NATIONAL UNIVERSITY OF STATE TAX SERVICE OF UKRAINE

LIUDMYLA VOLKOVA

IMPROVE YOUR BUSINESS ENGLISH

A HANDBOOK FOR UNIVERSITY STUDENTS

IRPIN
2014

УДК 811.111(075.8)
ББК 81.2(Англ)я73
В67

Рекомендовано до друку Вченою радою
Національного університету ДПС України
(Протокол № 6 від 27 лютого 2014 року)

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В67 Improve your Business English: A Handbook for University Students: навчальн. посіб. / Л. В. Волкова. – Ірпінь: Видавництво Національного університету ДПС України, 2014. – 292 с.

ISBN 978-966-337-331-7

Навчальний посібник має суто практичну спрямованість. Матеріали посібника зорієнтовані на найновітніші досягнення світової економіки і передбачають закріплення та поповнення теоретичних знань та вдосконалення практичних умінь студентів у сфері ділового спілкування. Навчальний посібник складається із 15 уроків-комплексів, запропонованих у чіткій логічній послідовності відповідно до тематики. Система вправ забезпечує ефективне засвоєння студентами необхідних знань, вироблення стійких умінь та навичок усного та писемного мовлення, роботи з англомовними оригінальними джерелами. Кінцева мета кожного уроку – навчитися розуміти зміст текстових матеріалів, вміти вести діалог та дискусію по даній темі, майстерно володіти сучасною діловою лексикою.

Даний навчальний посібник рекомендовано використовувати як для проведення аудиторних занять, так і для організації індивідуальної та самостійної позааудиторної роботи студентів.

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ISBN 978-966-337-331-7

Contents

Unit 1. EMPLOYMENT
Text A. Influences on Population Size 6
Text B. Population Structure and Mobility of Labour 11
Text C. Specialisation in Economy 18
Unit 2. INTERNATIONAL TRADE
Text A. Benefits from International Trade 24
Text B. Restrictions on International Trade.....31
Text C. Institutions in International Trade.....38
Text D. Multinationals 45
Unit 3. PUBLIC AND PRIVATE SECTORS OF ECONOMY
Text A. Unincorporated and Incorporated Businesses.....52
Text B. Limited Companies 59
Text C. Public Sector 68
Unit 4. BUSINESS FINANCE
Text A. Sources of Finance for Public and Private Sector..... 75
Text B. Stock Exchange.....83
Text C. Banking Services to Business 90
Unit 5. BUSINESS RISK AND GROWTH
Text A. Insurance Services to Business 97
Text B. Size and Growth of Firms.....103
Text C. Survival of Small Firm 109
Unit 6. PRODUCTION
Text A. Costs of Production 115
Text B. Methods of Production..... 122
Text C. Work in Production Department.....129
Unit 7. EXTERNAL AND INTERNAL CONTROL OF THE COMPANY
Text A. Financial Accounting 137
Text B. Budgets and Budgetary Control.....144
Text C. Final Accounts.....152
Unit 8. MARKETING
Text A. Marketing Mix 160
Text B. Pricing Decisions.....167
Text C. Promotion.....176

Unit 9. DISTRIBUTION OF GOODS AND SERVISES
Text A. Channels of Distributions 184
Text B. Wholesaling and Retailing 190
Unit 10. THE PERSONNEL FUNCTION OF A COMPANY
Text A. Work of Personnel Department 198
Text B. Recruitment 205
Text C. Training Programmes 214
Unit 11. WORK AND ITS REWARDS
Text A. Job Satisfaction 222
Text B. Wages and Salaries 229
Unit 12. HUMAN RESOURCE MANAGEMENT
Text A. Functions of Management 237
Text B. Motivation and Human Needs 244
Text C. Management Styles 251
Unit 13. COMMUNICATION IN ORGANIZATION
Text A. Methods of Communication 258
Text B. Presenting Information 267
Unit 14. SUCCESSFUL NEGOTIATION
Text A. Emphasis on Negotiation 273
Text B. Internal and External Negotiations 280
Text C. Creating Structure of Successful Negotiation 289
Unit 15. SOME CURRENT ECONOMIC PROBLEMS
Text A. Unemployment 297
Text B. Black Economy 305

ПЕРЕДМОВА

Сучасний стан розвитку зовнішньоекономічних зв'язків потребує якісно нового підходу до мовної підготовки майбутніх економістів, які безперечно мають володіти належним рівнем іноземної мови. Саме тому, метою даного посібника є вдосконалення рівня володіння діловою іноземною мовою майбутніх фахівців у галузі економіки. Його завданням є забезпечення розвитку навичок роботи з фаховою літературою та усного мовлення на теми передбачені програмою з іноземних мов для економічних факультетів вищих навчальних закладів.

Навчальний посібник має суто практичну спрямованість. Метою широкого тематичного діапазону уроків є запропонувати студентам цілісну систему знань у тій послідовності та обсязі, в яких бізнес курс викладається за кордоном. Матеріали посібника зорієнтовані на найновітніші досягнення світової економіки і передбачають закріплення та поповнення теоретичних знань та вдосконалення практичних умінь студентів у сфері ділового спілкування. Тексти служать не тільки для розвитку навичок читання та перекладу фахової літератури, а й несуть у собі важливу інформацію, необхідну для майбутньої професійної діяльності.

Навчальний посібник складається із 15 уроків-комплексів, запропонованих у чіткій логічній послідовності відповідно до тематики. Структура кожного з них підпорядкована загальній меті посібника. Так, кожен урок-комплекс складається з основних текстів за темою, до яких додаються словник-коментар, лексичні та граматичні вправи, а також діалоги, які доповнюють або ілюструють тему уроку. Різноманітними є лексичні завдання до кожного уроку: вивчити нові слова і словосполучення; дібрати визначення до поданих термінів; виконати вправи на підстановку пропущених слів чи виразів у реченнях; відповісти на запитання; перекласти речення англійською чи українською мовою; підібрати синоніми та антоніми; створити чи доповнити діалоги на базі нової лексики; скласти речення із запропонованих слів; визначити вірні чи хибні твердження; створити тематичні ситуації, тощо. Система зазначених вправ забезпечує ефективне засвоєння студентами

необхідних знань, вироблення стійких умінь та навичок усного та писемного мовлення, роботи з англомовними оригінальними джерелами. Викладення граматичного матеріалу передбачає виконання різноманітних вправ на основі вже набутих знань граматичного матеріалу, що є необхідним для вираження відповідних функцій і понять. Кінцева мета кожного уроку – навчитися розуміти зміст текстових матеріалів, вміти вести діалог та дискусію по даній темі, майстерно володіти сучасною діловою лексикою.

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Unit 1
EMPLOYMENT

Text A. Influences on Population Size

A country's population is one of its most important natural assets. The population provides the economy with the supply of labour, to produce goods and services. The demand for these items also comes from the population. Any change, therefore, in the structure or size of the population can have a major effect on the country's economy.

Total world population in 2000 was 6.3 billion. It is expected to increase to 8.5 billion by 2025. The overall rate of increase is expected to decline from the present rate of one and two thirds per cent each year, to about one per cent per annum. This will vary from country to country: the developing countries – many African countries, for example – typically have population growths of between two and three per cent each year, while the industrialised countries, such as the UK, usually have a yearly population growth rate of about one per cent. World population growth is influenced by a number of factors:

- medical epidemics, for example the bubonic plague in Europe in the Middle Ages, recent diseases such as smallpox and the current concerns about the AIDS virus;
- natural disasters – floods and famine are obvious examples;
- wealth and levels of education – richer countries tend to have lower birth rates, but also lower infant death rates and a population with a greater life expectancy.

Population growth in other countries can influence the performance of the country's economy. For example, the successful economic growth of much of the Far East has led to the UK importing many of its electronic and electrical products from this area and has affected the UK's own manufacturing performance. This is partly due to the existence of large numbers of low-paid workers in many of these countries.

The overall size of a country's population is influenced by several factors.

Birth rate

The rate at which children are born – the fertility rate is a major in population size. This rate is expressed as the number of births per thousand population per year.

This figure is influenced by:

1. the number of women capable of having children;
2. the number who are willing to bear children;
3. the average number of children born per woman.

Further influences here are:

1. education about parenthood;
2. attitudes to family size;
3. knowledge and availability of birth control;
4. legal factors (e.g. relating to the minimum age for marriage).

Death rate

The death, or mortality, rate shows a steady decline in this country. It is influenced by the following:

1. living standards, i.e. the quality of food, clothing and housing warmth;
2. medical advances, e.g. discovery of new drugs and improvements and other surgical techniques;
3. environmental standards, mainly the clean and safe disposal as well as the provision of safe drinking water.

Migration

'Migration' is the difference between the total of people entering (immigration) and the total of those leaving it (emigration).

The world has a history of both net emigration and net immigration: recent years, as many people have tended to emigrate from the country as immigrants. It is not only the number who enter or leave the country that is import also consider the skills that they bring with them or take from the country.

Vocabulary notes:

influence – вплив;

natural assets – природне надбання; природні активи;

supply of labour – пропозиція праці;

to vary – змінюватися;

population growths – зростання населення;

natural disasters – природні лиха;
low-paid workers – низькооплачувані робітники;
birth rate – рівень народжуваності;
fertility rate – рівень смертності;
medical advances – успіхи медицини

Vocabulary exercises

I. Match these sentence halves:

1. A country's population is	a) a steady decline in this country.
2. Any change in the size of the population	b) the total number of people entering the country.
3. The fertility rate is	c) the total number of people leaving the country.
4. The death rate shows	d) one of its most important natural assets.
5. Immigration is	e) can have a major effect on the economy.
6. Emigration is	f) the rate at which children are born.

II. Match each term with its definition:

1. population	a) moving forward; progress;
2. disaster	b) the total number of people leaving the country
3. fertility rate	c) the total number of people entering the country;
4. death rate	d) the rate at which children are born;
5. advance	e) the total number of inhabitants of any town or country;
6. immigration	f) the number of deaths in a given period of time;
7. emigration	g) a terrible accident;

III. Put the words in the right order to form sentences:

1. The population / the supply / provides / with / the economy / of labour.

2. a number of / growth / factors / World / is influenced by / population growth.

3. population / The rate / children / is a major / are born / in / size / at which.

4. a history / The world / of both / emigration / and / net / immigration / has / net.

5. birth / Richer / tend / lower / rates / countries / to have.

6. steady / shows / a / decline / this country / rate / in / The death.

IV. Discuss these questions:

1. A country's population is one of its most important natural assets.
2. Discuss the factors that can influence the world population growth.
3. Give the examples of natural disasters that influenced the world population growth at recent time.
4. Discuss the level of fertility rate and death rate in our country.
5. Describe the main tendencies and reasons of immigration and emigration.

V. Read and dramatize the following dialogue:

A: Black & Co. Can I help you?

B: This is Peter Reynolds from Delta. Could I speak to Mrs. Foster?

A: Just a moment, Mr. Reynolds, I'm putting you through.

C: Dyane Foster speaking.

B: Hello Dyane. This is Peter Reynolds.

C: Oh hello, Peter. How are you?

B: Fine. As you may remember, we've got to discuss something. I'm just calling to see if we could fix a meeting for next week.

C: Yes, of course. Just a moment, I'll get my diary... . Could you manage Monday?

B: I'm sorry. I'm off all day on Monday. I'm available any day except Monday.

C: What about Tuesday then?

B: Yes, Tuesday in the afternoon would suit me fine.

C: That suits me too. Shall we say here at 3 p.m.?

B: Yes, that's probably easiest.

C: Good, I look forward to seeing you. Bye.

B: Bye.

Grammar revision

I. Read the following dialogue. Make any necessary changes to the verbs in brackets.

LAURA: I need to be in Birmingham for a meeting tomorrow by 3.15. Have you got a train timetable?

CLAIRE: Yes, here it is. Right, there (1) _____ (be) a train at 12.47, and that (2) _____ (arrive) at 2.50, but it (3) _____ (stop) at most of the main stations on the way.

LAURA: Is there another one that (4) _____ (get) there before 3.00?

CLAIRE: No, but there (5) _____ (be) an Intercity Express that (6) _____ (get) in at five past.

LAURA: And when (7) _____ (it/leave)?

CLAIRE: It (8) _____ (go) at 1.15.

LAURA: (9) _____ (be) there any buses to East Street?

CLAIRE: Oh, yes, there's a bus that (10) _____ (run) every ten minutes and it only (11) _____ (take) about five minutes to East Street.

II. Two friends meet in Paris. Read the dialogue and put the verbs into the present continuous.

PIERRE: Hello, Jason. What (1) _____ (you/do) over here?

JASON: Hello, Pierre, I'm just here for a few days, I (2) _____ (attend) the conference at the Pompidou Centre.

PIERRE: Where {3) _____ (you/stay)?

JASON: At the Charles V.

PIERRE: Very nice. And how's business?

JASON: Not that good. The recession (4) _____ (affect) us. People (5) _____ (not/spend) very much and we (6) _____ (not/get) many new orders, but it could be worse. How about you?

PIERRE: It's much the same over here. Interest rates are still very high, so everyone (7) _____ (try) to cut down on expenses. Not many companies (8) _____ (buy) new equipment, so it means that our Training Division (9) _____ (not/do) very well. Still, our Financial Services Division (10) _____ (manage) to get new customers, because in the current climate there are a lot of people who (11) _____ (look) for good financial advice.

Text B. Population Structure and Mobility of Labour

The overall size of a country's population, while important, is only part of the economic story. The structure of the population – in age, sex, occupation and geographical distribution – is just as important to the successful working of the economy.

Age structure

While each country has a reasonably fixed total population, the age structure within this total is changing quite noticeably. Both government and business can use this information to predict changes in the total demand for their products and services. For example, there is a predicted increase in the number of over 65s to 20 per cent of the UK population by the year 2025, compared with 16 per cent in 1991. The number of people aged 80 and over in the UK more than doubled between 1961 and 1994, to 2.3 million. This has led to an increased demand for health and related services for the elderly. The number of 15 to 19 year olds has also fallen by about a million in recent years. This will affect the number entering the labour market and therefore firms' recruitment policies.

The major economic effects of an ageing population are as follows:

1. There are increased demands for social services, such as health services.

2. There is increased dependence on those in work, to provide the tax and other contributions to pay for these various social services.

3. There will be changes in demand: for example, there will be an increased demand of warmer clothing, smaller houses and flats, and public transport.

Sex structure

There are nearly two million more women than men living in the world at present: although the number of male births exceeds female births, women live for longer on average and have a slightly lower death rate per thousand.

Geographical distribution

The population has tended to be concentrated in our major towns and cities, following the Industrial Revolution of the last century. In recent years, there has been some movement out of inner-city areas into either the suburbs or rural areas.

On a national basis, there has been a continual drift of labour to the South-East, encouraged by the opportunity of work but facing the problem of housing shortages and costs and a generally higher cost of living.

In trying to solve the problem of unemployment, one alternative is to move work to the workers, for example by the Government using policies to help regions facing special difficulties. The other alternative is to encourage the workers to move to the work, either by moving area or by changing occupation.

Geographical mobility of labour

Workers can move from area to area to get work but there are a number of factors which discourage people from moving:

1. Family ties, such as problems of children at school, or relatives in the area where the worker is currently living.

2. Costs. The high costs of housing in London, the South-East and East Anglia mean that many workers cannot move to those areas. Rented accommodation may not be available, or council house waiting lists may be too long. This brings difficulties to companies which need to recruit skilled labour and sometimes leads to firms offering house purchase schemes.

