-it will need to renegotiate aims and roles and will return to the forming stage and the group will once again be very dependent on the leader.

**Exam focus point**

**Types team roles, stages of team development, contribution, group and team.**

### 3.6 Rewarding team

Individual performance rewards may act against team co-operation and performance:

- They emphasis individual rather than team performance
- The encourage team leaders to think of team members only as individuals, rather than relating to them as a team.

#### 3.6.1 The characteristics of effective team

- ✓ Progress is measurable, and achievement of milestones is consistent.
- ✓ Output is delivered on schedule.
- ✓ Costs are within budget, and value-for-money measures are satisfied.
- ✓ Aware of its purpose and its objectives.
- ✓ There is excellent communication between team members.
- ✓ Cooperation between team members is good – they will help each other.
- ✓ The team members can reach decisions collectively.
- ✓ Positive conflict, Team members may disagree on some issues but are willing to discuss their differences and find a solution.
- ✓ There is a strong team spirit and a sense of team loyalty.
- ✓ The team leader effectively creates a common sense of purpose that all the team members share.

- ✓ Team members perform all the roles identified by Belbin.
- ✓ The team develops well through the stages identified by Tuckman.

### 3.6.2 Reward schemes

- **Profit sharing schemes:** based on the distribution of a pool of cash related to profit
- **Gain sharing schemes:** using a formula related to a suitable performance indicator, such as added value. Improvements in the performance indicator must be perceived to be within the employees' control, otherwise there will be no incentive to perform.
- **Employee share option schemes:** giving staff the right to acquire shares in the employing company at an attractive price.

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Personality

Role ambiguity

Role conflict

Social facilitation

Social loafing

Team identity

Team solidarity

Group thinking

Resistance

Criticism

Stereotype

Action-oriented

Blocking

Leader

Coordinator

Chairman

Shaper

Plant

Monitor-evaluator

Resource-investigator

Company worker

Team worker

Finisher

Completer

Specialist

2. 必做习题

BPP BT KIT 2022: 18.1-18.17

# Chapter 15 Motivation

## (Study hub: Chapter 26)

本章节主要介绍员工激励理论，和主要的激励手段。

### Learning outcome:

#### 4. Motivating individuals and teams

- a) Define motivation and explain its importance to the organisation, teams and individuals.
- b) Explain theories of motivation: Maslow, Herzberg and McGregor.
- c) Explain how reward systems can be designed and implemented to motivate teams and individuals.

**Motivation:** is a 'decision-making process through which the individual chooses desired outcomes and sets in motion the behavior appropriate to acquiring them.

## 1. Two basic types of reward

### ➤ **Extrinsic rewards:** 外在奖赏

Are separate from the job, and dependent on the decision of others, not in the control of individual. They **come from outside the job**. E.g. pay, benefits, cash, working condition, holiday, profit sharing, stock options, bonus

### ➤ **Intrinsic rewards** 内在奖赏

Arise from the performance of the work, psychological, within the control of individual. Rewards that **come from within the job** or from how well the individual is satisfied on the job. E.g. job satisfaction, feeling of achievement, responsibility, decision-making, opportunities for personal growth, greater job freedom, diversity of activities

## 2. Theories of motivation

- **Content theories** : what are the things that motivate people. (*Maslow, McClelland, Herzberg*)
- **Process theories** : How can people be motivated. (Expectancy theory)

### 2.1 Maslow's hierarchy of needs 马斯洛需求层次理论

#### ➤ **Physiological needs:**

The obvious basic needs arise from a person's instinct to stay alive and reproduce his kind, for example: food, water, sleep, sex, etc.

#### ➤ **Safety needs:**

Man needs protection from the physical environment-housing of some sort, clothing, defense against natural dangers.

➤ **Social needs:**

These include the need to love and be loved, the need to give and receive affection, and a need for company and association with other people, extending to co-operation in joint effort.

➤ **Esteem needs:**

People want to feel a certain pride in themselves- that their abilities are tested and proved adequate, that they are achieving something, and that they are useful as individuals. Complementary to this is a need for the respect of others, overlapping the need for belonging and affection. We want appreciation, a measure of acclamation, to be noticed among all the others and , at least, some degree of prestige and status.

➤ **Self-actualization needs:**

The person fortunate enough to satisfy the first four needs is still driven on by an urge to accomplish the uttermost of which he feels himself to be capable to achieve complete success.

**Descriptions:**

- Arranged in a “hierarchy of relative pre-potency” 有等级
- Each level of need is dominant until satisfied 只有一个等级满足了，下一个等级需求才成为激励因素
- Need which has been satisfied no longer motivates 满足了的需求不再是激励因素

**Limitations:**

- Individual’s behavior may be in response to several needs
- Same need causes different behavior
- Ignore the concept of **deferred** (延期) **gratification** (满意)
- **Empirical** (经验主义) **verification** (作证) of hierarchy is hard to come by
- Reflects UK and US cultural values

## 2.2 Herzberg’s two-factor theory 双因素理论

**Basic needs of individuals:**

- **Motivator factor** 激励因素: these are known as **satisfiers** in that they lead to job satisfaction, but not job dissatisfaction should they be absent. These motivating factors stem from the performance of one’s work. e.g. recognition, responsibility, challenging work, achievement, growth and development in the job

- **Maintenance (Hygiene) factor** 保健因素: these are known as **dissatisfiers** relate to the context or environment of work rather than to job content. Hygiene factors are purely preventive: if the organization provide them it will prevent the workers from being dissatisfied with their job, but they will not motivate positively. e.g. policy, salary, supervision, working condition, job security

#### **Strengths:**

- Identifies the nature of intrinsic satisfaction that can be obtained from the work itself
- Draws attention to job design
- Makes managers aware that problems of motivation may not necessarily be directly associated with the work. Problems may often be external to the work itself

#### **Limitations:**

- Empirical verification and measurement of the claim that motivator factors increase productivity have been hard to find
- The research findings are **context-specific**
- Original study was based on small size of sample
- The ideas have only limited application to manual workers, as research was done on professionals
- **Does not take into account the fact that many individuals are motivated principally by financial reward**
- Ignores differences in the type of employee, the skill level required in the work, or the level of challenge involved in the work

### **2.3 Vroom's expectancy theory** 期望值理论

- **Force of motivation**
- **Valence** : strength of his **preference** for certain outcome。
- **Expectancy**: expectation that the outcome will in fact result from a certain behavior (**possibility**)

<b>F</b>	<b>=</b>	<b>V</b>	<b>x</b>	<b>E</b>
<b>Motivation</b>		<b>Valence</b>		<b>Expectancy</b>

Expectancy theory is an example of a process theory. Vroom argued that **motivation**

results from a combination of an individual's desire for a particular reward and his expectancy that making an effort will result in the achievement of those rewards.

### 3. Motivators

#### 3.1 The job design as motivator 工作设计(Herzberg)

##### (a) Job enrichment (工作丰富化)

**Job enrichment:** planned, deliberate action to build greater responsibility, breadth and challenge of work into a job. 给员工更多权力，纵向

- giving job holder decision-making tasks
- giving job holder greater freedom to decide
- encourage employees to participate in planning
- give employee regular feedback

##### (b) Job enlargement (工作扩大化)

**Job enlargement:** the attempt to widen jobs by increasing the number of operations in which a job holder is involved. 给员工更多职责，横向

- increase task variety
- reduce task repetition

##### (c) Job rotation (工作轮换制)

**Job rotation:** the planned transfer of staff from one job to another to increase task variety. 轮换工作，增加新鲜感

#### Five core dimensions contribute to job satisfaction:

- ✓ **Skill variety:** the opportunity to exercise different skills and perform different operations.
- ✓ **Task identity:** the integration of operations into a 'whole' tasks
- ✓ **Task significance:** the task is perceived to have a role, purpose, meaning and value.
- ✓ **Autonomy:** the opportunity to exercise discretion or self-management
- ✓ **Feedback:** the availability of performance feedback, enabling the individual to assess their progress and the opportunity to give feedback, be heard and influence results.

#### 3.2 Management style as motivator

##### ➤ Theory X

- ✓ Employees are inherently lazy, need firm control, avoiding responsibility and seeking job security only



- ✓ They need to be coerced, controlled and punished
- ✓ Pessimistic, static and rigid

➤ **Theory Y**

- ✓ Employees like working, and even welcomed responsibility, exercised ingenuity and imagination, and were committed to the achievement of the company's objectives
- ✓ Emphasis on self-direction integration of individual needs with organizational demands
- ✓ Optimistic, dynamic and flexible

### 3.3 Participation as a motivator

Participation in decision making can make people more committed to the task.

- ✓ **Certainty:** participation should be genuine
- ✓ **Consistency:** efforts to establish participation should be made consistently over a long period.
- ✓ **Clarity:** the purpose of participation is made clear.
- ✓ **Capacity:** the individual has the ability and information to participate effectively.
- ✓ **Commitment:** the manager believes in and genuinely supports participation.

### 3.4 Feedback as a motivator

- ✓ **Motivational feedback:** is used to reward and reinforce positive behavior and performance by praising and encouraging the individual
- ✓ **Developmental feedback:** is given when a particular area of performance needs to be improved, helping the individual to identify what needs to be changed and how this might be done.

### 3.5 Pay as a motivator

➤ **How is pay determined:**

- ✓ **Job evaluation.** The salary structure is based on job content, not on the personal merit of the job holder.
- ✓ **Fairness.** Pay must be perceived and felt to match the level of work, and the capacity of the individual to do it.
- ✓ **Negotiated pay scales.** Pay scales, differentials and minimum rates may have been negotiated at plant, local or national level, according to such factors as legislation, government policy, the economy, the power of trade unions, the state of the labor market for relevant skills, productivity agreements, and so on.
- ✓ **Market rates.** If an organization's rates fall below the benchmark rates in the

local or national labor market from which it recruits, it will have trouble attracting and holding employees.

- ✓ **Individual performance in the job.** This can result in merit pay awards, or performance-related bonuses.

### 3.6 Types of reward

- ✓ Basic wages or salary
- ✓ Overtime payments
- ✓ Performance-related bonus
- ✓ Shares
- ✓ Share option
- ✓ Benefits in kind
- ✓ Pension contribution
- ✓ Service contracts and termination payments

#### Exam focus point

**Motivation theories, pay, job satisfaction.**

### 3.7 Performance related pay (PRP) 绩效工资

**Performance related pay:** is a form of incentive system, awarding extra pay for extra output or performance.

- ✓ **Piecework:** payment of a fixed amount per unit produced, or operation completed.
- ✓ **Management by objectives**
- ✓ **Points schemes:** points are awarded for performance of various criteria. Certain points totals then win cash or other awards.

#### ➤ **Benefits of PRP:**

- ✓ Improve commitment and capability
- ✓ Improves focus on the business performance objectives
- ✓ Encourages two-way communication
- ✓ Allows greater supervisory responsibility
- ✓ Recognizes achievement when other means are not available



#### ➤ **Problems with PRP:**

- ✧ Subjectivity of awards for less measurable criteria
- ✧ Encouraging short-term focus and target hitting
- ✧ Divisive/against teamworking
- ✧ Difficulties gaining union acceptance if perceived to erode basic pay.

### 3.8 Rewarding the team

- **Group bonus schemes:** offer a bonus for a team which achieves or exceeds specified targets.
- **Profit sharing schemes:** based on the belief that all employees can contribute to profitability, and that contribution should be recognized.

以下内容可以帮助你进行本章复习及自测

#### 1. 重点词汇

Extrinsic rewards

Intrinsic rewards

Performance related pay (PRP)

Management by objectives (MBO)

Profit sharing

Deferred gratification

Motivator factor

Recognition

Achievement

Maintenance factor

Valence

Expectancy

Job design

Job enrichment

Job enlargement

Job rotation

Autonomy

#### 2. 必做习题

BPP BT KIT 2022: 19.1-19.18

# Chapter 16 Learning, training and development

## *(Study hub: Chapter 27)*

本章节主要介绍学习理论，培训流程和培训方法，培训和开发的区别等。

### **Learning outcomes:**

#### **5. Learning and training at work**

- a) Explain the importance and benefits of learning and development in the workplace.
- b) Describe the learning process: Honey and Mumford, Kolb.
- c) Describe the training and development process: identifying needs, setting objectives, programme design, delivery and validation.
- d) Explain the terms 'training', 'development' and 'education' and the characteristics of each.

## **1. Learning**

### **1.1 Lessons from learning theory**

- The individual should be motivated to learn
- There should be clear objectives and standards set, so that each task has some meaning.
- There should be timely, relevant feedback on performance and progress.
- Positive and negative reinforcement should be judiciously used.
- Active participation is more telling than passive reception.

### **1.2 The Experiential Learning Cycle (Kolb) 学习循环理论**

Kolb suggests that learning is a series of steps based on **learning from experience**. He suggested that classroom learning is false and that actual learning comes from real life experiences. Learning is experiential and comes from 'doing', this ensures that learners actually solve problems.

- **The first stage: concrete experiences 经历**

It is the situation where the person is learning something new.

- **The second stage: observation and reflection 反思**

It is so called because the experience is being reviewed.

- **The third stage : concepts and generalizations 总结**

It is when the experience has been accepted or rejected.

- **The fourth stage: experimentation 实践**

It is when the person calculates how and when to apply that which has been learned.

### 1.3 Individual differences in learning (*Honey and Munford*) 学习风格

#### (a) **Theorists:** 理论家

They seek to understand underlying concepts and to take an intellectual, '**hands-off**' approach based on logical argument. Often known as CONCLUDING.

They prefer training to be:

- Programmed and structured
- Designed to allow time for analysis
- Provided by teachers who share his/her preference for concepts and analysis

#### (b) **Reflectors:** 思考家

They are concerned with **observation and reflection** or 'I would like time to think about this'. They like to stand back and ponder experiences and observe them from many different perspectives. They collect data, both first hand and from others, and prefer to think about it thoroughly before coming to any conclusion. Thoughtful people, they prefer to take back seats in meetings and discussions. Often known as REVIEWING.

Reflectors need an observational approach to training:

- Need to work at their own pace
- Do not find learning easy, especially if rushed
- Conclusions are carefully thought out
- Slow, cautious and non-participative



#### (c) **Activists:** 活动家

They are concerned with actual experience 'what's new? I'm game for anything'. They involve themselves fully and without bias in new experiences, are **open minded**, not skeptical and this tends to make them enthusiastic about anything new. They are people constantly **involving** themselves with others but, in so doing, they seek to center all activities around themselves. Often known as DOING.