3. Prejudice. Workers may not be prepared to live in certain areas of the country.

Occupational mobility of labour

If a worker cannot or will not move areas to find work, it may be possible to change occupations. This can again prove difficult, for the following reasons:

1. Ability. An individual may not have the inborn ability or skill to do certain work.

2. Training and retraining. People may regard themselves as too old to be retrained; facilities for training or retraining may not be available and retraining may be regarded as too long or too expensive.

3. Pay levels. Training or starting pay may be too low to attract potential workers.

Vocabulary notes:

to predict – передбачати;

recruitment policies – кадрова політика;

inner-city areas – внутрішні райони великого міста;

suburb – передмістя;
rural areas – сільська місцевість;
continual drift of labour – тривалий потік роботи;
family ties – сімейні зв'язки;
prejudice – забобона;
inborn ability – вроджена можливість

Vocabulary exercises

I. Match these sentence halves:

1. The structure of the population is	a) out of inner-city areas into the suburbs.
2. There are increased demands for	b) discourage people from moving:
3. There are nearly two million more	c) important to the successful working of the economy.
4. There has been some movement	d) the inborn ability to do certain work.
5. There are a number of factors which	e) women than men living in the world at present.
6. An individual may not have	f) social services, such as health services.

II. Match each term with its definition:

1. occupation	a) the way in which thing is distributed;
2. distribution	b) a convenient or favourable time or occasion; a good chance;
3. labour	c)a public place where goods are bought and sold;
4. market	d) unreasonable like or dislike, formed without a knowledge of the facts;
5. recruitment	e) somebody who has recently joined the company and is not yet trained;
6. ability	f) a place to eat and sleep in while away from home;
7. training	g) power to do things; cleverness;
8. accommodation	h) bodily or mental work;
9. opportunity	i) the act of teaching, drilling, etc.;
10. prejudice	j) business, trade or profession, that which occupies one's time;

III. Put the words in the right order to form sentences:

1. has / country / a / reasonably / Each / fixed / population / total.
2. age / The / structure / noticeably / changing / is / quite.
3. and / business / can / Both / use / information / this / to / changes / government / predict.
4. The / has / tended / towns / population / to / major / concentrated / be / in / our / and / cities.
5. can / Workers / from / to / area / to / move / get / work / area.
6. are / a / of / people / factors / There / which / number / moving / discourage / from.

IV. Read and dramatize the following dialogue:

A: Alpha. Can I help you?

B: Yes. Could I speak to Ms Bird, please?

A: Bird speaking.

B: Good morning, Ms. Bird. My name is Anthony Jones from Pan Electronics. I am the Regional Manager.

A: Good morning, Mr. Jones.

B: As you probably know, we are one of your suppliers of customized software products.

A: Yes, I believe we handle some of your products.

B: Ms. Bird, I'm planning to be in London on 12th and 13th September and would like to meet you to discuss your needs in further detail.

A: I'm so sorry, Mr. Jones, but I won't be available at all that week. But if you have some new documentation about your products, I would like to see it.

B: All right, Ms. Bird. I'll put some information into the post for you. Well, perhaps we could meet when I'm in London again this year.

A: Yes, I hope so. Please contact me before your visit.

B: Certainly, I will.

A: Thanks for your call.

B: Not at all. Goodbye.

A: Goodbye.

Grammar revision

I. In the following passage, decide whether the verbs refer to general statements about change, or changes that are currently taking place. Put the verbs into the present simple or present continuous.

Political parties cannot last for ever. Normally they …….. (enjoy) a period of great popularity in their early years; then they …… (go) through a period of stability and …… (put) their ideas into practice. After that, they …… (run) out of ideas, and the opposition …….. (take) power. Now the present government …….. (become) old and tired. It …… (make) mistakes and it …….. (lose) popularity, and the opposition party ……. (start) to look like a possible alternative.

II. Fill in the blanks with the verbs in the line, using the present simple or present continuous.

fall / grow / begin / go / demand / make

In many ways, the economic outlook is good. Unemployment …….. and is now down to 8% from 14%. The economy ……. at a rate of 2.5%. However, the real danger is that inflation …….. to rise. This is dangerous because every time that inflation …… up, people always …… higher wages, and this in turn …….. the problem worse.

III. In each of the following sentences, put one of the verbs into the present simple and the other into the present continuous.

1. We …… (interview) people from outside the company for the new post in the export department, but I ……. (think) we ought to give the job to Mr Jackson.

2. At the moment we ……. (carry) out a survey to find out what sort of after-sales service our customers …… (want).

3. We've got a competition on at work to do with our new range of cosmetics. The marketing people ……. (try) to find a brand name that ……..… (sound) natural and sophisticated.

4. …… (you/know) what Mrs Ericson (do)? She's not in her office and nobody has seen her since lunch.

5. Could you help me? I …… (try) to translate this letter from a Spanish client and I don't know what this word …… (mean) .

6. I …… (apply) for a transfer to our London office, but I don't know if I'll be successful. It all …… (depend) on whether or not they have any vacancies.

7. Their new 'Own brand' instant coffee …… (taste) very good, so it's not surprising that it …… (become) more and more popular.

IV. Make questions to go with the answers. Use either the present simple or continuous.

1. Where do you come from? I come from a little town called Zug, near Zurich.

2. ……..? I'm writing to Markson's to ask for an up-to-date catalogue.

3. ……..? I think he's a consultant.

4. ……..? I usually cycle in, but sometimes I bring the car.

5. …….? Our Sales Director goes abroad about three or four times a year.

6. ……..? No, not at all well. In fact, the factory is doing a three-day week.

7. ……..? Yes, very well. We met in 1980.

8. ……..? No, not at the moment. But we'll start taking on new staff again in May.

Text C. Specialisation in Economy

In advanced economies of many European countries production tends to be indirect rather than direct. This means that people do not produce only for themselves but instead work with others in order to produce goods and services which are then sold to all. They specialise in what they do best, which leads to greater efficiency and higher economic output.

Firms take advantage of this specialisation. A division of labour takes place: employees gain management or clerical skills, they learn and become efficient at welding, driving, assembling,

operating machinery and so on. This allows the firm to use complicated production processes, and its work can be divided into different functions such as personnel, purchasing and sales, which can then be staffed by specialists.

Advantages of specialization

1. There are reduced unit costs, since manufacturing processes can take place more easily and quickly.

2. Specialist equipment can be used, leading to quicker and more efficient production.

3. Employees become specialised and therefore more efficient.

Disadvantages of specialization

1. The risk of boredom for employees, leading to lower job satisfaction and greater chance of labour disputes. The quality of the finished product may suffer.

2. A single group of workers taking industrial action can halt the whole production line.

3. Problems of unemployed workers, who possess specialist, narrow and out-of-date skills.

Interdependence through specialization. The various 'parts' that make up the economy, such as firms and workers, start to depend on each other as a result of specialisation.

Specialisation of firms and countries

By specialising, firms become dependent on other firms.

A farmer, specializing in growing vegetables, relies on others to distribute, pack and sell his vegetables to the public. A car manufacturer relies on the expertise of an advertising agency to promote the cars and on u chain of garages to sell them

Firms specialising in various products will compete with one another in the same market: they may also cooperate with each other. There is a great role of trade associations and similar bodies which exist to help individual businesses.

Countries will also specialise in a limited range of products or services. In many cases, this specialisation is based on the country's climate and natural resources: for example, Bolivia and

tin production, some Mediterranean countries and tourism, South Africa and gold mining. There may be historical influences, such as the development of banking and financial services in Great Britain helping to establish a strong service sector in our economy.

A country is therefore not self-sufficient and has to depend on other countries to supply those goods and services it cannot provide itself. International trade takes place, which increases the interdependence that exists between countries.

Specialisation of people

People are trained for particular occupations, such as teachers, nurses, welders and insurance clerks. Regardless of the type of job they do, these people will have similar demands: for televisions, cars, washing machines and other 'consumer durables' as well as for various specialist services such as TV repair, car servicing, and plumbing services for installing a washing machine.

This leads to people becoming dependent on others to provide them with these goods and services. A teacher may use the specialist skills of the garage mechanic and the plumber: at the same time, this teacher may be contributing to the education of their children. This interdependence relies on the use of money to purchase the various goods and services, rather than the use of the old, inefficient barter system.

Vocabulary notes:

advanced economy – розвинена, успішна економіка;

output – продуктивність; випуск продукції, виробництво;

complicated production process – завершений виробничий процес;

reduced unit cost – знижена вартість одиниці товару;

employee – службовець, робітник;

to halt – зупиняти;

out-of-date skills – застарілі уміння;

advertising agency – рекламне агентство;

to promote – сприяти; підвищувати; просувати;

to compete – конкурувати;

to cooperate – співпрацювати

Vocabulary exercises

I. Match these sentence halves:

1. Production tends	a) firms become dependent on other firms.
2. People specialise	b) specialised and therefore more efficient.
3. Specialisation leads to	c) to be indirect rather than direct.
4. Employees become	d) in what they do best.
5. By specialising,	e) and has to depend on other countries.
6. A country is not self-sufficient	f) greater efficiency and higher economic output.

II. Match each term with its definition:

efficiency	a) a special branch of work, study, or other activity;
2. output	b) a person who works for another;
3. advantage	c) a degree of excellence or worth; a kind or sort;
4. specialization	d) the state of quality of being efficient;
5. division	e) anything useful or helpful; the profit a person may get from something;
6. service	f) that which is put out or produced; the product or yield;
7. employee	g) debate; argument; difference of opinion; quarrelling;
8. satisfaction	h) the state of being pleased or contented; something which makes one feel pleased or contented;
9. dispute	i) dividing one thing by another; separation for the purpose;
10. quality	j) a department or division of government or public employment or work;

III. Put the words in the right order to form sentences:

1. take / Firms / of / the / specialisation / advantage.

2. specialisation A of labour division place takes due to.

3. allows / Specialisation / production / the / to / use / firm / complicated / processes.

4. work / The / can / be / functions / into / divided / different.

5. boredom / The / risk / of / for / leads / lower / employees / to / satisfaction / job.

6. suffer / The / of / the / product / may / finished / quality.

7. not / A / is / country / has / and / to / depend / self-sufficient / on / countries / other.

8. is / on / based / country's / Specialisation / the / climate / resources / and / natural

IV. Discuss these questions:

1. Discuss the advantages and disadvantages of specialization
2. Explain why firms become dependent on other firms.
3. Discuss the bases of countries' interdependence through specialization.
4. Explain the demands of people and reasons for interdependence through specialization.

V. Read and dramatize the following dialogue:

A: I'm phoning about the group of visitors from Germany.

B: Yes, have you got any details?

A: Well, a few – they are arriving on August 1 on Flight Number BA 435 ... that's due in at 11.40 a.m.

B: Good. Do you want me to pick them up?

A: That would be fine.

B: Let me check: August 1, Flight No. 435, 11.40 a.m.

A: Everything is correct. I'll confirm the details by telex.

B: Right, see you soon.

Grammar revision

I. Use the verbs in the line to complete the sentences. Some of the sentences are positive statements, some are negative, and some are questions.

a) accept	d) place	g) visit
b) complain	e) realize	
c) hire	f) study	

1. Oh, I'm sorry to disturb you. I _____ you had a visitor.
2. _____ you _____ economics when you were at university?
3. She _____ the job because the salary was too low.
4. Last week a number of customers _____ about slow service.
5. _____ you _____ the Acropolis when you were in Greece?
6. I am writing with reference to the order I with you last week.
7. At last year's launch party, who you _____ to do the catering?

II. Complete the following passage by putting the verb into the past tense.

After the Second World War, Akio Morita, the co-founder of Sony (1) _____ (join) forces with a friend, Masaru Ibuka. Both men (2) _____ (know) a great deal about telecommunications, so (3) _____ (use) all their money, about £100, and (4) _____ (set) up a small engineering company, Tokyo Tsushin Kogyo. They (5) _____ (find) a small broken down building to use as a laboratory in Tokyo. There (6) _____ (be) so many holes in the roof that when it(7) _____ (rain), they (8) _____ (have) to continue working under umbrellas.

Their first task (9) _____ (be) to decide what to make. They(10) _____ (not want) to make radios because of the competition from much larger companies. Instead, they(ll) _____ (decide) to create an entirely new product, a tape recorder. They (12) _____ (succeed) in making a machine, but unfortunately they(I3) _____ (not have) any tape, and they(I4) _____ (not know) how to produce it.

So they (15) _____ (start) to experiment, and (16) _____ (try) using a number of different materials. Finally, they (17) _____ (make) a breakthrough. They (18) _____ (cut) up strips of paper to make a reel, and (19) _____ (paint) them with a magnetic material that they (20) _____ (heat) on a frying pan in their small room. It (21) _____ (work), and they gradually (22) _____ (improve) the process. In 1950, they (23) _____ (begin) trying to sell their revolutionary machine.

And the rest is history!

III. Complete the following sentences by putting the irregular verbs into the present perfect.

1. I’m going to send them a reminder. They _____ paid (not pay) us for their last order.

2. Their shares _____ (fall) by over 23% and now look like a good buy.

3. _____ (you/write) to them about that shipment, or do you want me to phone them?

4. We _____ (spend) a lot on modernizing the factory, and it is now very well equipped.

5. Unemployment is very high here because a lot of factories _____ (shut) down.

6. The lawyers _____ (draw) up the contracts, so we are now ready to go ahead with the deal.

7. I _____ (not speak) to the MD about your proposal, but I will soon.

8. _____ (you/find) a suitable replacement for Mr Chambers, or is the post still vacant?

9. Anne _____ (just/get) back from lunch. Why don’t you call her now?

10. Peter, _____ (you/meet) David Long? He’s our new Finance Director

Unit 2
INTERNATIONAL TRADE

Text A. Benefits from International Trade

Although some countries may be capable of producing all the food, manufacturing products or services needed by their population, they will normally specialize on production of only some of these goods or services. By specialising, surpluses are fixed which can be traded with other countries.

A country may lack natural resources: although the UK has discovered and used North Sea oil, it lacks reserves of many minerals such as iron ore. The country will therefore have to obtain what it lacks naturally from other countries, again by trading its own surplus products.

Almost each country depends on foreign trade. Imports are received from other countries and paid for by the country. Exports are sent overseas, for which the country receives payment. Our trade consists of both ‘visibles’ and ‘invisibles’. Visible trade consists of goods which are imported or exported. Invisible trade is made up of services such as banking, insurance and tourism, which are also imported and exported.

A country benefits from trading with other countries. These benefits come from greater competition, greater specialisation and greater choice.

Greater competition

Importing goods and services from abroad provides home-based producers with competition they would not otherwise have to face. This competition should lead to lower prices for consumers and help to guard against monopolies being created in the home country.

Firms will have larger markets available through exporting their goods or services to other countries. This can result in higher production levels: through being able to bulk-buy raw materials and make other savings, lower unit costs (i.e. although total costs increase, each batch of products made are now cheaper to make than the previous batches) can be passed on to the consumer.

Greater specialisation

Modern-day mixed economies are based on specialisation. Specialisation within an advanced economy has led to the need for an accepted medium of exchange (money). The old system of exchange using barter presented certain problems:

1. Lack of coincidence of wants. A carpenter having a table to barter and who needs food must find a farmer with surplus food who also needs a new table.