Activists have a practical approach to training:

- Prefer practical problems, a dislike of theory
- Insist on having hands on training
- Enjoy participation and challenge
- Flexible, optimistic
- Tend not to prepare



- Are easily bored

(c) **Pragmatists:** 实践主义

They are concerned with deliberate testing or 'How can I apply this in practice?' They are keen on **trying out ideas, theories and techniques to see if they work in practice**, positively search out new ideas and take the first opportunity to experiment with applications. They are essentially practical, down to earth people who like making practical decisions and solving problems. Often known as PLANNING.

Pragmatists need to see a direct value and link between training and real problems:

- Enjoy learning new techniques and tasks
- Good at finding improved ways of doing things
- Aim to do thing better
- Impatient if new ideas are not reflected in practical applications

**Exam focus point**

**Learning cycle, learning styles.**

**1.4 learning organization (*Pedler, Burgoyne and Boydell*) 学习型组织**

**Learning organization:** an organization that facilitates the acquisition and sharing of knowledge, and the **learning of all its members**, in order continuously and strategically to transform itself in **response to a rapidly changing and uncertain environment**.

***Characteristics of learning organization:***

- It has a **participative policy-making approach**, in which the views and ideas of all the organization's members are welcomed and evaluated
- there is an **informative culture** where information is seen as a resource to share and not as a control mechanism
- it uses formative accounting, where accounting systems are used to **encourage learning about the organization's finances**.
- There is a **flexible approach to remuneration and reward**. Employees are encouraged to understand and accept a diversity of rewards.
- The organization's structure is adapted in response to the knowledge the organization gains, and so responds to changing conditions and opportunities.
- Employees who have regular contact with the external environment are encouraged to act as monitors and scanners of the environment and thus increase the organization's knowledge.

- The organization's management **encourage employees' learning** by providing educational and learning opportunities internally and externally.
- An **internal learning climate** is established and employees are encouraged to learn from experimentation and past failures.

## 2. Training 培训

### 2.1 Benefits of training

#### ➤ **Benefits of training (for organization)** 对组织好处

- minimize learning cost
- lower cost and increased productivity 降低成本，提高生产力
- fewer accidents 减少事故
- less need for supervision 减少监督
- flexibility 适应力
- recruitment and succession planning 吸引新员工
- retention
- change management
- corporate culture 企业文化
- motivation

#### ➤ **Benefits of training (for individual employee)** 对个人好处

- increased motivation
- individual goals matching with those of the organization
- needs satisfied
- newly acquired skills for future use
- build social relationship
- enhanced promotion opportunities
- individual feels he/she is a value to organization
- improved work methods
- increased salary opportunities

### 2.2 Develop a training strategy 培训流程

#### ➤ **Identify training needs:**

This involves forecasting the number of employees the organisation will need in the future and the skills and experience they should have. This is then compared with the current skills and experience of the existing workforce. This is called training gap.

#### ➤ **Set training objectives:**

Having identified the training gap of the organisation over the planning period, the next step is to prepare objectives for training.

➤ **Design training program:**

This involves deciding what training programmes should be made available to employees and how many employees should be expected to attend them. Decisions have to be made too about whether each training programme should be compulsory for specific staff, or voluntary.

➤ **Deliver the training:**

Having designed the training programme, the actual training is delivered.

➤ **Monitoring and evaluation:**

Management needs to know whether the training has achieved its intended objectives and whether there has been value for money from the training.

## 2.3 Training methods

Internal training for individuals

- **The apprenticeship:** requires the trainee to learn and apply skills in the work situation over a period of time, often years.
- **Induction courses:** which are arranged for new recruits to an organization to enable them to become familiar with and to adjust to the requirements of the organization.
- **Job instruction:** which are a systematic approach to training for a particular job, normally used by supervisors when training those who report to them. Demonstration and individual instruction is a feature of this type of training, as is tolerance of mistakes.
- **Internal training centers:** which are sometimes used to provide customized training programs, e.g. where there would be a risk if the trainee make a mistake. Hairdressers have special evenings where trainees are allowed to test their skills on clients.
- **Job rotation:** the training idea of moving an employee from one job to another is that it broadens experience and encourages the employee to be aware of the total activity.
- **Computer-based training:** user-friendly systems that enable trainees to work at their own pace on set programmes.
- **Coaching:** where the trainee is supervised by an experienced individual who gives instruction on the task to be undertaken.
- **Mentoring:** the use of a especially trained individual, or one with particular skills, to provide guidance and direction to the trainee, who is often a new recruit perhaps at a management level.
- **E-learning via internet**
- **Secondments:** temporary transfers to another department or division to gain



a deeper understanding or learn more about certain aspects within an organization.

- **Work shadowing:** method where one employee shadows another, often more senior, to experience what is like working at that level.

#### Internal training for groups

- **The lecture method:** is an economical way of passing information to many people. Lectures are of little value if the aim of training is to change attitudes, or develop job or interpersonal skills.
- **Discussion:** they can shape attitudes, encourage motivation and secure understanding and can also underline the difficulties of group problem-solving.
- **Case study method:** learning occurs through participation in the definition, analysis and solution of the problem or problems. It demonstrates the nature of group problem-solving activity and usually underlines the view that there is no one best solution to a complex business problem.
- **Role-playing:** this method requires trainees to project themselves into a simulated situation that is intended to represent some relevant reality, say a confrontation between management and a trade union. The merit of role-playing is that it influences attitudes, develops interpersonal skills and heightens sensitivity to the views and feelings of others.
- **Business games:** simulate realistic situations, such as mergers and takeovers, in which groups compete with one another and where the effects of the decision taken by one group may affect others.

## 2.4 On the job training and off the job training

### 2.4.1 On the job training (in workplace) 岗位培训

- **On the job training** maximizes transfer of learning by incorporating it into 'real' work.
  - ✓ Demonstration/instruction
  - ✓ Job rotation
  - ✓ Temporary promotion
  - ✓ Work shadowing
  - ✓ Action learning: managers are brought together as a problem-solving group to discuss a real work issue
  - ✓ Committees
  - ✓ Project work

➤ **Advantages of on the job training:**

- ✓ take account of job context 了解工作内容
- ✓ suits 'hands on' learning style 适合动手工作
- ✓ no adjustment barriers 不需适应工作实际情况
- ✓ develop working relationship as well as skills 发展工作关系

➤ **Disadvantages of on the job training:**

- ✧ undesirable aspects of job context also learned 不希望了解的内容也学了
- ✧ does not suit theorist learning styles 不适合理论型
- ✧ Real losses, trial and error may be threatening 真实损失
- ✧ Not focus on learning 不能集中学习

## 2.4.2 Off the job training 脱岗培训

➤ **Off the job training** minimizes risk but does not always support transfer of learning to the job.

- ✓ **Courses** run by the organization's training department or by external suppliers.
- ✓ **Computer-based training** involves interactive training via PC
- ✓ **E-learning**

➤ **Advantages of off the job training:**

- ✓ allow experimentation without risk of consequences for actual performance 不用引发真实结果
- ✓ allow focus on learning 专心学习
- ✓ suits a variety of learning styles 适合多种方式
- ✓ may confer (授予) status, implying promotability 可能提升

➤ **Disadvantages of off the job training:**

- ✧ not relevant to the job content 和工作内容无关
- ✧ perceived as a waste of working time 浪费工作时间
- ✧ more theoretical 太理论化
- ✧ may represent a threat 学的知识可能不足以工作

## 2.5 Evaluating (评估) training (Hamblin)

- **Level 1: Trainees' reactions** to the experience. These are usually measured by post-training feedback forms.
- **Level 2: Trainee learning (new skills and knowledge).** Measuring what the

trainees have learned on the course, usually by means of a test at the end of it.

- **Level 3: Changes in job behavior** following training. Observing work practices and outputs to identify post-training differences.
- **Level 4: Impact of training on organizational goals/results.** Seeing whether the training scheme has contributed to the overall objectives of the organization in terms of quality, productivity, profitability, employee retention, and so on.
- **Level 5: Ultimate value.** The impact of training on the wider 'good' of the organization in terms of stakeholder benefits, greater social responsibility, corporate growth/survival.



### 3. Development 开发

**Development** includes a range of learning activities and experiences to enhance employee's or managers' portfolio of competence, experience and capability, with a view to personal, professional or career progression.

- **Management development:** 管理开发

The development of management/leadership skills, management education and planned experience of different functions, positions and work settings, in preparation for increasing managerial responsibility.

- **Career development:** 职业开发

Individuals plan career paths. E.g transfer, secondments to project groups, short external secondments.

- **Professional development:** 专业开发

Professional bodies offer structured programs of continuing professional development

- **Personal development:** 个人开发

Business are increasingly offering employees wider-ranging development opportunities, rather than focusing on skills required in their current job.

#### Exam focus point

Training methods, difference between training and development, types of development.

### 4. Competence framework

- **ACCA competence framework**
  - ✓ **Corporate reporting:** the ability to produce high-quality business reports.
  - ✓ **Leadership and management:** leading organisations effectively and ethically and managing resources.
  - ✓ **Strategy and innovation:** competence in strategy assessment and development.
  - ✓ **Financial management:** the ability to implement investment and financing decisions to ensure value creation.
  - ✓ **Sustainable management accounting:** competence in using management accounting to measure business performance and ensure sustainable value creation.
  - ✓ **Taxation:** competence to comply with tax regulations and the ethical management of the tax liabilities of individuals and companies.
  - ✓ **Audit and assurance:** the ability to provide high-quality audits that meet audit and assurance objectives.
  - ✓ **Governance, risk and control:** the ability to ensure effective governance, risk management and internal control.
  - ✓ **Stakeholder relationship management:** the ability to engage with stakeholders effectively and manage their needs and expectations.
  - ✓ **Professionalism and ethics:** acting according to ethical principles and ensuring that business activities follow appropriate ethical frameworks.

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Experience

Reflection

Conceptualization

Theorist

Reflector

Activist

Pragmatist

Management development

Off-the-job training

On-the-job training

Apprenticeship

Induction

Internal training centers

E-learning

Coaching

Mentoring

Secondments

Role-playing

Reactions

Ultimate value

Personal development plan

Career development

Professional development

2. 必做习题

BPP BT KIT 2022: 20.1-20.17

# Chapter 17 Performance appraisal

## *(Study hub: Chapter 28)*

本章节主要介绍业绩考评的目的，方法，主要问题，绩效面谈的过程。

### Learning outcomes:

#### 6. Review and appraisal of individual performance

- a) Define performance appraisal and describe its purpose.
- b) Describe the performance appraisal process.
- c) Explain the benefits of and barriers to effective appraisal.

#### 3. Competence frameworks and personal development

- a) Explain how a competence framework underpins professional development needs.
- b) Explain how personal and continuous professional development can increase personal effectiveness at work.
- c) Explain the purpose and benefits of coaching, mentoring and counselling in promoting employee effectiveness.
- d) Describe how a personal development plan should be formulated

## 1. The process/steps of performance management

- **Step one: Draw up a business plan:** it identify the requirements and competences required to carry it out.
- **Step Two: Draw up a performance agreement:** defining the expectation of individual or team, covering standards of performance, performance indicators and the skills and competences people need
- **Step Three: Draw up a performance and development plan with the individual** 具体计划: these record the actions needed to improve performance, normally covering development in the current job.
- **Step Four: manage performance continually throughout the year** 管理监督: not just at appraisal interviews done to satisfy the personnel department. Managers can review actual performance, with more informal interim reviews at various times of the year.
- **Step Five: performance review** 评估: at a defined period each year, success against the plan is reviewed, but the whole point is to assess what is going to happen in future.

## 2. The purpose of appraisal

- **Reward** (deserving a bonus or pay increase) 奖励

- **Performance** (for planning and following-up training and development) 工作
- **Potential** (plan career development, will be capable in the future) 潜能

*More specifically, appraisal can:*

- Establish the key or main results , what is expected to achieve.
- Compare individual's level of performance against a standard, it is a basis for pay increase.
- Identify individual's needs from performance
- Identify potential **candidates** for **promotion** 确定谁被提拔
- Monitor initial selection procedure against performance 监督选聘过程
- **Improve communication** between different levels of hierarchy

### 3. Appraisal techniques

#### ➤ **Overall assessment:** 总评

The manager writes in **narrative form his judgement** about the appraisee. There will be no guaranteed consistency of the criteria and areas of assessment, however, and managers may not be able to convey clear, effective judgement in writing.

#### ➤ **Guided assessment.**

Assessors are required to **comment on a number of specified characteristics** and performance elements, with guidelines as to how terms such as 'application' 'integrity' and 'adaptability' are to be interpreted in the work context.

#### ➤ **Grading.** 打分法

Managers are asked to select one of a number of levels or degrees to which the individual in question displays the given characteristic. These are also known as **rating scales**.

#### ➤ **Behavior incident methods.** 行为锚定评分法

These concentrate on employee behavior, which is measured against typical behavior in each job, as defined by common critical incidents of successful and unsuccessful job behavior reported by managers.

#### ➤ **Results-orientated schemes.** 以结果为导向方法

These review performance against specific targets and standards of performance agreed in advance by manager and subordinate together.

### 4. Performance appraisal criteria

#### ➤ **Job-related:**

The measures of performance must relate to the individual's specific job.

#### ➤ **Controllable:**

Individuals should not be judged on matters outside their control

➤ **Objective:**

Measurements should be objective, and any targets for performance should be reasonable and fair.

➤ **Available data:**

Data must be available to make the measurement.

## 5. Who does the appraisal

### (a) Self-appraisal 自评

➤ **Advantages of self-appraisal:**

- ✓ It saves the manager time.
- ✓ It offers increased responsibility to the individual, which may improve motivation
- ✓ This reconciles the goals of the individual and the organization

➤ **Disadvantages of self-appraisal:**

- ✧ People are often not the best judges of their own performance.
- ✧ People may deliberately over-(or under) estimate their performance in order to gain approval or reward, or to conform to group norms.

### (b) Downward appraisal 上级考评下级

### (c) Upward appraisal 下级考评上级

➤ **Advantages of upward appraisal:**

- ✓ Subordinates tend to know their superior better than superiors know their subordinates
- ✓ As all subordinates rate their managers statistically, these ratings tend to be more reliable, the more subordinates the better.
- ✓ Subordinates' ratings have more impact because it is more unusual to receive ratings from subordinates.

➤ **Problems of upward appraisal:**

- ✧ Fear of reprisals, vindictiveness, and extra form processing
- ✧ Some bosses in strong positions might refuse to act

### (d) Customer appraisal

**Customer appraisal:** taking into account feedback from 'customers'.

### (e) 360 degree appraisal 全方位考评



**360 degree appraisal (multi-source appraisal):** collecting feedback on an individual's performance from the person's superior, subordinates, peers, customers and manager personally.