2. Indivisibility. The carpenter may want only a small amount of food, but because of the relative value of his table the farmer might be asked to part with far more than he would wish to.

3. Valuation. The value of tables in chickens or beans must be agreed by both parties.

Money as a universally recognised medium of exchange does not solve all these problems, especially when trade between nations takes place (each nation must establish the value of its own currency against that of other nations, for example). It does, however, perform several valuable functions. It is a:

1. medium of exchange
2. measure of value
3. store of value

Countries specialise as a result of factors such as the nature of the land and its climate, the availability of raw materials, and the level of training and expertise of the labour force. Specialisation leads to mass production, the purpose being to produce a substantial amount which is surplus to the producer economy's needs. This surplus is produced at a competitive cost through the existence of economies of scale.

The problem for an economy of using scarce resources to produce a surplus it does not need is that it no longer has the resources to make the other items needed. Exchange of surpluses therefore takes place between countries. Interdependence between countries exists through trade in the same way that individuals within a country become interdependent.

Just as individuals build up expertise by specialising in careers, so countries can also develop specialist expertise in providing particular goods or services. The United Kingdom has a high reputa-

tion for its financial services; Japan produces quality electrical and electronic goods; Denmark is noted for its foodstuffs. Specialisation should lead to higher output (and therefore surpluses, which will be traded) and greater efficiency.

Greater choice

Differences in climate and natural resources mean that, if international trade did not take place, some goods would never be available in certain countries: e.g. tropical fruit in northern Europe, oil in Japan.

Consumers benefit from greater choice when international trade takes place. Goods are available that would otherwise not be and there is often a wider choice of the same type of product: for example Japanese, Swedish, French, Italian and other overseas manufacturers provide UK consumers with alternatives to cars made by British companies.

Vocabulary notes:

capable	здатний, можливий;
lack	відсутність, брак;
surplus production	надлишкове виробництво;
visibles	видимий, наявний;
invisibles	невидимий,
benefit	вигода, користь; отримувати користь;
otherwise	інакше; в іншому випадку;
to guard	охороняти; захищати;
bulk-buy	купувати оптом;
batch production	серійне виробництво;
medium of exchange	міра, засіб обміну;
coincidence	випадковість, збіг;
indivisibility	неподільність;
valuation	оцінка;
economy of scale	масштабне виробництво

Vocabulary exercises

I. Complete the following sentences:

1. Almost each country depends on ……. .
2. Imports are received from ……. .
3. Exports are sent …….. .

4. Visible trade consists of …… .
5. Invisible trade is made up of …… .
6. Modern-day mixed economies are based on …… .
7. Money as a universally recognised …… .
8. Countries specialise as a result of factors such as …….. .
9. Competition should lead to …… .
10. Consumers benefit from ……. .

II. Translate into English:

1. Завдяки спеціалізації виникає надлишок товарів та послуг, які є основою імпорту.

2. Якщо країна має недостатньо природних запасів, вона може їх імпортувати.

3. Практично кожна країна залежить від міжнародної торгівлі.

4. "Видима" торгівля включає ті товари, які імпортуються та експортуються.

5. "Невидима" торгівля включає такі послуги як банківські, страхування, туризм, які також імпортуються та експортуються.

6. Споживачі отримують користь від більшого вибору товарів завдяки міжнародній торгівлі.

7. Обмін надлишковими товарами створює взаємозалежність між країнами.

8. Великобританія має високу репутацію завдяки фінансовим послугам, Японія виробляє високоякісні електроприлади, Данія відома своїми продуктами харчування.

III. Match each term with its definition:

1. import	a) the act of choosing; picking out from a number;
2. export	b) commerce; buying and selling;
3. lack	c) exceeding what is used or what is wanted;
4. trade	d) goods sent to another country;
5. competition	e) that which is produced; the product or yield;
6. choice	f) goods brought in from a foreign country;
7. output	g) trying to get something which others also want; trying to win;
8. surplus	h) be without; be wanted; want, shortage or need;

IV. Complete these four dialogues with the responses below:

A Could I speak to Mrs Angloma, please?

B …….. Hello, I'm afraid she's in a meeting. Would you like to leave a message?

A …….. .

C He says he can't come on the 23rd.

D ..... .

C No, he's not free on the 24th either.

D ..... .

E Did Mr Jouret check in this afternoon?

F ……. Yes, he did. Shall I call him for you?

E ……. .

G I can't find his number anywhere.

H ..... .

G No, that's no good. He's not in there – he's ex-directory.

H ..... .

a I'll call him and see if he's free the next day.

b One moment, please. I'll see if she's there.

c In that case we'll have the meeting without him.

d Then I'll ask in reception. They must have his number.

e I'll look in the phone book.

f I think so, yes. I'll just check the register.

g No, I'll call back later.

h No, that's OK. I'll wait for him to come down.

Grammar revision

I. Complete the dialogue by putting the verbs into the present perfect.

A: Good afternoon, Mr Jackson here. How you are getting on with the car I brought in this morning? _____ (you/finish it/yet)?

B: Nearly. We _____ (already/do) most of the work on it. We _____ (not/find any major problems), but we _____ (already) fixed the things you mentioned.

A: _____ (you/check) the headlights? I think they need adjusting.

B: Yes, we _____ (already/fix) them. The only other thing is that you need two new tyres, but I _____ (not/order them/yet), because they're £50 each.

A: That's fine, go ahead with that. Do you know what the bill will be?

B: No, I _____ (not/work it out/yet), but it'll be about £180. Are you coming to get the car now?

A: No, I _____ (not /finish work/yet). I'll be there in about an hour.

II. Read this passage about the performance of the computer manufacturer, Compaq. Fill in the blanks with the verbs in the box, using the present perfect.

be go grow have manage already/reach open

This _____ an excellent year so far, and we _____ most of our sales targets. Worldwide unit shipments _____ up to 2.5m over the last eight months, and every region _____ to set new records. In North America, we _____ sales of $3.1 billion, and sales in Europe and the Pacific Rim _____ by 38% and 94%. Our international expansion plans are going well. We _____ a new office in Beijing and are planning to open five more next year.

III. Read the following dialogues. Put the verbs into the present perfect or the simple past.

1. A: _____ (you/ever/be) to South Africa?
   B: Yes, I have. I _____ (go) there last year.
   A: How long did _____ (you/stay)?
   B: I _____ (be) only there for a couple of days for a meeting.
2. A: _____ (you/ever/be) on a skiing holiday?
   B: Yes, I have. We _____ (have) a family holiday in the Alps last year.
   A: Which resort _____ (you/go) to?
   B: We _____ (stay) in Wengen.
3. A: _____ (you/ever/be) to one of Karl Mason's seminars?
   B: Yes, I have. I _____ (go) to one a couple of months ago.
   A: What _____ (it/be) like.
   B: I _____ (think) it _____ (be) very interesting.
4. A: _____ (you/ever/hear) of a place called Hindhead?

B: Yes, it's in Surrey. I _____ (do) a training course there when I _____ (be) with the bank.

A: Which bank _____ (you/work) for?

B: Lloyds, but I _____ (not/stay) with them very long.

Text B. Restrictions on International Trade

Governments in all countries tend to take action to restrict international trade. Restrictions occur when a country places restrictions on free trade. A government may decide to restrict imports into a country for a number of reasons:

- to improve the country's balance of payments, by increasing exports and/or reducing imports;
- to protect the country's exchange rate;
- to raise revenue (from tariff);
- to restrict the 'dumping' of goods from overseas competitors who export at low prices to establish a position in the market;
- to safeguard domestic employment and industries, such as those 'infant' industries not yet strong enough to compete with established overseas firms.

The following are the main types of restrictions normally taken:

Tariffs are taxes imposed on the import of any particular type of commodity; import duties, such as the customs and excise duties. These have the effect of raising the price of the importers. But therefore making them less competitive when compared to home-produced. Import duties can be an important source of government income.

- **Quotas** are physical restrictions on the amount of goods that can come into a country over a period of time. A quota might be agreed between two countries: for example the VERA (Voluntary Export Restriction Agreement) between European countries limits the import of different goods. For example, the UK Government limits the number of Japanese cars that can be imported into the United Kingdom.
- **Subsidies** are given to home producers, which make their goods and become therefore more competitive when compared with the prices of imported goods from overseas competitors.

- **Embargoes** are bans on importing certain items from overseas. These occur where a country refuses to trade in certain items with another country, often for political or military reasons. Recent examples include the trade embargoes against Iraq (military items) and Libya.
- **Government procurement policies.** A government could have a policy of 'buying from within', using domestic firms to supply its goods or services, wherever possible.
- **Exchange controls.** A government might limit the amount of foreign currency that can be bought by firms or individuals, to prevent the exchange rate of its currency being put under pressure through the purchase of imports. The UK government abolished exchange controls in 1980, but they exist in many developing countries.

There are disadvantages that arise when a government carries out free trade with other countries. The main one is that when one country increases restriction on trade, other countries could then follow this example.

Both countries and individual firms benefit from exporting. An exporting firm gains from the wider markets and therefore stands a better chance of surviving in the competitive world of business as well as receiving larger profits. Firms that do export however, face many difficulties.

Problems of exporting:

1. Differences in measurements, such as different weights, sizes and voltages.

2. Language difficulties. There will be problems of communicating by telephone, by letter, designing sales brochures and product labels, etc.

3. Trading risks. There is, for example, the risk of granting credit to new clients.

4. Payment. The overseas clients will pay their debts using foreign currency needs converting to sterling.

5. Costs. As well as typically higher delivery and insurance costs highly on the home market, there may be a fluctuation in value of the overseas clients during the time it takes to sell the goods abroad.

6. Import restrictions. A country may set up limits on the numbers of certain goods that can be imported into that country.

7. Documentation. There are many complicated procedures that firm must comply with.

Governments, because they realise the advantages gained from international trade encourage and support their exporters. Other assistance will be made by trade associations and local Chambers of Commerce and by international banks.

Where there are restrictions, the benefits of free trade will be negated: there is less choice, consumers face higher prices, and inefficiency increases due to reduced competition. There is also a danger that when one country adopts measures for restrictions, other countries will follow suit, resulting in the reduction of world trade to the detriment of all. On average, trade accounts for about a quarter of economic output: expansion in world trade is an important source of growth.

Vocabulary notes:

restrictions – обмеження;
balance of payments – платіжний баланс;
revenue – прибуток;
'dumping' – демпінг, 'вивалювання';
to safeguard – гарантувати, охороняти;
'infant' – 'немовля';
tariff – тариф;
customs duty – митний збір;
excise duty – акцизний збір;
quota – квота;
ban – заборона;
subsidies – субсидії, пільги;
government procurement policies – політика державних закупівель;
exchange control – контроль обміну валюти;
delivery – доставка; поставка;
comply with – підпорядковуватися (правилам)

Vocabulary exercises

I. Complete the following sentences:

1. Governments in all countries tend to take action …….. international trade.

2. …….. are import duties, such as ……. .

3. ……. are physical restrictions on the amount of goods.

4. …… are bans on importing certain items from overseas.

5. A government might limit the amount of …….. that can be bought by firms or individuals.

6. A country may set up limits on the numbers of …… .

7. There are many complicated procedures …….. .

8. There is also a danger that when one country …… , other countries …… .

II. Match each term with its definition:

1. restriction	a) a tax imposed on the import of any particular type of commodity;
2. revenue	b) a grant made by a government to home producers;
3. tariff	c) limit; keeping within a certain size, rules, etc;
4. quota	d) taking and giving something to the owner
5. embargo	e) a payment of money to the government before goods may be sold;
6. subsidy	f) money which comes in from any source; income;
7. excise	g) ban on importing certain items from overseas;
8. delivery	h) physical restriction on the amount of imported goods;

III. Answer the questions:

1. What are the main types of restrictions on international trade?
2. What is a tariff?
3. What is a quota?
4. What is an embargo?
5. What are the main types of tariffs?
6. What are the reasons for restricting the international trade?
7. What are the main problems of exporting?
8. What are the gains from the international trade?

IV. Read and dramatize the following dialogue:

Handling complaints

N: Good evening Mr Dillon....How do you do?

D: Good evening.

N: Please have a seat....Now, what can I do for you?

D: I'm here to demand compensation. I've just missed an important business meeting. It was Rath-Air's fault.

N: Ohh! I'm sorry to hear that. What happened?

D: My baggage didn't arrive. I've just come from Rome.

N: Ahh! And you couldn't attend the meeting without it?

D: Of course I could! I always carry important documents in my briefcase.

N: But the flight arrived on time.

D: I know that.

N: I'm afraid I'm not quite with you, Mr Dillon. If the flight was on time, and you didn't need the baggage for the meeting – what was the problem?

D: It was that idiot of ,an agent of yours. He kept me standing for an hour filling in forms. And he insisted I tell him everything that was in my baggage.

N: Oh! That's terrible. If you'd just give me the details I'll investigate the matter right away. D: Details? I've told you what happened. What more details do you need. I've already spent an hour giving details.

N: I understand how you feet Mr Dillon. But if I can just quickly note down the main facts, then I'll be able to take whatever action is necessary. You are claiming compensation? So, you arrived on the Rome flight at 4.15, found your baggage hadn't arrived, and....

D: I went to one of your agents.

N: Yes I see, about 4.30 perhaps?

D: Yes, about that.

N: And you spoke to the agent?

D: Yes. He told me right away that the baggage would be on the next flight. They'd got a telex from Rome. But then he told me I had to fill in two forms. I told him I'd no time to fill in forms. He insisted. Then people started gathering around watching, as if it was some kind of circus act.

N: That must have been very embarrassing for you.

D: It was. It certainly was.

N: And how long did this last?

D: Ah ... almost an hour.

N: And your meeting was at...?

D: 5.30 and it's at least half an hour by taxi to get there… and this office closes at 6.00. Now I'll have to wait till tomorrow morning.

N: Fine, Mr Dillon. Now, if you have a little time to spare I'd be very pleased if you'd accept a meal in the airport restaurant, with the compliments of Rath-Air. My secretary will escort you there. In the meantime I'll go and have a word with the agent.

D: Oh! Thank you... But still insist on compensation.

N: Of course, Mr Dillon, I assure you, you'll be fully compensated for any loss you've suffered due to Rath-Air.

N: Ah, Mr Dillon....Did you have a good meal?

D: Not bad, not bad.

N: Well, here's your baggage-. It's come on the Italian; flight. It was the ground staff at Rome who misdirected it, but of course Rath-Air accepts full responsibility for this delay and I do apologise for the trouble this has caused you.

D: Mmm. Thank you.

N: Now, the delay after you arrived. I've talked to the agent. His main concern was the form for customs. The baggage still had to be cleared through customs when it arrived. The customs people insist that this form is completed and signed.

D: Well, he should have explained that at once.

N: I questioned him thoroughly about that. Perhaps there was a misunderstanding. Mr Dillon, I realise this has been a most unpleasant experience for you, and I fully sympathise with you, but I'm afraid we can't accept responsibility for the delay at that stage.

D: Well, I'll see how things go tomorrow morning. Maybe I'll be able to get my business done then.

N: I do hope so. I know how frustrating this must have been for you. Now, it can be difficult getting into London at this time of the evening so I'll get one of my staff to drive you in.