## 5. Barriers to effective appraisal

### ➤ **Appraisal as confrontation:**

This is the problem that the appraisal interview may be seen as a confrontation between the manager and the individual. The manager may focus on the negative aspects of the individual's performance, and the manager and individual may disagree rather than discuss matters constructively.

### ➤ **Appraisal as judgement:**

Put subordinate on defensive position. The appraisal is a one-sided process in which the manager acts as judge, jury and counsel for the prosecution.

### ➤ **Appraisal as chat:**

The appraisal process may be seen as something without purpose and no more than an annual 'chat' between manager and individual. There is no discussion at the meeting about follow-up action or targets for improvement.

### ➤ **Appraisal as bureaucracy:**

it is a form-filling exercise, to satisfy the personnel department. Its underlying purpose, improving individual and organizational performance, is forgotten.

### ➤ **Appraisal as unfinished business:**

The appraisal only wrap up past performance, appraisal should also focus on future performance.

### ➤ **Appraisal as annual event:**

When an appraisal is an annual event, the issues discussed and agreed upon at an appraisal interview may become outdated as the work situation changes. Appraisal should be a continuous process, not only once in a year

### **Appraisal and pay**

Many employees consider that positive appraisals should be rewarded, but there are **major drawbacks** to this approach.

- **Funds available** for pay rises **rarely depend on one individual's performance** alone, the whole company has to do well.
- **Continuous improvement** should perhaps be expected of employees as part of their work and development, **not rewarded as extra.**
- **Performance management is about a lot more than for past performance**, it is often forward looking with regard to future performance.

## 6. The appraisal interview approaches 绩效面谈

**'Appraisal interview** is the process of giving feedback to the appraisee about their performance'.

- **The tell and sell method**, in which the manager tells his or her team members how they are doing, and endeavors to persuade them to accept what has already been decided in terms of improvement. 告诉考评结果，推销改进方法
- **The tell and listen method**, where the manager tells the team member how he or she is doing, but then sits back and listens to the individual's point of view both about the appraisal and about any follow-up action required. 告诉考评结果，听取改进方法
- **The problem-solving approach**, in which the manager effectively puts aside the role of judge in order to join the team member in mutual reflection on progress and mutual discussion about required action 以员工为中心

## 7. Measuring the effectiveness of the appraisal scheme

- ✓ Serious intent
- ✓ Fairness
- ✓ Efficiency
- ✓ Co-operation
- ✓ Relevance

**Exam focus point**

**Types of performance appraisal, types of appraisal interview**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Competence framework

Overall assessment

Guided assessment

Grading

Behavioural incident methods

360 degree appraisal

Peers

Confrontation

Bureaucracy

Unfinished business

Appraisal interview

Action plans



2. 必做习题

BPP BT KIT 2022: 21.1-21.13, 11-17 章小结: 22.1-22.6

# Chapter 18 Work effectiveness and communication

## *(Study hub: Chapter 29,30)*

本章节主要介绍时间管理的方法，沟通的过程，问题和方式，以及如何进行有效的人际交往。

### **Learning outcomes:**

#### **1. Personal effectiveness**

- a) Explain the importance of effective time management.
- b) Describe the barriers to effective time management and how they may be overcome.
- c) Describe the role of technology in improving personal effectiveness.

#### **2. Consequences of ineffectiveness at work**

- a) Identify the main ways in which people and teams can be ineffective at work.
- b) Explain how individual or team ineffectiveness can affect organisational performance.

#### **4. Sources of conflict and techniques for conflict resolution**

- a) Identify situations where conflict at work can arise.
- b) Describe how conflict can affect personal and organisational performance.
- c) Identify ways in which conflict can be managed.

#### **5. Communicating in business**

- a) Describe the methods and patterns of communication used in the organisation.
- b) Explain how the type of information differs and the purposes for which it is applied at different levels of the organisation: strategic, tactical and operational.
- c) Identify the consequences of ineffective communication.
- d) Describe the attributes of good quality information and effective communication.
- e) Describe the barriers to effective communication and identify practical steps that may be taken to overcome them.

## **1. Personal time management** 个人时间管理

### **1.1 Key principles of time management**

- Goals (**S**pecific, **M**easurable, **A**ttainable, **R**ealistic, and **T**ime-bounded) **SMART**
- Action plans (timescale, deadlines, task involved)
- **Prioritizing** (which is most important) 优先权
- Focus: one thing at a time
- Urgency

- Organization (ABCD method)
- **Personal work planning:** Personal work planning should be done with a diary –a paper diary or an electronic diary – or something similar, such as a calendar on the individual's computer (which can then be shared with other colleagues at work), their tablet, or even their mobile phone.

### 1.2 Ineffectiveness at work

- **Failing to communicate**
- **Failing to meet deadline**
- **Failing to comply with job specifications**
- **Failing to deliver the exact product needed**

Ineffectiveness could lead to the following impacts on the performance of the organization:

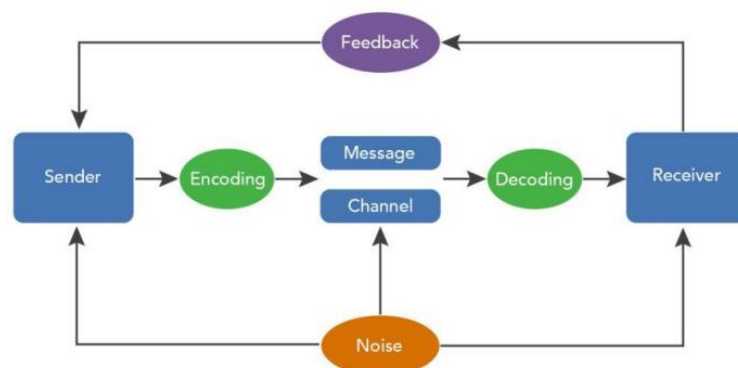
- Potential problems are not identified and so no countermeasure are not taken in time to prevent the problem arising
- Problems are not dealt with as they arise
- Deadlines are not met
- Customers are angry and go elsewhere

### 1.3 Role of IT in improving personal effectiveness

- **Mobile computing:** smart phones, tablet computers, cloud computing
- **Communication platforms and social media:** bulletin boards, video conferencing, file sharing facilities, online meetings.
- **Office automation:** automation

## 2. Communication 沟通

### 2.1 The communication process 沟通过程



- **Sender:** is anyone who has a need to communicate with another party
- **Receiver:** is the user or the audience to which the communication is addressed to.
- **Media** (speed, complexity, need for a written record, need for interaction,

confidentiality, cost)

- **Encoding** (编码) : is the process of choosing the words in structuring a message
- **Decoding** (译码) : is the process of trying to understand and interpret the message
- **Feedback**: is the response or reply from a receiver, which may be positive or negative
- **Noise**: interruptions

## 2.2 Communication barriers 沟通障碍

### 2.2.1 Barriers to effective communication

- Distortion 歪曲
- Noise 干扰
- Misunderstanding 误解
- Non-verbal signs (gesture) 手势
- Failure to give or seek feedback
- Overload (too much information) 信息过多
- People only hear what they want to hear
- Different cultural background
- Poor communication skills
- Jargon 行话
- Selective reporting (incomplete information)
- Timing

### 2.2.2 How to overcome the barriers to communication

- Consideration of the needs and understanding of recipients
- Careful and clear reporting at all levels
- Express information clearly and concisely
- Not using jargon or abbreviations
- Using more than one communications system
- Encouraging dialogue rather than monologue
- Ensuring as few links as possible in the communication chain
- Ensuring feedback

### 2.2.3 Improving the communications system

- Standing instructions should be recorded in easily accessible manuals which are kept fully up to date
- Management decisions should be sent to all people affected by them, preferably in writing.
- **Regular staff meetings** or formal consultations with trade union representatives

should be held.

- A **house journal** should be issued regularly
- **Appraisal interviews** should be held between a manager and their subordinates to discuss the job performance and career prospects of the subordinates.
- **Technology should be utilized**

#### 2.2.4 Clearing up misunderstandings

- **Confirmation:** issuing a message in more than one form
- **Reporting by exception** should operate to prevent information overload on managers.
- **Train managers** who do not express themselves clearly and concisely.
- Communication between managers and direct reports will be improved when **interpersonal trust exists**.

### 2.3 Communication flows

- **Vertical** （垂直的）
  - ✓ **Downward** communication: it occurs when messages and information are sent from top managers to subordinates top-down. (e.g. job instruction, guidance, briefings)
  - ✓ **Upward** communication: it includes messages that flow from the lower to the higher levels in the organization (e.g. feedback from employees, grievance, reporting, suggestion)
- **Horizontal or lateral** communication （水平的）:
 

Between people or group at the same level in the organization (e.g. task co-ordination, problem-solving)
- **Diagonal communication** （对角线的）:
 

It cuts across traditional vertical communication channels. It occurs, most often in line and staff relationships where the specialist staff are responsible for advising other departments on some proposed course of action, for example disciplining or dismissal.

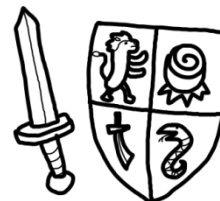
### 2.4 Formal and informal communication

#### 2.4.1 Formal communication 正式沟通

**Formal communication:** 'set up by management within the organization, include regular meeting, formal presentations and conferences where both written and verbal information can be presented.

- **Advantages of formal communication:**

- Recognized by all members
- Form part of control structure
- Based on legitimate power
- Provide effective coordinating mechanism
- Provide records
- Transparent



➤ **Disadvantages of formal communication:**

- Time consuming
- Involve unnecessary people
- Act as a 'rubber stamp' or issues that agreed informally

### 2.4.2 Informal communication 非正式沟通

**Informal communication:** less structured, include informal telephone conversations, discussion in staff canteen or other form of informal contact with colleagues.

**The grapevine:**

- The grapevine **acts quickly**
- The working of the grapevine is **selective**: information is not divulged randomly.
- The grapevine usually **operates at the place of work** and not outside it.
- The grapevine is most active when the formal communication network is active: **the grapevine does not fill a gap created by an ineffective formal communication system.**

**The importance of informal communication:**

- It is **more current** than the formal system
- It is **relevant to the informal organization**
- It **relates to internal politics**, which may not be reflected in formal communications anyway.
- It can **bypass excessively secretive management.**

### 2.5 Oral, written, non-verbal communication

- **Written communication:** formal report, memo, email, letters
- **Oral communication:** telephone calls, informal discussion, meeting, interview, presentation.
- **Non-verbal communication:** facial expression, gestures, movement, positioning,



contact, posture, sound.

## 2.6 Communication networks (communication pattern) 沟通网络

- **The chain:** it represents a five level hierarchy within the organization with information flowing either up or down the chain of command. The people at either end of the chain can only communicate with those to whom they are linked.
- **The circle:** it can be linked to three tiers in the organizational hierarchy with the subordinates reporting to their superiors through the chain of command. At the lowest level horizontal communication as well as vertical communication takes place.
- **'Y' network:** this is a four-level hierarchy with two subordinates reporting to a superior at the base.
- **The wheel:** it illustrates a two-level hierarchy with four subordinates reporting to their common superior.
- **The all-channel network:** it is a situation where all individuals may communicate with whom they please. This network will occur in group work or committees.

### Exam focus point

Communication process, barriers, types, network.

## 3. Counselling 员工咨询服务

### ➤ Counselling:

**A purposeful relationship** in which one person helps another to help himself. It is a way of relating and responding to another person so that that person is helped to explore his thoughts, feelings and behavior with the aim of reaching a clearer understanding. The clearer understanding may be of himself or of a problem, or of the one in relation to the other.

- It can prevent underperformance
- Demonstrate organization's commitment
- Give employees confidence
- Organization may contributing to the employees' problems

**Coach:** Provides targeted guidance on how to do a task for current role

**Mentor:** Provides long-term career support and development.

**Counsellor:** Helps the trainee to help themselves.

### ➤ *Three stages of counselling:*

- ✓ Reviewing the current scenario

- ✓ Developing a preferred scenario
- ✓ Determining how to get there

## 5. Conflict 冲突

### ➤ *Causes of conflict:*

- ✓ **Power and resources are limited:** individuals and groups compete for them
- ✓ **Individuals and teams have their own goals,** interests and priorities, which may be incompatible.
- ✓ There may be differences and incompatibilities of **personality** between individuals, resulting in “clashes”
- ✓ There may be differences and **incompatibilities of work methods,** timescales and working style, so that individuals or teams frustrate each other with apparent lack of co-ordination.

### ➤ **Conflicts can escalate into destructive conflict if:**

- ✓ There is **poor or limited communication**
- ✓ There is **poor co-ordination**
- ✓ There are **status barriers:** problems in the relationship are glossed over by the superior asserting authority or hidden by the subordinate feeling powerless or threatened.
- ✓ **Work demands put pressure** on individuals and teams.

### ➤ *Strategy for managing conflict (Handy) 管理冲突的方法*

#### ✓ **Denial/withdrawal:**

If the conflict is very trivial, it may indeed blow over without an issue being made of it, but if the causes are not identified, the conflict may grow to unmanageable proportions.

#### ✓ **Suppression:**

‘smoothing over’ to preserve working relationships despite minor conflicts.

#### ✓ **Dominance:**

The application of power or influence to settle the conflict. The disadvantage of this is that it creates all the lingering resentment and hostility of ‘win-lose’ situations.

#### ✓ **Compromise:**

Bargaining, negotiating, conciliating.

#### ✓ **Integration/collaboration:**

Emphasis must be put on the task, individuals must accept the need to modify their views for its sake, and group effort must be seen to be superior to individual effort.

✓ **Encourage co-operative behavior:**

common goals may be set for all teams/ departments. This would encourage co-operation and joint problem-solving.

**Win-win:** working towards a solution that means both departments get closer to what they want.

**Win-lose:** One party gets what they want at the expense of the other party.

**Lose-lose:** neither party gets what they want.

**Exam focus point**

**Types of conflict resolution.**

以下内容可以帮助你进行本章复习及自测

1. 重点词汇

Prioritizing

Biorhythms

Procrastination

Medium

Encoding

Decoding

Noise

Confidentiality

Physical noise

Misunderstanding

Non-verbal signs

Overload

Jargon

Horizontal

Lateral

Time consuming

Transparent

Memoranda

Presentation

Gestures

Posture

Aggressive

Passive

2. 必做习题

BPP BT KIT 2022: 23.1-23.19, 24.1-24.6

# Chapter 19 Ethical consideration

## *(Study hub: Chapter 31)*

本章节主要介绍伦理学理论，ACCA 职业道德规范，还有影响会计师独立性的主要威胁。

### **Learning outcomes:**

#### **1. Fundamental principles of ethical behaviour**

- a) Define business ethics and explain the importance of ethics to the organisation and to the individual.
- b) Describe and demonstrate the following principles from the IFAC (IESBA) code of ethics, using examples. i) Integrity ii) Objectivity iii) Professional competence iv) Confidentiality v) Professional behaviour.
- c) Describe organisational values which promote ethical behaviour using examples. i) Openness ii) Trust iii) Honesty iv) Respect v) Empowerment vi) Accountability.
- d) Explain the concept of acting in the public interest.