D: Oh. Thank you. That's kind of you.

Grammar revision

I. Some of the following sentences are right and some are wrong. Put a tick next to the ones that are right, and correct the ones that are wrong.

1. I am here since five weeks.
2. He has had a company car for two years.

3. I know Mr Smith since we did an MBA together.
4. How long are you with ICI?
5. We have had an office in Japan for several years.
6. She has an account with FN Bank since 1980.
7. CPT is in financial difficulties for several months.
8. How long has the office been vacant?

II. Fill in the blanks with for or since.

1. They have operated as joint directors ….. the company started.
2. Orders have increased …… the advertising campaign in June.
4. Our sales executives have used the same hotel …….. over 20 years.
4. Sorry, Mr Smith is not available. He has been in a meeting …….. 8.30.
5. …… I joined the company, I have been to over twenty countries.
6. Car sales have gone up by 10% ….. the tax cuts in December.
7. Portugal has been a member of the European Union ..… 1986.
8. It isn't a new Mercedes. He has had it …….. years.

III. Continue these sentences. Use a verb in the present perfect negative.

1. I'm not sure what my bank balance is.
2. I don't know how my investments are doing.
3. I am not sure how the negotiations are going.
4. They used to be one of our major clients, but …… .
5. I used to be quite good at Japanese, but …… .

Text C. Institutions in International Trade

The European Union (EU)

Established in 1957 by the Treaty of Rome, the EU now consists of 15 member nations. One of the reasons for its formation was to promote trade between its members; that of regulating and controlling business activity.

Its main effects on trade are given below.

Subsidies are provided, e.g. to those in agriculture through the 'Common Agricultural Policy' (CAP). This should result in EU farmers becoming more competitive with the rest of the world. The CAP, however, if often criticised for creating 'butter mountains', 'wine lakes' and other surpluses; and the high CAP budget means that less money is available for other EU projects and policies.

The free movement of labour and investment takes place between the Member States and helps lead to increased efficiency and trade.

Other Community policies provide further money and resources, e.g. for training, which helps in making EU firms more competitive in world markets.

For the purposes of trading with other countries, the Union has established the Common External Tariff (GET). There are no internal tariff barriers between member states, and the use of a common external tariff means that goods coming into the Union – wherever they enter – are subject to the same tariff.

The 'Common Market' is presently the largest single market in the western world, with population of about 370 million consumers. This 'single market' aspect was further strengthened in 1992.

The International Monetary Fund (IMF)

The IMF was established in 1947. Its aims include:

1. keeping the exchange rates of the world's different currencies stable.

2. helping nations which are experiencing balance of payments problems;

3. promoting world trade in general.

Most countries outside the former Communist Bloc are members of the IMF. They contribute to its fund and can receive financial assistance if they are expecting for temporary balance of payments problems.

The advantage of stable exchange rates for firms involved in foreign trade is that they calculate exactly how much they will earn from exporting to another countries.

For example, under a stable, or 'fixed' exchange rate system, a UK manufacturer exporting to the USA knows that if the current exchange rate is two dollars, this will still be the rate at which he

converts the US dollars he earns to UK pounds payment is made for his goods. This fixed rate also helps him price his goods to the overseas market. Under a system of 'floating' exchange rates, there is such gamble: by the time payment is made, the exchange rate between dollars and pounds must be altered, costing the exporter money.

The EU is trying to establish monetary union in order to stabilise the values of the EU member countries' currencies.

The World Trade Organisation (WTO)

The WTO was established in 1994. It oversees the General Agreement on Tariffs and Trade (GATT), which attempts to reduce trade barriers and to promote free trade. There are some 80 member countries, which meet in Geneva to try to achieve the specific aims of:

1. reducing tariffs, by cutting them in 'tariff rounds';
2. reducing quotas.

GATT's importance has declined as a result of the growth of the EU and other trade groupings. These will have their own rules on free trade, such as the European Union's GET.

UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) was first held in 1964 and now takes place every four years. Its aim is to encourage the wealthy, developed countries to assist the economically poorer countries. It sets out to achieve this aim by a number of measures:

1. trying to stabilise the prices of certain commodities, so that countries which depend on the export of these commodities (e.g. Zambia and copper, Bolivia and tin) are not so badly hit should the price of the commodity fall drastically;
2. encouraging the better-off, developed countries to give a set percentage of their earnings as aid to underdeveloped countries;
3. reducing or eliminating export restrictions (tariffs and quotas) which are placed on exports from developing countries.

Vocabulary notes:

Treaty – договір, конвенція;
to promote – просувати, заохочувати;

Common Agricultural Policy – єдина сільськогосподарська політика;
competitive – конкуруючий, конкурентноспроможний;
Common External Tariff – загальний зовнішній тариф;
The International Monetary Fund – міжнародний валютний фонд;
The World Trade Organisation – Всесвітня організація торгівлі;
General Agreement on Tariffs and Trade – спільна угода про тарифи та торгівлю;
encourage – заохочувати;
'floating' exchange rates – 'плаваючий' курс обміну валюти

Vocabulary exercises

I. Complete the following sentences:

1. One of the reasons for EU formation was …….. .
2. The free movement of labour and investment takes place between …… .
3. For the purposes of trading with other countries, the EU has established …… .
4. …… is presently the largest single market in the western world.
5. Most countries outside the former Communist Bloc are …….. .
6. WTO oversees the General Agreement on Tariffs and Trade (GATT), which …….. .
7. UNCTAD has the aim to encourage ……. .
8. Under a system of 'floating' exchange rates, there is such gamble: …… .

II. Match each term with its definition:

1. Treaty	a) give hope, confidence, courage or help; support;
2. Fund	b) an effort to do something, to overcome a difficulty;
3. budget	c) giving and receiving money of one country for that of another country;
4. exchange	d) a statement or written account of money to be spent;
5. encourage	e) an agreement between nations;
6. attempt	f) resources in the form of money;

III. Mark these statements true or false according to the text:

1. The EU now consists of 25 member nations.

2. The free movement of labour and investment takes place between the Member States and helps lead to increased efficiency and trade.

3. For the purposes of trading with other countries, the EU has established the Common External Tariff.

4. The 'Common Market' is presently the largest single market in the western world, with population of about 370 million consumers.

5. Most countries outside the former Communist Bloc are members of the IMF.

6. The disadvantage of stable exchange rates for firms involved in foreign trade is that they calculate exactly how much they will earn from exporting to another countries.

7. WTO oversees the General Agreement on Tariffs and Trade, which attempts to increase trade barriers and to promote free trade.

8. There are some 80 member countries in WTO, which meet in Paris to try to achieve the specific aims.

IV. Read and dramatize the following dialogue:

Negotiating a Price

A: Brown speaking.

B: Hello, this is Steve Roberts.

A: Hello, Steve, how are you doing?

B: Fine, thanks. The reason I'm phoning is we need to sort out a final price on the coffee-machines.

A: Sure, what did we quote you?

B: You gave us a unit price of $20.

A: That's right.

B: We intend to purchase about 150-200 units a month. So we were wondering what sort of discount you can offer us.

A: Let me see... . Well, at an order quantity of 200, we would be willing to offer you a 10 per cent discount.

B: So that'll bring down the unit price to $18.

A: That's right... . a very favorable price.

B: Uhum ... it doesn't sound very generous.

A: Well, there's another point to mention which is payment terms. Would you be interested in a discount for early payment?

B: What sort of figure do you have in mind?

A: We're prepared to offer 2 per cent for payment within fifteen days. Our normal terms are thirty days.

B: Interesting, I'll have to get back to you on that. Perhaps you could let me have all the prices in writing.

B: I'll certainly do that and get a letter in the post this afternoon.

A: Thanks in advance.

Grammar revision

I. Complete the sentences by putting the verbs into the present perfect continuous.

1. I didn't realize you had moved to Ciba Geigy. How long _____ (you/work) for them?

2. We _____ (export) a lot of high technology equipment to Russia since the government relaxed export regulations.

3. The price of cigarettes fell sharply when Philip Morris started a price war, and it _____ (fall) ever since.

4. Because of the recession, many businesses _____ (not/invest) in capital equipment over the last couple of years.

5. We _____ (not/use) DFT's Express delivery service very much recently because we are trying to keep our costs down.

6. They _____ (try) to sell their food distribution division, but so far there has been very little interest in it.

7. I _____ (make) contributions to my pension for the last five years.

8. How long _____ (you/send) your trainees on management courses?

II. Put the verbs in brackets into the present perfect simple or the present perfect continuous.

1. We are thinking about opening an office in Tokyo, so I _____ (learn) Japanese at evening classes for the last two months.

2. By the way, I _____ (work) out those figures. They are on desk now.

3. Do you know where that order form is? Peter _____ (look) for it.

4. I'm sorry, I didn't know that you were here. _____ (you/wait) long?

5. Since January, our turnover _____ (increase) by 18%.

6. The film company is a reasonable investment. They _____ four very successful films.

7. The lawyers _____ (look) through the contract, but they: need another day to read it all.

8. We _____ (visit) potential sites for the new workshops, but haven't found anything suitable yet.

III. Re-write these sentences, using the present perfect simple or the present perfect continuous.

1. I didn't feel well on Monday, Wednesday, Thursday, and Saturday, (not feel/recently) *I haven't been feeling well recently.*

2. The last time I had a meeting with them was two weeks ago. (not have/two weeks) _____

3. My fax machine didn't work properly on three different days this week (not work/properly/recently) _____

4. The last time they gave their workers a pay rise was three years ago. (not give/three years) _____

Text D. Multinationals

A multinational company is one which produces in more than one country. The ownership of a multinational is based in only one country: for example, it may operate as a holding company (a company set up to hold overall control over other companies, which then do business under their own name) which has subsidiaries in other countries. In some cases, the multinational will be organised so that the various stages of production take place in different countries.

Multinationals are responsible for approximately one third of total world production. In the UK, especially since joining the European Union in 1970, multinational companies have gained an increasing share of total production.

Effects on the UK economy

There are many benefits to an economy such as the United Kingdom through allowing overseas multinationals to set up in business. These include the following:

1. Reduced unemployment, e.g. Nissan starting car production in the North-East, Epson producing printers in the West Midlands, both regions having been badly affected by high unemployment levels.

2. The introduction of new technology. Honda's presence in the UK, for example, has helped Rover to design and produce cars.

3. Training in up-to-date skills. Multinationals often provide efficient training schemes, or link up with other providers, such as local colleges, to improve the skills of the local workforce.

4. Other benefits, such as providing other work for the local economy, e.g. work for local catering firms supplying meals to the company or for local suppliers of components which are required by the multinational.

There are also disadvantages to countries through the multinationals being allowed to operate. The following are typical problems that can arise:

1. The multinational may import expertise of its own managers and workers, rather than recruit locally.

2. The multinational may introduce different countries' working practice. This may lead to industrial relations problems: 'single-union' and agreements have not always been introduced easily or successfully.

3. It can send the profits out of the country, to its 'home' country.

4. There may be difficulties of control: because of their size, companies can exert great influence over a government's economic government finding it difficult to control the operations of the company.

Problems of multinationals

The policies of a multinational may not always benefit the country in which it is based, causing a series of tensions as a result of the economic power it wields.

• The multinational concentrates on its own interests rather than those of the host country:

~ it may decide at short notice to move production out of the country, causing unemployment and other economic problems

to the areas affected, and hitting the host country's balance of payments and level of economic growth;

~ it can adjust its costs between its various subsidiaries to gain maximum benefits from one country's lower taxation requirements;

~ it has the power to move its reserves between different countries, gaining financial advantage but causing currency fluctuations.

• The multinational can also use its economic power in ways which are socially undesirable. Accusations of bribery, corruption and financial irregularity have been levelled against some multinationals, and exploitation of cheap labour and raw materials can take place with only limited concern for the environment or the long-term stability and growth of the countries affected.

Business and Corporate is a global group, it's an example of multinationals. It operates in some 70 countries and in six continents and employs about 100,000 people. BC aims to achive a strategic balance between regions, and between growing and mature economies.

Although the group's assets are predominantly in Western Europe and the USA, its investment in the Asia-Pacific region is increasing – a reflection of the maturity and upstream assets in Alaska and the North Sea, and Asia-Pacific's growth prospects.

In Europe, the EC single market has stimulated to develop operational structures that span the non-EC countries. The growth assets and infrastructure there have been rationalised and this is yielding greater coherence in the approach to customers.

BC's international group headquarters is in London. The corporate and downstream oil activities are all coordinated from Brussels. The regional in Cleveland, Ohio, provides the focus for BP's Western Hemisphere activities and the Singapore regional headquarters for all developments are in Western Hemisphere, Europe, Africa and the former of Soviet Union.

BC Exploration is the group's upstream oil and gas business. Its activities extend from exploration, through field development and production, to pipeline transportation and gas marketing. Most of its production comes from Alaska and the North Sea but it is now focusing its exploration more and more on the world's less explored regions.

BC Chemicals is a major international manufacturer of a range of petrochemicals, intermediate products, plastics and special products. It has large-scale manufacturing and research facilities in Europe and the USA and is expanding its presence in Asia.

BC Nutrition consists of a number of international businesses in the fish and animal feed and related sectors. All of them are among the leaders in their field. In keeping with BC's aim of concentrating on its hydrocarbonat-based business, the group is seeking a managed exit from its nutrition activities.

Other businesses comprise the activities of BC Finance, BC Solar, the group's remaining minerals and the costs relating to corporate activities worldwide.

Vocabulary notes:

multinational company	мультинаціональна компанія;
ownership	власність;
subsidiaries	представництво;
up-to-date skills	сучасні вміння;
link up	з'єднуватися;
supplier	постачальник;
maturity	досвідченість;
upstream assets	активи, які зростають;
yield	виробляти, приносити;
coherence	зв'язок, узгодженість;
the approach to customers	підхід до споживачів;
headquarter	штаб-квартира, головний офіс;
exploration	дослідження, розробка;

Vocabulary exercises

I. Complete the following sentences:

1. A multinational company is …….. .
2. The ownership of a multinational is based …….. .
3. The multinational will be organised so that …….. take place in different countries.
4. Multinationals are responsible for …… of total world production.

5. The multinational may import ……, rather than recruit locally.

6. The multinational may introduce …….. .

7. The multinational can send …….., to its ‘home’ country.

8. BC Exploration is the group’s upstream ……. .

II. Mark these statements true or false according to the text:

1. The ownership of a multinational is based in only one country.

2. The multinational will be organised so that the various stages of production take place in one country.

3. Multinationals are responsible for approximately one third of total world production.

4. Multinationals do not provide efficient training schemes, or link up with other providers.

5. The multinational may import expertise of its own managers and workers.

6. The multinational never introduce different countries’ working practice.

7. There are no difficulties of control: because of their size, companies can exert great influence over a government’s economic government.

8. BC’s international group headquarters is in London.

III. Answer the questions:

1. What is a multinational company?

2. What are the main principles of a multinational company organization?

3. What are the main effects of multinational on the UK economy?

4. What are the disadvantages to countries through the multinationals?

5. What are the difficulties with control of the multinationals?

6. Where are the Business and Corporate group’s assets situated?

IV. Read and dramatize the following dialogue:

Order Processing

A: Could I speak to someone in the sales department?

B: Mary Jones speaking. Can I help you?