#### **2. The role of regulatory and professional bodies in promoting ethical and professional standards in the accountancy profession**

- a) Explain the purpose of international and organisational codes of ethics and codes of conduct, IFAC (IESBA), ACCA etc.
- b) Describe how professional bodies and regulators promote ethical awareness and prevent or punish illegal or unethical behaviour.
- c) Identify the factors that distinguish a profession from other types of occupation.
- d) Explain the role of the accountant in promoting ethical behaviour.
- e) Explain when and to whom illegal, or unethical conduct by anyone within or connected to the organisation should be reported.

#### **3. Corporate codes of ethics**

- a) Define corporate codes of ethics.
- b) Describe the typical contents of a corporate code of ethics.
- c) Explain the benefits of a corporate code of ethics to the organisation and its employees.

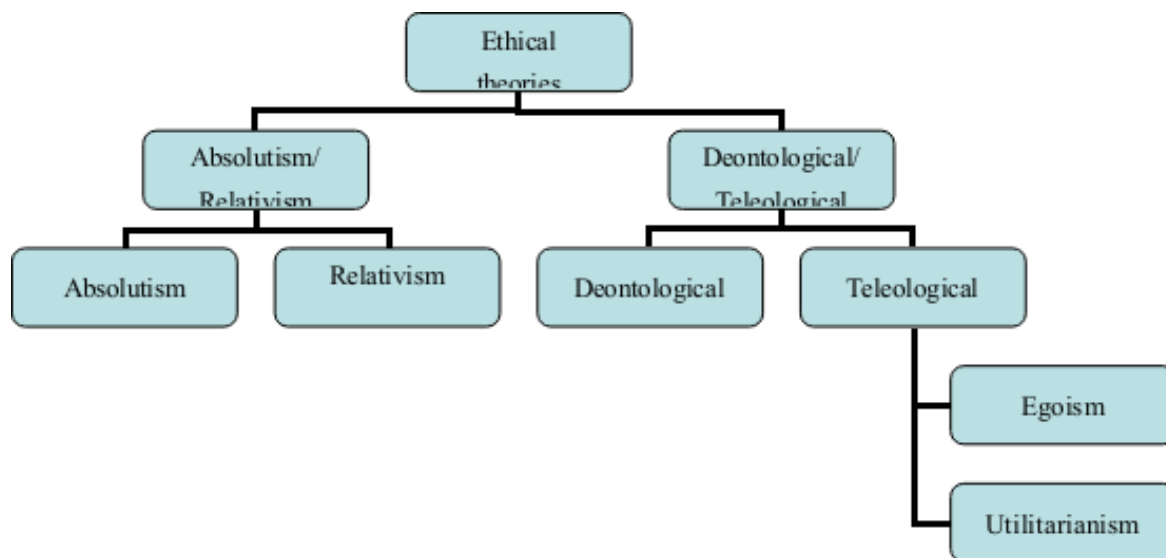
#### **4. Ethical conflicts and dilemmas**

- a) Describe situations where ethical conflicts can arise.
- b) Identify the main threats to ethical behaviour.
- c) Describe situations at work where ethical dilemmas may be faced.
- d) List the main safeguards against ethical threats and dilemmas.

# 1. Importance of business ethics

- **Customer expectation:** Customers expect ethical treatment when they buy goods or services from a business organisation.
- **Supplier expectation:** Suppliers expect ethical behaviour from their business customers.
- **Employee expectation:** Employees expect ethical treatment from their employers. If their employer treats them in an unethical way, employees might leave for a job somewhere else. It may be difficult for the employer to attract and retain talented individuals.
- **Expectation of the public:** The general public has expectations about how businesses and business people should behave. This is evident, for example, in the public's attitudes to corruption and other illegal activity in recent years.
- **Expectation of the business itself:** Setting standards of ethical behaviour for employees is also essential for business organisations. This is partly because they should want their employees to know what standards of conduct are expected from them.
- **Reputation:** Ethical and unethical behaviour also affect the reputation of a business organisation with its customers and the general public.

## 2. Ethics theories 伦理学理论



**Ethics** is concerned with right and wrong and how conduct should be judged to be good or bad.

### (a) Ethical absolutism 绝对主义

**Absolutism** is the view that there is an **unchanging set of ethical principles that will apply in all situations, at all times and in all societies.**

**Absolutist** approaches to ethics are built on the principle that objective, **universally applicable moral truths exist** and can be known. There is a set of moral rules that are always true.

#### (b) **Ethical relativism** 相对主义

**Relativism** is the view that a **wide variety of acceptable ethical beliefs** and practices exists. The ethics that are most appropriate in a given situation will **depend on the conditions** at that time. The relativist approach suggests that all moral statements are essentially **subjective and arise from the culture, belief or emotion of the speaker.**

#### (c) **Deontological ethics (Duty)** 义务论

**Deontology** is concerned with the **application of universal ethical principles** in order to arrive at rules of conduct, the word deontology being derived from the Greek for 'duty'.

#### (d) **Consequentialist ethics or Teleological approach (Consequence)** 目的论

**Teleological approach** to ethics is to make moral judgment about courses of action **by reference to their outcomes or consequences.**

- ✓ **Utilitarianism:** 功利主义 is the best –known formulation of this approach and can be summed up in the 'greatest good' principle- '**greatest happiness of the greatest number**'.
- ✓ **Egoism:** 自我主义 The view is that a decision or action by an individual is ethically justified if it is favourable to the individual personally. The egoist viewpoint is that individuals should always do what they consider to be in their best interests.
- ✓ **Pluralist:** The view that the most appropriate solution to a problem addresses the needs and concerns of all the interested parties, or at least as many of them as possible.

## 3. Code of Ethics 道德准则

### 3.1 Corporate code of ethics 公司道德规范

A **corporate code of ethics** typically contains a series of statements setting out the organization's values and explaining how it sees its responsibilities towards stakeholders.

➤ **Benefits of corporate code of ethics:**

- ✓ It communicates the ethical standards required to all employees
- ✓ It reduces the risks associated with unethical behavior
- ✓ It is good for the reputation of the company

### 3.2 Professional codes of ethics 职业道德准则

➤ **Profession:**

An occupation that requires extensive training and the study and mastery of specialized knowledge, and usually has a professional association, ethical code and process of certification or licensing.

➤ **Professionalism:**

It means avoiding actions that bring discredit on the accountancy profession

➤ **Public interest:**

It is considered to be the **collective well-being of the community of people** and institutions the professional accountant serves, including clients, lenders, government, employers, employees, investors, the business and financial community and others who rely on the work of professional accountants. An accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer.