A: This is George Watson from TS Electronics. I'm phoning about the order for the parts XR500.

B: Right, Mr. Watson. Could you give me the order number?

A: Yes, it's MK/40XR500/187.

B: Right, I've got it. So what's the problem?

A: The problem is they haven't arrived.

B: Oh, no.

A: They were due on April 1st. We called last week, must have been the 10th, and were promised them the next day – the 11th. Well, it's now the 16th and there's still no sign.

B: I see. That's very strange. Can I call you back?

A: Please do. My number is 810437.

B: Thank you. I'll phone you back in the next fifteen minutes.

(some time later)

B: Mr. Watson, this is Mary Jones from Sigma.

A: Ah right. I hope you've got some good news for me.

B: First of all, I must apologize. Your order had got mixed with another customer's. Your truck should be with you this afternoon.

A: Well, I hope it won't happen again. Bye.

B: Good bye, Mr. Watson. Sorry for our oversight.

Grammar revision

I. In the dialogue, put the verbs into the simple past or the present perfect.

A: Can I have a word about your trip to Athens?

B: Yes, of course. Is everything OK?

A: Yes. Your tickets (1) _____ (arrive) and they're in my office now.

And I(2) _____ (just/had) a fax from the hotel confirming your reservation.

B: Thank you. What about money?

A: I(3) _____ (already/order) some Drachmas for you. I(4) _____ (ring) the bank yesterday, and they'll have them tomorrow. But there's a problem with your Eurocheque book. I(5) _____ (ask) them to send one a week ago, but it(6) _____ (not/arrive) yet.

B: That's all right. I(7) _____ (never/need) a Eurocheque before. I normally use a credit card.

A: Really? Are you sure you can do that?

B: Yes, I think so. Certainly.

II. Underline the correct form of the verb.

1. I've stayed/been staying in a hotel for the last ten days, but I hope to find an apartment of my own soon.

2. I wonder how Jim is getting on. I haven't heard/been hearing from him for nearly a week.

3. Graham is a natural salesman. He has sold/been selling eight cars since the beginning of the week.

4. I didn't realize that you and David were friends. How long have you known/been knowing him?

5. This report is a nightmare. I have written/been writing it for two weeks and it is still not finished.

III. Choose the correct tense, simple past or past continuous.

I(1) *met/was meeting* an old business colleague of mine while I 2) *travelled/was travelling* to New York for a conference. She (3) *noticed/was noticing me* while I(4) *stood/was standing* in the queue at the airport check-in desk. We decided to travel together, and while we (5) *waited/were waiting* for the flight to leave, we (6) *realized/were realizing that* we were going to the same conference and staying at the same hotel. We talked about old times, and while we (7) *had/were having* lunch on the plane, she (8) *said/was saying* that she was going to look for a new job. I didn't think of it at the time, but later on when the plane (9) *came/was coming* in to land, I suddenly (10) *remembered/was remembering* that we had a vacancy for a lawyer. I told her about the terms and conditions, and later that evening, when we (11) *had/were having dinner,* she (12) *accepted/was accepting* the position.

Unit 3
PUBLIC AND PRIVATE SECTORS OF ECONOMY

Text A. Unincorporated and Incorporated Businesses

Businesses which operate in the private sector have a series of objectives. Their owners will want them to survive in the very competitive world in which they operate. If losses are made in the short-term, these may be put up with in the hope that business will improve in the future. The businessman or woman may also set out to gain a large profit on the local, regional or national market.

Firms in the private sector are set up to make a profit. This profit motive encourages people either to invest in existing businesses – by buying their shares on the Stock Exchange for example – or to establish themselves in business, perhaps on their own partnership with a friend. Profit is the reward for the entrepreneur taking business risks. Some entrepreneurs fail: there has been a high rate of business failure in the last decade, especially during the recessionary periods. Most firms in the private sector are either sole traders (person owning the firm), partnerships or limited companies.

A typical example of a sole trader is the traditional corner shop selling newspapers, sweets and tobacco, which may be open for long periods and which can be owned by the person serving in the shop. Partnerships are often found in the streets of towns and villages; the 'professions', such as dentists and accountant operate as partnerships. Limited companies are also widely found; the large limited companies, such as Marks and Spencer, Boots and Sainsburys, are the names, but there are many more (typically smaller) private companies.

Sole traders and partnerships are unincorporated businesses. The effects of a sole trader being unincorporated are as follows:

1. There is no separate legal existence from its owner or owners. This means these firms cannot enter contracts in their own names and so the owner is fully responsible for the business debts.

2. Sole traders and partners have unlimited liability for these business debts.

3. Few formalities are necessary to set up in business, compared to those in setting up a limited company.

Limited companies are examples of incorporated businesses. Unlike sole trader and partnership firms, limited companies have many formalities to go through being established. Another important difference is that limited companies have separate legal existence from their owners (their shareholders). This means that limited company can sue and be sued in its own name, and that the owners are personally responsible for the business debts: they gain from the principle of limited liability.

Two people who both have £5000 to invest will have many options to choose. They may decide to set up in business as a sole proprietor in the hope of making profit for the firm; the other could buy £5 000 worth of shares in a limited company and receive a return on this investment through the company paying out dividends for shares.

If the sole trader's business fails, owner is liable to pay, from personal savings for those business debts that the firm cannot meet out of its own resources. If the company fails and is 'wound up', the shareholder who has invested the £5000 pay this money, but the owner will not have to use personal assets or savings to pay further debts that the limited company cannot meet from its own money.

The liability of the sole trader – like the partner – is unlimited. The liability of the shareholder is limited, to the value of the investment in the limited company. The limited companies are forced by law to use the terms 'ltd' (for 'limited') or 'PLC' (abbreviation for 'public limited company') acts as a warning to those who trade with company that its liability is limited, and so they will not be able to recover their funds owed if the company cannot itself meet these debts.

Limited liability has a great advantage to those who want to invest their money into companies. The benefit of limited liability to the economy is that it encourages people to take the risk of owning and/or investing in companies, in the knowledge that they can only lose a given amount of money. This leads to greater levels of investment than would otherwise take place and encourages the sale of stock and shares.

Potential investors realise that they can only lose so much money they invested and no more. This should encourage people to invest money in companies, which gain the chance of raising more capital than would otherwise be the case.

Vocabulary notes:

incorporated /	об'єднаний /
unincorporated business	необ'єднаний бізнес;
to survive	виживати;
losses	збитки;
to gain a profit	отримувати прибутки;
to be liable to pay	бути платоспроможним;
limited / unlimited liability	обмежена / необмежена відповідальність;
shareholder	акціонер;
recessionary period	період падіння виробництва;
to sue	переслідувати у судовому порядку;

Vocabulary exercises

I. Match these sentence halves:

1. Firms in the private sector are	a) who want to invest their money into companies.
2. Profit motive encourages	b) examples of incorporated businesses.
3. Profit is the reward for	c) the entrepreneur taking business risks.
4. Sole traders and partnerships are	d) unlimited liability for these business debts.
5. Sole traders and partners have	e) unincorporated businesses.
6. Limited companies are	f) people to invest in existing businesses.
7. If the sole trader's business fails	g) owner is liable to pay for those business debts.
8. Limited liability has a great advantage to those	h)set up to make a profit.

II. Put the words in the right order to form sentences:

1. operate / which / Businesses /in / the / private / have / a / series / sector / of / objectives.

2. want / them / survive / to / in / the / very / Owners / world / competitive.

3. in / the / private / Firms / are / sector / set / to / make / up / a / profit.

4. Profit / the / reward / is / for / the / taking / business / entrepreneur / risks.

5. the / liability / The / of / sole / unlimited / trader / is.

6. realise / that / can / much / only / they / lose / Investors / they / so / money / invested.

III. Match the words in *italics* with their opposites:

a) buy;
b) cancel;
c) close;
d) debtor;
e) fail;
f) fall;
g) fire;
h) lend;
i) liability;
j) loss;
k) receive;
l) shrink;

1. The opposite of *open* is …….. .
2. The opposite of *profit* is ……. .
3. The opposite of *rise* is …….. .
4. The opposite of *asset* is ……. .
5. The opposite of *creditor* is ……. .
6. The opposite of *succeed* is ……. .
7. The opposite of *send* is ……..… .
8. The opposite of *hire* is ……... .
9. The opposite of *sell* is …… . .
10. The opposite of *grow* is …… .
11. The opposite of *borrow* is …….. .
12. The opposite of *confirm* is ……. .

IV. Complete these sentences using the words from exercise III. Use one word from each pair of opposites.

1. I'm afraid I'll have to …….. our meeting: something unexpected has happened in the factory.
2. Could you ……. this fax to Brown Brothers, please?
3. The company's financial position is so bad that it may have to ……. .
4. A well-known name is an important …… for a company to have.
5. We will have to ……. money from the bank to continue in business.
6. His boss said she would …… him if he did not improve his performance.
7. There is now less demand for this product: the market has begun to ……. .
8. If you want to …… you must be ready to work hard.
9. He's the best: he could …… ice to Eskimos.
10. As a result of mistakes in strategy the company made a …….. of over $18m.
11. Things are going from bad to worse: the company cannot pay a single ……. at this moment.
12. We had a good year, and we expect sales to …… by 10% again next year.

V. Read and dramatize the following dialogue:

Price is all around us. You pay *rent* for your apartment, *tuition* for your education, and *fee* to your doctor. The price of an executive is *salary*, the price of a salesperson may be a *commission*, and the price of a worker is a *wage*. Sometimes you may negotiate the price for a good or service. Let us try to learn how to bargain in a correct and polite way.

A: We were wondering if you could offer us a discount?

B: Well, we could certainly discuss it.

A: What sort of discount were you thinking of?

B: We would be willing to offer you 2 per cent.

A: I'm afraid that's much lower that we're expecting.

B: Well, I'm sure you'll understand that's a reasonable offer.

A: Yes, but, considering our excellent relationships, I'm sure you could offer a bit more?

B: Perhaps we could consider 2,5 per cent?

A: We were thinking in terms of 5%.

B: I'm afraid that's far too high.

A: Well, perhaps we could say 3,5 per cent?

B: I'm sorry, that's still too high.

A: I'm sure I don't have to point out what a valuable customer we are?

B: Certainly, we're very aware of that. Maybe we could settle on 3 per cent?

A: That sounds fine.

B: Good. Let's leave it at that, shall we?

Grammar revision

I. In the following sentences, put one of the verbs in brackets into the past continuous, and the other verb into the simple past.

1. (walk, notice) The security guard ……. the broken window while he …… round the warehouse.

2. (go, meet) I first …… Mr Rodriguez when I …….. round Mexico on a marketing trip.

3. (interrupt, give) When she …… her presentation, someone at the back of the room …….. to ask a question.

4. (finalize, ring up) While my PA …… arrangements for my trip to Brazil, the clients ……. to cancel the visit.

5. (notice, look) The auditors ……. a large unauthorized withdrawal when they …… through the account.

6. (happen, clean) The worker who died …… the chemical tank when the accident …… .

7. (drop, take) One of the removal men ……. my computer when he …… it into my office.

8. (work, approach) A headhunter …… her when she …….. for ICL.

II. Complete the sentences by putting the verb into the past perfect.

1. Did you manage to see the Director, or ……. (he/go) by the time you got there?

2. I couldn't get into the office yesterday morning because I …… (leave) my keys at home.

3. We could not call our new low-fat spread Mono, because one of our competitors ……. (already/choose) the name .

4. I found out about the vacancy too late. When my application form arrived, they …… (appoint) someone.

5. By the time he sold off the shares, his original investment …….. (grow) by 83%.

6. He found his first few weeks at Ernst and Young very difficult because he …… (not/study) accountancy before.

7. When I got back to the office, I was surprised to hear that the manager ……. (put) someone else in charge of my main project.

8. The bank returned the cheque to me because I …….. (not/sign) it.

III. Complete each of the following sentences in two ways, using because + past perfect and so + simple past.

1. When I left the office, the building was empty ....

(everyone/go home) because everyone had gone home.

(I/lock the doors) so I locked the doors.

2. When I arrived at the office the next morning, the place was in a terrible mess ...

(I/phone the police) _____ . (someone/break in) _____ .

3. The chairman was in a very good mood ...

(we/win/a major contract) _____ .(we/open/a bottle of champagne) _____ .

4. The negotiators realized another meeting would be necessary ...

(they/not reach an agreement) _____ .(they/get out /their diaries) _____ .

5. I did not know their phone number ...

(I/call/Directory Enquiries) _____ . (they/move/to new premises) _____ .

6. The Marketing Manager's flight from Japan arrived late ...

(she/go/straight home from the airport) _____ . (there/be/a security alert in Tokyo) _____ .

Text B. Limited Companies

The 1980 Companies Act identified and distinguished two types of limited companies: public limited companies (PLC) and limited companies (ltd co), often called private limited companies. The most important differences between these two forms are that the shares of the PLC are 'quoted', i.e. sold on the Stock Exchange. These shares can therefore be sold to members of the public (which explains the word 'public' in the name), unlike the ordinary limited companies.

Limited liability is a feature of the private sector. Most large commercial trading companies are limited by share and must include the word 'limited' or 'LTD' in their name. This acts as a warning to those who deal with such companies that any trading debts may not be fully recoverable, due to this limitation of liability. Other companies, for example most examination bodies and professional associations, are limited by guarantee. Members of such a company guarantee its business debts (up to a given maximum) on its being wound up. Liability is limited to the amount guaranteed.

The owners of a limited company are therefore only liable to lose their agreed investment in the company. Where the company cannot meet its debts from its own financial resources, it is unable to call upon the owners to meet its debts from their personal finances. Sole traders and partnerships have unlimited liability**:** where business debts cannot be met from the firm's own resources, the owner(s) can be forced to sell personal assets to cover business debts.

The benefit of limited liability to the economy is that it encourages people to take the risk of owning and/or investing in companies, in the knowledge that they can only lose a given amount of money. This leads to greater levels of investment than would otherwise take place and encourages the sale of stock and shares.

Both types of limited company can be formed by a minimum of two shareholders (there is no maximum). The key features are as follows:

1. There is limited liability: the liability of shareholders is limited to the amount of their investment in the company.

2. There is a separate legal existence. A limited company is a 'separate legal entity' in the eyes of the law: this means that it can sue and take legal action in its own name, own property and other assets, and enter legal contracts in its own name.

3. The company gains from greater continuity: its separate legal existence is not affected by events such as the death of one of its shareholders.

4. There is a separation of ownership and control. Unlike partnerships and sole traders, where the owners usually run the business themselves, the owners – the shareholders – of limited companies have little say in the running of these companies. It is the directors, elected by the shareholders at the AGM (Annual General Meeting) of the company who will control the company, even through they may not hold any shares. Directors will also appoint managers to assist them. Policies are decided by the Board of Directors and are carried out with some delegation – by the Managing Director.

Compared to the sole trader and partnership, the private limited company has the advantages of limited liability, greater continuity and a separate legal existence. It is business affairs, however, are not as private as its name might suggest: unlike the unincorporated businesses, the private company must have its accounts audited and available for inspection.

Compared with a PLC, however, the ordinary limited company does not have the same opportunity to raise extremely large amounts of capital by offering its shares to public.

This form of business ownership also has the same advantages of limited liability, greater continuity and a separate legal existence as the private limited company. Its main advantage over the private limited company is in its ability to raise capital from the public: this is done by advertising its shares for sale. The other advantages it has as a form of business ownership come from its size, as follows:

1. It benefits from economies of scale such as bulk buying.

2. A PLC finds it is easier to borrow money because of its size and the security it can offer.

3. Through its size, a PLC can easily specialise, e.g. by establishing specialist departments and through using specialist equipment.

There are certain disadvantages associated with PLCs:

1. They may be too large and so suffer from ‘red tape’ and inefficiency.

2. Ownership can change overnight – takeover bids can be launched by rivals buying the PLCs shares on the Stock Exchange.

3. Their annual accounts are open to public inspection – the public company is not as private as the private company.

4. Because ownership and control have become separate, the directors’ interests may differ from those of the shareholders. For example, the directors may have long-term plans to obtain a larger market share but the shareholders of the PLC may be expecting immediate, large returns on their investment in the company.

5. The PLC may be dominated by only a few shareholders, for example by institutional investors such as pension funds and insurance companies, which own large proportions of the shares.

6. Formation of the company is complicated and expensive.

Setting up a limited company

There are a number of steps to take in setting up a limited company. If business wishes to become a limited company, it must become registered with the Registrar of Companies. There are a number of documents that must be delivered to the Registrar, including the Memorandum of Association and the Articles of Association.

The Memorandum of Association contains details of the external relationship of the limited company with the world at large. There will be a number of clauses:

1. The Name clause, which is to ensure that it will have a different name from other limited companies.

2. The Objects clause, giving the purpose for which the company was formed (to make tyres, or to construct buildings).

3. A Situation clause, which states where the company has its registered office.

4. A Liability clause, to state that liability of its members is limited.

5. The Capital clause, which gives the amount of capital the company is registrated with and the types of its shares.

6. The Association clause, which is signed by at least two of those forming company to declare that they are taking up their shares in the company.

The Articles of Association governs the internal workings of the limited company. It is signed by those who have signed the Memorandum of Association and it must not conflict with Memorandum. The articles include:

1. how directors are elected;
2. their number, rights and duties;
3. how meetings are called and conducted;
4. how profits are divided.

Registration of the company

Other documents must also be submitted. These include the Statutory Declaration which is a declaration that the requirements of the Companies Acts have been followed the Registrar is happy that the correct formalities have been met, he will have certificate of incorporation. The company now has a separate legal entity.

At this point, the private company can start trading but the PLC must set about its capital from the public. It will issue a prospectus – which gives details about the funds of the PLC – to invite the public to subscribe capital. Once sufficient capital has raised, the Registrar issues a trading certificate and the PLC can now start trading.

Vocabulary notes:

warning – застереження, попередження;
personal assets – особисте майно;
separate legal entity – окрема юридична особа;
Annual General Meeting – щорічні збори акціонерів;
red tape – бюрократизм; тяганина;
takeover bid – аукціон з продажу;
interests – відсотки від прибутку;
Registrar of Companies – Реєстр компаній;
Clause – стаття, пункт (договору);

conduct – вести справу, управляти;
Statutory Declaration – статутна декларація;

Vocabulary exercises

I. Match these sentence halves:

1. Limited liability is	a) the purpose for which the company was formed.
2. Members of a private company	b) 'separate legal entity' in the eyes of the law.
3. The owners of a limited company are	c) liable to lose their investment in the company.
4. The benefit of limited liability is	d) that it encourages people to take the risk.
5. A limited company is a	e) guarantee its business debts.
6. The private company must	f) have its accounts audited and available for inspection.
7. PLCs may be too large and so	g) of the external relationship.
8. The Memorandum of Association contains	h) suffer from 'red tape' and inefficiency.
9. The Objects clause gives	i) a feature of the private sector.
10. The Capital clause gives	j) liable to lose their investment in the company

II. Match each term with its definition:

1. liability	a) one who owns shares in a company;
2. guarantee	b) one complete article in agreement, treaty, legal document;
3. shareholder	c) the state of being liable, responsible;
4. investment	d) examining carefully, closely and officially;
5. inspection	e) a sum of money that is invested;
6. clause	f) a promise that certain conditions agreed to in a transaction will be fulfilled;

III. Translate into English:

1. Обмежена відповідальність заохочує людей інвестувати гроші в бізнес.

2. Відповідальність акціонерів обмежується сумою інвестиції на розвиток компанії.

3. Компанія з обмеженою відповідальністю існує як окреме легальне утворення в очах закону.

4. На відміну від одноосібного володіння, акціонери приватної компанії практично не приймають участі у керівництві нею.

5. Приватна компанія не має можливості отримати значну суму капіталу, пропонуючи свої акції громадськості.

6. Щорічні рахунки громадських компаній, на відміну від приватних, повинні надаватися для перевірки до органів управління.

IV. Here are four apologies. Are they in a business letter (L) or of a telephone conversation (T) style?

1. I'll look into it and get back to you as soon as possible.

2. With reference to our phone call of this morning, we would like to reassure you that we greatly value your custom. We will be pleased to offer you a monthly maintenance visit from one of our engineers.

3. I'm really sorry about the mix-up. I'm afraid we didn't have the correct flight details.

4. We would like to apologize for the delay in despatching your order. This was due to industrial action by lorry drivers.

V. These conversations have been mixed up. Put the sentences in the correct order.

1. – Just a moment, Mr. Green, I'm putting you through. ( )
   – Yes, I'd like to speak to Mr. Brown. ( )
   – Alan Green. ( )
   – Who's calling, please? ( )
   – Pan Electronics. Can I help you? ( )
2. – He has got it, but just in case, it's (0732) 47568. ( )
   – Yes, could you ask him to return my call? ( )
   – John Hurt here. Could I speak to Mr. Jones? ( )
   – Certainly, sir. May I have your number? ( )
   – I'm afraid, he is out at the moment. Can I take a message? ( )
3. – I'm sorry, I'm not available on Tuesday. ( )
   – Good, that suits me too. What about 11 o'clock? ( )

– Just a moment. I'll get my diary ... you said next week? ( )
– Yes, could you manage Tuesday? ( )
– Shall we say Wednesday then? ( )
– All right, Wednesday morning would suit me fine. ( )

Grammar revision

I. Put the verbs in brackets into the will future or the present simple.

1. Sally is working on the sales forecast at the moment. I *will give* (give) you the figures as soon as I *get* (get) them.
2. The shipment isn't in yet, but the agent …….. (phone) us as it …….. (arrive).
3. If they …….. (not receive) payment next week, I think they …… (take) legal action against us.
4. Give me the report and I …… (show) it to the lawyers before they …… (leave).
5. Analysts believe the share price of ICI …… (rise) after it ……. (announce) its interim profit forecast next week.
6. When they ……. (close) the factory next year, a lot of small local businesses ……. (suffer).
7. When I ……. (come) to England next year, I ……. (give) you a ring and maybe we can arrange dinner.
8. When the strike (be) …… over, everyone (feel) ….. happier.
9. I am sure that our sales (fall) …… when we (put up) …… prices.
10. Don't worry about the office. I (tidy) …… it up before Mr Kosser (get) ……. back.

II. Re-write the following sentences using will or won't.

Has anyone offered to collect you from the airport?
Will anyone collect you from the airport?

1. I promise not to be late again.
2. The finance group 3i has agreed to loan us £18m for the project.
3. The company has offered a 5% pay rise in return for a no-strike.
4. I promise not to discuss this information with anyone.
5. They have refused to increase our discount.
6. The company has offered to pay me relocation expenses.

7. The cash machine is refusing to take my card.
8. Let me give you a hand with those boxes.

III. Make spontaneous decisions based on the comments below.

1. You won't be able to get to Paris. The air traffic controllers are on strike.

Really? Then I'll take a train through the tunnel.

2. I'm sorry. The wine waiter says we have no more Chateau Lafite '64.

3. I am afraid that we don't accept cheques.

4. We can't deliver the fax machines you ordered for three months.

5. I'm afraid that the British Airways flight on Tuesday is fully booked.

6. One of your clients – Mrs Mason – just rang. She sounded very upset about something.

IV. Write a short paragraph predicting what the world will be like in 2100 AD.

Medicine in 2100

The world of medicine will be very different in 2100. *There will be new ways of curing disease, and there will be drugs that will make people younger. People will live longer, and transplants will be very simple and effective. On the other hand, there will also be new problems. There will be new diseases, and some common bacteria will become resistant to drugs.*

The world of work in 2100

(You may like to comment on one or more of these aspects: technology, communication, methods of production, transport, working conditions, company size.) In 2100, the office as we know it will be completely different.

V. Complete me sentences using a verb in me present tense.

1. Don't worry, I'll go and see the lawyer *before I sign the contract.*
2. I think our Sales Director will leave as soon as …….. .
3. You needn't wait for Mr Takashi. I'll stay here until …….. .
4. My boss will be delighted if …….. .

5. Everyone is very stressed, but things will get better when ……... .
6. I am fairly sure that I will get promoted as soon as …… .

Text C. Public Sector

This sector provides goods and services to the community through public corporations, local government and other statutory agencies. The profit motive does not feature so prominently, the emphasis here being on providing for the community by the community with funding through taxes and government borrowing.

The public sector of the economy consists of those firms and industries for which central or local government are mainly responsible. This sector includes such activities as state education, the National Health Service and the armed forces. These are paid for through the taxation system, and their purpose is to provide services for the whole population.

Other public sector activity involves public corporations (including national industries) and local authority undertakings. These also provide services to the public often competing with firms in the private sector. The Government may decide to take a firm or industry into public ownership for a number of reasons:

1. To control a 'natural' monopoly, e.g. to ensure the safe processing and distribution of water.

2. To take over the control of a private sector monopoly, which would otherwise exploit the public.

3. To make sure that unprofitable but essential services, such as health services, are provided.

4. To protect an industry, and therefore to protect jobs.

5. To ensure national security and safety by controlling defence and, for example, atomic energy.

6. To avoid wasteful duplication, e.g. in allowing several different railway companies to operate between the same towns.

7. To provide capital for important large-scale developments.

The advantages and disadvantages of public ownership

Public ownership brings a number of advantages. Essential services will be provided, even if they are unprofitable. Secondly, everyone

shares in the profits from public ownership. Wasteful duplication of services can be avoided and planning can be coordinated through centralised control.

Public ownership, however, can lead to problems of inefficiency. Diseconomies of scale can arise due to the great size of the organisations involved, and the absence of a profit motive may give a lack of incentive to employees. Any losses must be met by the taxpayer and political interference can take place, affecting the ability of the organisation or industry to work efficiently.

Care must be taken to distinguish between a public limited company and a public corporation. The PLC is an important type of business organisation in the private sector, which has been formed to make profit for its shareholders. A public corporation, however, is quite different: it lies in the public sector; and has different objectives.

Features of a public corporation

A public corporation is formed by an Act of Parliament, which sets up its functions as an organisation. Its day-to-day policy is decided by its Board, appointed by the Minister which is responsible and which consults with the government. The public corporation has a legal identity which is separate from the government and it is set financial target, such as to break even or to make a profit.

A public corporation:

- is a firm whose assets are owned by the State on behalf of the community;
- has objectives influenced by commercial considerations but which are more likely to include greater emphasis on social aspects than those of private sector firms;
- normally has financial targets such as a target return on its capital;
- has a separate legal existence through the Act of Parliament which created it;
- is supervised by a government minister, who helps to provide overall policy direction.

A public corporation is financed through a number of sources. Treasury provides it with funds through general taxation and may also

make loans for the corporation. It may also receive income from its trading activities: any profits which are made can be used to pay interest on its loans or its capital, to repay part of its capital, or to expand.

A public corporation is controlled in the following ways:

1. The Cabinet will establish its overall policy.

2. The Minister: each corporation will have a government minister, who influences the appointment of the corporation's Chairman and Board members. The Minister will also negotiate with the Treasury to obtain funds for the corporation.

3. Parliament: MPs are free to question the Minister on the performance of nationalised industries, and parliamentary Select Committees will examine the workings of public sector corporations.

4. Consultative Committees, which are set up to listen to complains from members of the public about public corporations.

5. It is overseen by a consumer council protecting the interests of the consumers.

6. The Monopolies and Mergers Commission audits its performance.

MPs, through the Select Committee on Nationalised Industries, check financial performance and can question its overall efficiency.

Local authority undertakings also known as 'municipal undertakings', these are businesses which the local authority operates on a commercial basis. The finance for their operation is raised locally, and they receive income from selling their services. Profits made can be 'ploughed back' to improve or expand the service. Day-to-day control of these services is provided by their managers, with overall policy being influenced by local councillors.

Some of these undertakings may compete with private sector firms, for example where local authority highways or buildings departments compete with construction companies.

Vocabulary notes:

National Health Service	Національна служба охорони здоров'я;
armed forces	збройні сили;
to exploit	розробляти; експлуатувати;
to ensure national security	гарантувати національну безпеку;
wasteful duplication	безкорисне дублювання;

lack of incentive	відсутність стимулів;
on behalf of	від імені;
supervise	спостерігати; контролювати;
councilor	радник;
Treasury	казначейство;
Local authority undertakings	підприємства місцевого підпорядкування;
consumer council protection	рада захисту прав споживачів;

Vocabulary exercises

I. Complete the following sentences:

1. Public sector provides goods and services to ……. .
2. The public sector of the economy consists of ……. .
3. This sector includes such activities as ……. .
4. To make sure that unprofitable but ……. are provided.
5. To avoid wasteful duplication, ……. to operate between the same towns.
6. A public corporation is a firm whose ……..on behalf of the community.
7. A public corporation normally has …… on its capital.
8. A public corporation is supervised by a government minister, who ……. .

II. Mark these statements true or false according to the text:

1. The Government may decide to take a firm or industry into public ownership for a number of reasons.
2. A public corporation is a firm whose assets are owned by the individuals on behalf of the community.
3. A public corporation has a common legal existence through the Act of Parliament which created it;
4. A public corporation is supervised by a government minister, who helps to provide overall policy direction.
5. The public corporation isn't controlled by the minister appoints a board to run the corporation.
6. The public corporation is overseen by a consumer council protecting the interests of the consumers;

7. Local authority undertakings also known as private companies, these are businesses which the local authority operates on a commercial basis.

8. Day-to-day control of these services is provided by their managers, with overall policy being influenced by local councillors.

III. Match each term with its definition:

1. security	a) a person or group of persons having the right to govern, control, make laws, etc.;
2. corporation	b) a group of persons chosen to make or carry out plans;
3. authority	c) a guarantee; safety, freedom from danger;
4. legal	d) the department of the Government which supplies the various departments with money;
5. Treasury	f) that which incites or rouses a person to action;
6. council	g) a group of persons who are allowed by the law to act as one person;
7. incentive	h) having to do with the law; allowed, required by the law;

IV. Read and dramatize the following dialogue:

A TELEPHONE CALL ON THE EXPENSE CLAIM

John: John David.

Phil: It's Phil Buck from Accounts here. I received your expense claim a few minutes ago.

John: Yes?

Phil: And there are one or two things I'm not clear about. How long did you stay in France?

John: Well, I went on Monday evening and I came back on Thursday morning.

Phil: So three nights in a hotel. OK. And did you fly direct to Lyon?

John: No I didn't have the time to book my ticket until last Saturday. I couldn't get a seat on the plane to Lyon so I flew to Paris and took the train down the next day.

Phil: I see. And what hotel did you stay in?