### 3.3 Fundamental principles of ACCA code of ethics

<b>Integrity</b>	Members should be <b>straightforward and honest</b> in all business and professional relationships
<b>Objectivity</b>	Members should <b>not allow bias, conflicts of interests or undue influence of others</b> to override professional or business judgements
<b>Professional competence and due care</b>	Members have a <b>continuing duty to maintain professional knowledge and skill</b> at a level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. Members should <b>act diligently</b> and in accordance with applicable technical and professional standards when providing professional



	services.
<b>Confidentiality</b>	Members should respect the confidentiality of information acquired as a result of professional and business relationships and <b>should not disclose any information to third parties</b> without proper or specific authority or unless there is a legal or professional right or duty to disclose.
<b>Professional behavior</b>	Members should comply with relevant laws and regulations and should <b>avoid any action that discredits the profession</b> .

### 3.4 Threats to independence of accountants in practice

<b>Self-interest</b>	Financial or other interests of a professional accountant or of an immediate family member inappropriately influence judgement or behavior
<b>Self-review</b>	Evaluation of a judgement by the accountant who made the judgement, or a member of the same organization
<b>Advocacy</b>	Accountant promoting a position or opinion to the point where objectivity may be compromised
<b>Familiarity</b>	A close relationship resulting in excessive trust in, or sympathy for, others
<b>Intimidation</b>	Accountant not acting objectively because of actual or perceived pressures

#### ➤ Self-interest threat

- **Financial interests:** it exists where an audit firm has a financial interest in a client's affairs, for example, the audit firm owns shares in the client, or is a trustee of a trust that holds shares in the client.
- **Close business relationship:** having a material financial interest in a joint venture with the assurance client; arrangements to combine one or more services or products of the firm with one or more services or products of the assurance client and to market the package with reference to both parties; distribution or marketing arrangements under which the firm acts as distributor or marketer of the assurance client's products or services or vice versa.
- **Employment with clients:** an audit staff member might be motivated by a desire to impress a future possible employer, or a former partner turned Finance Director

has too much knowledge of the audit firm's systems and procedures.

- **Partner on client board:** a partner or employee of an audit/assurance firm should not serve on the board of an assurance client.
- **Family and personal relationships:** family or close personal relationships between assurance firm and client staff could seriously threaten independence.
- **Gifts and hospitality:** Unless the value of the gift/hospitality is clearly insignificant, a firm or a member of an assurance team should not accept it.
- **Loans and guarantees:** If a lending institution client lends an immaterial amount to an audit firm or member of assurance team on normal commercial terms, there is no threat to independence. If the loan were material it would be necessary to apply safeguards to bring the risk to an acceptable level. A suitable safeguard is likely to be an independent review.
- **Overdue fees:** In a situation where there are overdue fees, the auditor runs the risk of, in effect, making a loan to a client, whereupon the guidance above becomes relevant.
- **Percentage or contingent fees:** Contingent fees are fees calculated on a predetermined basis relating to the outcome or result of a transaction or the result of the work performed. Ethical guidelines state that a firm should not enter into any fee arrangement for an assurance engagement under which the amount of the fee is contingent on the result of the assurance work or on items that are the subject matter of the assurance engagement.
- **High percentage of fees:** Ethical guidance states that the public may perceive that a member's objectivity is likely to be in jeopardy where the fees for audit and recurring work paid by one client or group of connected clients exceed 15% of the firm's total fees. Where the entity is listed or public interest, this figure should be 10%.
- **Lowballing:** When a firm quotes a significantly lower fee level of an assurance service than would have been charged by the predecessor firm, there is a significant self-interest threat.

- **Recruitment:** recruiting senior management for an assurance client, particularly those able to affect the subject matter of an assurance engagement creates a self-interest threat for the assurance firm.

➤ **Self-review threat**

➤ **Advocacy threat**

An advocacy threat arises in certain situations where the assurance firm is in a position of taking the client's part in a dispute or somehow acting as their advocate. The most obvious instances of this would be when a firm offered legal services to a client and, say, defended them in a legal case or provided evidence on their behalf as an expert witness.

➤ **Familiarity threat**

A familiarity or association threat is where independence is jeopardized by the audit firm and its staff becoming over familiar with the client and its staff. There is a substantial risk of loss of professional skepticism in such circumstances.

➤ **Intimidation threat**

An intimidation threat arises when members of the assurance team have reason to be intimidated by client staff.

- **Actual and threatened litigation:** The most obvious example of an intimidation threat is when the client threatens to sue, or indeed sues, the assurance firm for work that has been done previously.
- **Second opinions:** another way that auditors can suffer an intimidation threat is when the audit client is unhappy with a proposed audit opinion, and seeks a second opinion from a different firm of auditors.

### 3.5 Conflict of interest

➤ **Conflict of interest**

It occurs when a person's freedom of choice or action is constrained by a countervailing interest, which means that the most objectively correct course of action cannot be taken. The discretion to act correctly is fettered by the need to protect a related but contradictory interest.

➤ **Ethical Dilemma**

An ethical dilemma arises when the individual is aware that a decision has to be made

between two or more different courses of action, which involves ethical or moral judgement and personal values.

**Bribery** is the offering, giving, receiving or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty.

**Corruption** can be defined as deviation from honest behavior.

**Insider dealing/trading:** is the buying or selling of company shares based on knowledge not publicly available. Directors are often in possession of market-sensitive information ahead of its publication and they would therefore know if the current share price is under or over-valued given what they know about forthcoming events.

以下内容可以帮助你进行本章复习及自测

### 1. 重点词汇

Ethics

Ethical absolutism

Ethical relativism

Deontological approach

Teleological approach

Bribery

Grease money

Integrity

Objectivity

Professional competence and due care

Professional behavior

Self-interest

Self-review

Advocacy

Familiarity

Intimidation

Conflict of interest

Ethical dilemmas

### 2. 必做习题

BPP BT KIT 2022: 25.1-25.21, 26.1-26.6

### **Main writers and their theories for ACCA F1 (必背理论)**

1. Handy
  - Culture and structure (Chapter 7)
2. Herzberg
  - Herzberg's two factor theory (Chapter 16)
  - Job enrichment, job enlargement, job rotation (Chapter 16)
3. Mintzberg
  - 5 elements of organization (Chapter 6)
  - Managerial's role (Chapter 13)
4. Fayol
  - five functions of management (Chapter 13)
5. Weber- bureaucracy (Chapter 13)
6. Maslow – Hierarchy of needs (Chapter 16)
7. McGregor- theory X, theory Y (Chapter 16)
8. Belbin – team role (Chapter 15)
9. Tuckman – stages of team development (Chapter 15)
10. Honey and Mumford – learning styles (Chapter 17)
11. Kolb – the experiential learning cycle (Chapter 17)
12. Vroom – Vroom's expectancy theory (Chapter 16)
13. Hofstede – Culture dimension (Chapter 7)
14. Adair – Adair's action-centered leadership (Chapter 13)
15. Blake and Mouton – managerial grid (Chapter 13)
16. Hamblin – Levels of evaluation of training (Chapter 17)
17. Fiedler - contingency theory (Chapter 13)
18. Mendelow – Power and interest Matrix (Chapter 1)
19. Michael Porter – Generic strategy (Chapter 2)
20. Michael Porter – five competitive forces theory (Chapter 2)
21. Michael Porter – The Value Chain (Chapter 2)
22. Taylor – Scientific management (Chapter 13)
23. Drucker – Work of manager (Chapter 13)
24. Ashridge Management College Model (Chapter 13)