John: Well I tried to book a three star hotel but there was a big Trade Fair on and I had to go to a five star hotel.

Phil: Why did you go?

John: Well there was a problem with our agent there. So I went to find a solution.

Phil: I hope you found one because the trip was very expensive.

John: I did, don't worry. I sorted everything out.

Phil: Look, because the expenses are over the limit, I'll have to get the Sales Director to approve them.

John: Fine by me. Go ahead.

Grammar revision

I. Use the verb in brackets to say what the following people are going to do.

1. The Unions have been offered a 3.9% pay rise. (not accept) *They are not going to accept it.*

2. We have ordered over £1.5m of new equipment for the factory. (modernize)

3. Mrs Mason has booked three weeks' leave in October. (have a holiday)

4. The engineers have finished the design for the new engine. (build/prototype)

5. Our trials have shown that the new vaccine is commercially viable. (produce)

II. Use the words in brackets to make predictions with going to.

1. The stock market is very over-valued. (be/correction) *There is going to be a correction soon.*

2. Demand for tin is rising, but supply is falling. (price/rise) …… .

3. The company is in serious financial difficulty. (go bankrupt) …….

4. My boss is looking for another job. (leave the company) …… .

5. We should have left much earlier. (be late) …… .

III. Fill in the blanks with the correct form of the future, using will or going to.

1. A: I'm afraid the fax machine isn't working.
   B: Don't worry, it's not a very urgent letter. I will post (post) it.
2. A: We've chosen a brand name for the new biscuits.
   B: Really? What ……. (you/call) them?
3. A: Why are you taking the day off on Friday?
   B: I …… (look) at a new house.
4. A: I'm afraid there's no sugar. Do you want a coffee without any?
   B: No, I …… (not have) one, thanks.
5. A: Have you decided what to do about improving the circulation magazine?
   B: Yes, we …… (cut) the cover price by 10% as from October.
6. A: I'm afraid I can't take you to the airport. Something important has just come up.
   B: Never mind. I …… (take) a taxi.
7. A: Do you need any help?
   B: Oh, yes please. …… (you/carry) the display stand for me?
8. A: Could you make sure Mr Wilson gets my message?
   B: Yes, I ……. (tell) him myself when he gets in.

Unit 4
BUSINESS FINANCE

Text A. Sources of Finance for Public and Private Sector

Money has been called ‘the lifeblood of any business’. All firms – whether t in the public sector or the private sector – require capital to commence and capital to expand.

All businesses need to obtain finance, to start and to grow. Firms will have to receive term debts, which come from trading activities such as buying goods on sales for short-term finance is a firm’s working capital. Any business which has lack of working capital will face difficulties in surviving. It will not be available advantage of cost-saving discounts, since it does not have the cash available creditors will be demanding payment of the money they are owed by the firm. For instance, they could take legal action to recover the amount owed by the firm to close down and sell off its assets to get the required money.

Firms also need long-term capital, in order to expand. There are many kinds of long-term capital: personal savings of sole traders and limited company shares are well-known examples of such sources. Without sufficient capital, firms will be impossible to grow.

The two forms of business organisations in the public sector are the public corporation and the local authority undertaking. Public corporations are financed by:

1. general taxation, given in the form of Treasury grants;
2. borrowing from the Treasury;
3. retained profits which the corporations make from their trading activities.

Local authority undertakings are financed by:

1. locally raised income by the authority, given to the undertakings in the form of grant;
2. borrowing from the local authority;
3. retained profits from their trading activities.

Retained profits are an example of internal sources of funds, because the funds are from within the business itself. Both public corporations and municipal undertakings have other internal sources of funds. Their

grants and borrowings are illustrations of external sources of finance, because these funds come from sources outside the business.

Private sector firms – principally sole traders, partnerships and limited companies – also have both internal and external sources of finance available to them.

Internal sources of finance

Firms can raise funds internally, through these methods:

1. Retained profits: profits which are held back and not taken by the owners, i.e. they are not distributed as dividends to shareholders, but kept as reserves.

2. Selling assets which are no longer required.

3. Trade credit: firms may take greater advantage of credit offered by suppliers and reduce the credit periods offered to their customers.

4. Investing surplus cash, receiving interest on this investment.

5. Reducing stocks, to release the cash 'tied up' in this stock.

Sole traders, partnerships and limited companies can obtain funds from many outside sources. Items 1 to 3 below are sources of long-term, 'fixed' capital: items 4 and 5 are shorter-term sources which can be used to improve the firm's working capital position.

External sources of finance

1. Personal savings, or loans from friends or relatives.

2. Bank and building society loans or mortgages: central and local government may also make loans or grants available.

3. Using finance houses, through:

- leasing equipment such as photocopiers (the firm rents the piece of equipment and saves the cost of buying it);
- hire purchase: the equipment is bought in instalments, and the firm gets the use of the equipment before having to pay for it in full.

4. Overdrafts from banks.

5. Factoring. Firms which have debts owed to them by their customers (their debtors) can sell these debts to a company, and receive most of the cash owed to them by the debtors. The factoring company then chases the debtors for payment.

Firms do not normally rely on one method of long-term finance, alternative sources of funds, and alternative methods of providing the funds can choose its finance.

The nature of the project may determine the source of finance. For long-term projects may need injections of finance at particular points, whereas a short-term project could be financed with loan. Companies with projects involving a lot of highly technological equipment lease, rather than buy, these items, to ensure they keep using the equipment.

The nature of the business can also determine the method of finance. The methods and sources are only available to certain forms of business (shareholders, for example). Firms in high-risk areas, and smaller firms, may also find the sources of finance which are restricted and that the cost of the finance is higher, than average.

Vocabulary notes:

'the lifeblood of any business'	життєдайна сила бізнесу
to commence	починати, започатковувати;
short-term capital	короткостроковий капітал;
long-term capital	довгостроковий капітал;
discount	знижка;
cash available creditors	кредитор з наявною готівкою;
to owe	бути боржником; заборгувати;
to borrow	позичати;
retained profits	нерозподілені прибутки;
external sources of finance	зовнішні джерела фінансування;
internal sources of finance	внутрішні джерела фінансування;
Investing surplus cash	інвестування надлишкової готівки;
in instalments	в розстрочку;
chase the debtor for payment	притягувати боржника до сплати;
injection of finance	приток фінансів;
lease	оренда; орендувати;

Vocabulary exercises

I. Match these sentence halves:

1. Money has been called	a) an example of internal sources of funds.
2. All businesses need	b) firms will be impossible to grow.
3. Any business which has lack of	c) determine the source of finance.

4. Without sufficient capital	d) to obtain finance, to start and to grow.
5. Retained profits are	e) ‘the lifeblood of any business’.
6. Private sector firms have	f) alternative sources of funds.
7. Firms normally rely on	g) both internal and external sources of finance available to them.
8. The nature of the project may	h) working capital will face difficulties in surviving.

II. Match each term with its definition:

1. discount	a) a contract or agreement by which one person agrees to allow another to use land or building for a certain period of time in return for a money payment;
2. instalment	b) each of a number of sums of money to be paid at intervals;
3. profit	c) money in the form of notes and coins; a gain in money;
4. lease	d) a sum that is taken away from the amount that is to be paid;
5. overdraft	e) a sum of money drawn or borrowed from a bank in excess of what has been put into the bank;
6. cash	f) an excess of income over expenditure;

III. Find the words in these four conversations which fit the definitions. The first one has been done for you as an example.

1. examined, inspected – *audited;* 2. placing money so that it will increase in value;

3. amount of money spent; 4. when a company is officially declared to be incapable of paying its debts; 5. percentage of profits paid to the people who own the company;

6. used, illegally, money belonging to his employer; 7. things which belong to a company or person and which have a money value; 8. a plan of expected spending and income;

9. amount of sales of goods or services; 10. the difference between sales income and costs;

11. income from money invested; 12. people who own shares in a company;

13. records of financial transactions; 14. debts, money which a company has to pay;

15. the result when spending is higher than income;

Conversation 1

~ Have you heard? Price-Waterhouse have *audited* the accounts.

~ And what's the result?

~ It seems the Finance Manager has embezzled over two million.

~ No! You're joking!

Conversation 2

~ Good news?

~ I'm afraid not. The company's facing bankruptcy.

~ I knew they were going to make a loss this year but I didn't think it'd be that bad.

~ Well, they've got a lot of liabilities and their total assets have lost 50% of their value over the last two years.

Conversation 3

~ How does it look?

~ Excellent. We're going to make a record profit again this year.

~ That should make the shareholders happy. Will you be paying a good dividend?

~ Yes, we will. We want them to see that they're getting a good return on their investment.

Conversation 4

~ Have you finished your budget?

~ Yes, I have. We've reduced expenditure by 5% overall and increased turnover by 10%.

~ Sounds good. Can I check your figures?

~ Go ahead.

IV. Read and dramatize the following dialogue:

WHY IS THE REPORT LATE?

Graham: Graham Powell speaking.

Chris: Hello, Graham. It's Chris Stepniewski here. I haven't received your report yet on the Munich Project.

Graham: Sorry Chris. I've been off sick for the last couple of days. I've just come back today. But I've nearly finished it. It will be in the post tonight, I promise.

Chris: OK Graham. Has Brian Abbotts spoken to you about the problem in the York production unit?

Graham: No. What's wrong?

Chris: They've stopped work. There's a tanker driver strike. It started two days ago and they've already run out of diesel for the generators.

Graham: Have you ever heard anything so ridiculous?

Chris: Exactly. I told them years ago to get a back-up system – build a reserve tank or something – they've never done anything about it.

Graham: Some people never listen, do they? Well, I'll get on with this report. I'll get it off tonight or tomorrow at the latest.

Chris: OK. See you soon.

Grammar revision

I. Complete the sentences with be + certain to, likely to, or unlikely to.

1. They have very little experience of the entertainment industry, so they *<u>are unlikely to</u>* win the contract for a national television network.

2. She ……. get the job. She has the experience and the qualifications, and none of the other applicants were any good.

3. I will offer them a 10% discount, but they …… ask for more because they are sometimes very tough negotiators.

4. Of course the stock market goes up and down, but you …… lose all your money in such a safe investment.

5. I can give Harriet the message. She ……. be here at some stage tomorrow, because she usually comes in to the office on Thursdays.

6. The consortium …….. need some extra finance for the bridge; they have spent all of their money and the project is only half-finished.

7. We are relocating to a site that is quite close, so most of the staff …… stay with the company.

8. I have booked a hotel room in London for the 18th, because the dinner …… finish before 11 p.m., and then it will be too late to get a train back to Liverpool.

9. The new manager ……. make a number of changes in the department; the only question is exactly what those changes will be.

II. Match the sentences in column A with sentences in column B that have a similar meaning.

1. I'm quite sure they will sign the deal	A. They are unlikely to sign the deal.
2. The chances are that we'll win the contract.	B. They definitely won't sign the deal.
3. I doubt very much if they will sign the deal.	C. We probably won't win the contract
4. We will definitely win the contract.	D. We're very unlikely to win the contract
5. I should think they will sign the deal.	E. We'll probably win the contract.
6. I'm quite sure they won't sign the deal.	F. We are certain to win the contract.
7. I doubt if we'll win the contract.	G. They are likely to sign the deal.
8. I doubt very much whether we'll win the contract	H. *They are certain to sign the deal.*

III. Re-write the sentences, using the word in brackets in your answer.

1. He says we are certain to get the contract. (confident) *He is confident that we will get the contract.*

2. I shouldn't think that their new store will attract many customers (unlikely)

3. I don't imagine they will give us better terms. (probably)

4 I'm likely to be very busy early next week. (probably)

5. They are unlikely to deliver the equipment this month. (think)

Text B. Stock Exchange

The Stock Exchange acts as the most important market for capital throughout the world. Since it is a market, it brings together sellers and buyers – in this case, the institutions, such as insurance companies, which supply funds and the companies (together with central and local government) which want to borrow funds.

The Stock Exchange is the market for second-hand securities, i.e. the shares and debentures of PLCs, and government stock. Smaller companies can trade on the Alternative Investment Market (AIM), which is linked to the main Stock Exchange, but which has less demanding rules for admitting companies to it.

The existence of the Stock Exchange makes it easier for companies, and the government, to raise long-term finance. It also encourages investment in new share issues, because companies and investors realise that these shares can easily be traded on this second-hand share market. Finally, the Stock Exchange establishes share prices. Shares have a 'nominal' (face) value, but their price on the Market will vary, for example due to the profit performance of the company. The company can then sell any new shares issued at the current market price.

A popular criticism of the Stock Exchange is that it over-emphasises short-term gains. As share prices fluctuate and investors speculate (gamble) on these prices, they often buy shares on the basis of short-term profit records, rather than because of any long-term business plans of the company.

Private and public limited companies also have the following sources of external finance available to them:

1. **Share issues**. Shares indicate that their holders 'own a share' of the company. The public company (PLC) is allowed to sell its shares to the general public, through a prospectus: 'second-hand' shares are then sold on the Stock Exchange. The private limited company, however, must sell its shares privately: they cannot be exchanged on the Stock Exchange.

2. **Issuing debentures** (the name of the documents which are given to the lenders of long-term capital to a company). The lenders receive interest and will have this loan capital paid back at an agreed date.

There are two main types of shares that can be issued by companies.

Ordinary shares, or ‘equities’, allow their holders to vote at company meetings. The rate of dividend – the reward for holding the shares – depends on the company profits: it is in variable rate. Ordinary shareholders will be the last to be paid out of profits, and so they risk not receiving any dividend when profits are poor. They are also the last capital repaid if the company is wound up. Ordinary shares, therefore, are rather risky investments, but which bring the chance of large returns (for example, if profits are high, large dividends can be declared).

Companies may also issue **preference shares**. Unlike ordinary shares, these normally give their holders a vote at meetings. The preference shareholders priority over ordinary shareholders in both payment of dividend and repaying capital. The preference dividend, which is a fixed dividend, is therefore more to be paid. Preference shareholders also stand a greater chance of getting their interests repaid than do the ordinary shareholders (who are last in the queue for receiving). Preference shares are thus a safer investment than ordinary shares but they will not have high returns when profits are high – their dividend is a fixed amount. Some preference shares are cumulative. If profits in one year are not large, this shows the preference shareholders their full dividend.

Debentures, also called loan stock, are a long-term loan to a company. The holders are therefore creditors of the company and not owners, unlike shareholders loan is normally secured against company assets: if the company cannot repay the debenture holder can then sell the asset to recover the value of the loan.

In return for making the loan, the debenture holder receives a fixed rate on the loan: this payment must be made by the company, whether it is making losses. This debenture interest is a normal business expense, and not paid as company’s net profit. Like other loans, debentures will normally be repaid at some future date agreed in advance between the company and the debenture holder.

Vocabulary notes:

The Stock Exchange	акціонерна біржа;
insurance company	страхова компанія;
share	акція;
debenture	боргове зобов'язання;
government stock	урядові запаси;
Alternative Investment Market (AIM)	альтернативний інвестиційний ринок;
to fluctuate	коливатися;
to speculate (gamble) on the prices	спекулювати (ризикувати) на цінах;
share issue	випуск акцій;
lender	взаємодавець, кредитор;
'equities'	справедливість, безкорисність;
ordinary shares	звичайні акції;
preference shares	привілейовані акції;
cumulative	сукупний;

Vocabulary exercises

I. Match these sentence halves:

1. The Stock Exchange acts as	a) any new shares issued at the current market price.
2. Smaller companies can trade	b) a long-term loan to a company.
3. The Alternative Investment Market has	c) less demanding rules for admitting companies.
4. The existence of the Stock Exchange	d) share prices.
5. The Stock Exchange establishes	e) encourages investment in new share issues.
6. The company can sell	f) the most important market for capital.
7. Shares indicate that	g) their holders 'own a share' of the company.
8. The shares of private limited company	h) a safer investment than ordinary shares.

9. Ordinary shares are	i) cannot be exchanged on the Stock Exchange.
10. Preference shares normally give	j) their holders a vote at meetings. for receiving).
11. Preference shares are	k) rather risky investments.
12. Debentures are	l) on the Alternative Investment Market.

II. Answer the questions:

1. What is the Stock Exchange?
2. What are the main functions of the Stock Exchange?
3. Where can the small companies trade?
4. Can the shares of the private limited company be exchanged on the Stock Exchange?
5. What are the differences between ordinary shares and preference shares?
6. What is the debenture?

III. Mark these statements true or false according to the text:

1. The Stock Exchange is the market for second-hand securities.
2. Smaller companies cannot trade on the Alternative Investment Market.
3. The existence of the Stock Exchange makes it more difficult for companies to raise long-term finance.
4. The company can then sell any new shares issued at the current market price.
5. The public company is allowed to sell its shares to the government.
6. The private limited company must sell its shares privately: they cannot be exchanged on the Stock Exchange.
7. There are three main types of shares that can be issued by companies.
8. The rate of dividend does not depend on the company profits: it is in variable rate.
9. Unlike ordinary shares, these normally give their holders a vote at meetings.
10. Debentures, also called loan stock, are a short-term loan to a company.

IV. Act as an interpreter:

A: I would like to open a savings account. Is the initial deposit large?

B: Ні. Усього лише 1000 доларів.

A: Why should I maintain this amount?

B: Інакше вам доведеться платити за банківські послуги.

A.: What do computers check?

B: Наш комп'ютер підсумовує всі відповідні щоденні цифри.

A: When could I get my money?

B: Ви можете отримати свої гроші у будь-який час доби, користуючись нашими автоматами.

A: What else is required?

B: Заповніть цю форму і прибутковий ордер.

A: Is there a minimum balance required?

B: Передбачається, що ви збережете середній щоденний баланс розміром 1000 доларів.

A: What else is required?

B: Вам доведеться платити 25 центів за кожний виписаний чек і 25 центів за кожне вилучення грошей з банківського рахунка.

A: How much interest do you pay?

B: Якщо на вашому рахунку буде не менше 2500 доларів, вам належить 6,5 %.

A: I would like to open a checking account with a deposit of $1,500. Is that O.K.?

B: Усе гаразд. Ви можете замовити чекові книжки заповните бланк заяви і талон на депозит.

Grammar revision

I. Put the verbs in brackets into the present simple passive.

A: What is the difference between this new Paycard and ordinary phonecards?

B: The Paycard(1) *is not designed* (not/design) for public telephones; you can use it with any phone, for example in a hotel. Each Paycard has an account number on the back, and that is a bit like a bank account. This account(2) _____ (credit) with money from your Visa card or Access card. When you want to make a call, you

ring the Paycard operator, and then you (3) _____ (connect) with the number you want. The cost of the call(4) _____ (deduct) from your Paycard balance.

A: How do you know what the balance of your Paycard account is?

B: At the beginning of the call, you (5) _____ (tell) by the operator, for example, that you have £15 in the account, and you can talk as long as you like. And if the money runs out, you (6) _____ (warn) that you only have one minute left.

A: Who is the new card for?(7) _____ (it/aim) at tourists or the general public or business people?

B: Business people will find it very useful. Business people often complain that they (8) _____ (charge) too much for phone calls at hotels. With this system, you can use the hotel phone, but the cost of the call _____(9) (not/put) on your hotel bill. It(10) _____ (take) from the balance in your Paycard account, so of course it is much cheaper and more convenient, and you can use almost any phone anywhere.

II. Many or the following sentences sound unnatural because they are in the active. Re-write them in the present simple passive, but do not mention the agent (e.g. by workers, by people).

1. Workers in China make these telephones. These telephones ... *are made in China.*

2. Employers pay many manual workers weekly. Many manual workers _____

3. They keep a large amount of gold at Fort Knox. A large amount of gold _____

4. Workers build a lot of the world's supertankers in South Korea. A lot of the world's supertankers _____

5. Farmers grow a third of the world's cocoa in the Ivory Coast. A third of the world's cocoa _____

6. Countries store most nuclear waste underground. Most nuclear waste _____

7. Scientists test most new drugs extensively before they go on sale. Before they go on sale, most new drugs _____

8. Workers print a lot of our books in Hong Kong. A lot of our books _____

III. Read each of the following statements. Then say if it should be followed by sentence A or sentence B. Underline the correct answer.

1. Roche is one of the world's leading pharmaceutical groups.

A. *It manufactures vitamins, perfumes, and antibiotics.*

B. Vitamins, perfumes, and antibiotics are manufactured by it.

2. Quantas is the second oldest international airline.

A. The Australian government currently owns it.

B. It is currently owned by the Australian government.

3. Bass PLC is the largest global hotel operator.

A. It owns Holiday Inns and a number of other hotel chains.

B. Holiday Inns and a number of other hotels chains are owned by it.

4. Australian born Rupert Murdoch is chairman of News Corporation.

A. He controls 39% of the company through Cruden Investments.

B. 39% of the company is controlled by him through Cruden Investments.

Text C. Banking Services to Business

The operations of individual banks (how they acquire, use, and manage funds to make a profit) are roughly similar throughout the world. In all countries banks are financial intermediaries in the business of earning profits.

Banks today accept checkable deposits such as a demand deposit or a NOW (Negotiable Order of Withdrawal) account as well as time deposits, and use their depositors' funds mainly to make loans and buy securities.

Banks thus operate as financial intermediaries standing between the primary lenders (depositors) and the ultimate borrowers. In this way they provide many services. One is the pooling of risks. A bank that makes many loans is spreading its risks. It is highly likely to experience losses on a few loans but most unlikely to experience losses on all or most. (In contrast someone who makes only a single loan faces an all-or-nothing situation.) Another service of banks is

providing liquidity. Someone who opens a checking account in a bank can get his or her money back whenever required. The bank meanwhile can make loans with his or her deposits and others deposits while keeping only a small fraction of such deposits as a liquid reserve. Because it has many depositors who usually want to withdraw deposits at different times a bank normally can meet the demands of those depositors who want to withdraw their deposits.

Another service that banks provide is expert judgment in making loans. Most savers cannot evaluate the creditworthiness of those who wish to borrow. Hence, instead of lending directly to the ultimate borrowers they 'lend' their savings to banks by depositing them, and the banks then use those savings to make loans to the ultimate borrowers.

Banks have an incentive to take risks because risky loans have a higher rate of return. All of these higher earnings accrue to the banks. But most of the funds at risk belong to depositors. Accordingly much of the risk that banks take is borne by depositors and by the Federal Deposit Insurance Corporation (FDIC), which insures their deposits in the USA. This is one reason why banks are heavily regulated by the government. Another, perhaps even more important reason is that banks are custodians of the checkable deposits that make up most of society's circulating medium of exchange. If banks fail and there is no deposit insurance, then depositors have to reduce their expenditures. As a result sales fall and firms have to throw employees out of work.

Commercial or 'high street' banks, such as Barclays, Lloyds or Nat West, are public limited companies, and are one of the institutions which provide business capital. They can offer both long-term capital, in the form of loans and mortgages, and short-term capital (bank overdrafts). The commercial banks also provide a wide range of other services to business.

Banks will be used by firms to keep their money safely, to help them to obtain it and use it quickly, and to ensure they make the most effective use of their money. The most commonly used accounts by business are:

Current accounts. Firms will pay in cheques and cash received and use a current account when they pay their bills by cheque. This account allows them to withdraw it at any time. In addition to using

cheques, firms may also use direct debits or standing orders for paying bills, or for receiving payments from customers. Direct debits are used when payments vary in amount and standing orders when these amounts are fixed.

Companies also use credit transfers, to pay into the current accounts of others and to receive credit transfer payments from customers. One very common use of this system is when a company pays its employees' salaries straight into their bank accounts.

Deposit accounts. These pay interest on the account balance, unlike most current accounts. Firms may use these accounts to keep surplus cash in for short periods. Companies and individuals can deposit cash resources that are not needed at present. They can withdraw the money either any day they need it or after certain period in ease of time deposits. The disadvantage is that the customer receives no cheque book and therefore he cannot pay bills so easily.

Savings account services enables small savers to put money away for particular purposes, for example for holidays. Banks may provide a firm which trades overseas with a foreign currency account, into which the firm could pay the foreign currency that it has earned.

Banks will provide advice to companies engaged in exporting; they can also provide foreign currency, help to finance exports, and assist with Bills of Exchange (a method of payment widely used in international trade).

Many other services may be offered. For example, foreign exchange transactions; services in foreign trade payments; discounting bills of exchange; granting loans; investment management services; cash dispensers and automated teller machines; safe custody; economic information and banker's credit cards and many others.

Vocabulary notes:

to acquire funds – придбати засоби;
checkable deposits – депозит, по якому можливі розрахунки чеками;
Negotiable Order of Withdrawal – порядок вилучення коштів;
financial intermediaries – фінансові посередники;
ultimate borrowers – безпосередній позичальник;

pooling of risks – об'єднання ризиків;
expert judgment – експерт з правосуддя;
creditworthiness – кредитоспроможність;
Federal Deposit Insurance Corporation (FDIC) – Федеральна корпорація страхування депозитів;
expenditure – витрати, видатки;
mortgage – застава;
discounting bills of exchange – дисконтування векселів;
cash dispenser – банкомат;
safe custody – зберігання банком цінностей клієнта;

Vocabulary exercises

I. Translate the following sentences into Ukrainian:

1. A deposit account is for saving money whereas a current account is for day-to-day finances.
2. Only adults can use current accounts whereas both adults and children can use deposit accounts.
3. Your money does not earn interest in a current account whereas it does in a deposit account.
4. With a current account you do not have to give notice of withdrawal whereas with a deposit account you should give a week's notice.

II. Sum up and say what do you know about:

1. current accounts;
2. deposit accounts;
3. savings accounts;
4. other services of banks.

III. Match each term with its definition:

1. borrower	a) a written statement of money received and spent;
2. lender	b) one who gives a person money for a period of time;
3. deposit	c) spending of money;
4. loss	d) one who gets money after agreeing to give it back again later;
5 loan	e) the act of giving a claim on property by one person to another;

6. expenditure f) money put into the bank to be kept safety;
7. account g) losing or being lost;
8. mortgage h) a sum of money lent to a person or a company;

IV. Read and dramatize the following dialogue:

Client: Good morning.

Bank manager: Good morning, sir. Can I help you?

Client: Yes, I think so. I would like to open an account.

Bank manager: What kind of are you interested in?

Client: You see, I have some spare money to put into the bank.

Bank manager: Then you should open either a savings or a checking account.

Client: I'm afraid I know nothing about either of them. Could you tell me the difference between these two accounts?

Bank manager: A small initial deposit is necessary to open a savings account at our bank. If it is more than five hundred dollars and you maintain this amount, then you won't be charged for banking services. Otherwise you will be charged five dollars a month.

Client: So, I must keep a minimum balance of $500, is that correct?

Bank manager: Yes, that's right. Our computers check your average daily balance.

Client: And will I get a banking card after opening an account?

Bank manager: Yes, certainly. And then you can get your money through machine services. You can make deposits, cash withdrawals and balance inquiries with your card. The machine is at work 24 hours a day.

Client: Oh, it's very convenient. And may I ask what a checking account means?

Bank manager: Certainly, sir. After opening a checking account you are supposed to maintain an average daily balance of $1,000.

Client: And what if I fall below this limit?

Bank manager: Then you would have to pay a service charge of six dollars a month, and besides you will be charged 25 cents for each check and the same amount for each cash withdrawal.

Client: Hmm, I see. And can I avoid it somehow?

Bank manager: Yes, of course. It may be done by keeping your $1,000 in your checking account.

Client: And how much interest do you pay?

Bank manager: Interest of 6.5 % is paid when your average daily balance is over $2,500. We credit the interest you've earned automatically to your account.

Client: Well, it's clear enough, but I intended to put only $1,000 into the account.

Bank manager: Then it would be more profitable for you to open a savings account.

Client: Okay. I've made up my mind. I will open a savings account with a deposit of one thousand dollars.

Bank manager: Fine. Will you fill out this application?

(The client fills out the application.)

Client: Is everything correct?

Bank manager: Yes, everything is all right. And now you need to write a deposit ticket for $1,000.

Client: Just a moment.

Bank manager: Thank you, sir. Here is your pass-book. The bank will pay you 5.5% interest.

Client: Thank you. You were most helpful.

Grammar revision

I. Put the verbs in brackets into the will future active or passive.

JANET: I've booked you on the 8.30 flight, so you (1) *will arrive* (arrive) at 11.00 local time. You (2) _____ (meet) at the airport by one of their drivers, and you (3)_____ (take) straight to their Head Office.

HELEN: Fine. Have you organized a hotel?

JANET: Yes, you (4) _____ (be) at the Holiday Inn.

HELEN: OK. Do they know how long the meeting (5) _____ (last)?

JANET: They expect that you (6) _____ (be able) to finish at about 5.30.I have told the hotel that you (7) _____ (not arrive) before 6.30. But that's fine and they have said that the room (8) _____ (keep) for you, and that it(9) _____ (not/give) to anyone else.

II. Write sentences from the prompts using one of the verbs from the line.

a) build
b) discover
c) elect
d) found
e) invent
f) open

1. The Berlin Wall/1961 The Berlin Wall was built in 1961.
2. The Channel Tunnel/1994 _____
3. Radium/Marie and Pierre Curie _____
4. The wireless/Marconi _____
5. Fiat SPA/1899 _____
6. President Clinton/1992 _____

III. Add a comment to each of the following questions. Have you heard what...

a. ... has happened to their Spanish subsidiary? *It has been sold.*
2. … is happening to the department? _____
3. ... happened to the chairman at the meeting? _____
4. ... has happened to the strikers? _____
5. ... is happening to the price of petrol? _____
6. ... happened to our office in Singapore? _____
7. ... has happened to the lira? _____

Unit 5
BUSINESS RISK AND GROWTH

Text A. Insurance Services to Business

Of the four factors of production, it is 'Enterprise' which is most closely associated with the risks of business. The Entrepreneur – the businessman or businesswoman – is the person who decides to start a business and who takes the main risks of the business not succeeding. Business people take risks in running their businesses. They will try to predict the future, estimating consumer demands and tastes: but however accurate the information they use to plan ahead, there is always the possibility that fashions, tastes or laws will change and cause the business to collapse.

The business may fail for various reasons. Its products may be badly designed, made or marketed; they may be too expensive, when compared with the competition; they may become quickly out-of-date or unfashionable; or a new law may make them illegal. These are **uninsurable risks**: the entrepreneur cannot take out an insurance policy against the business being unsuccessful. The reason for this is that the insurance companies cannot accurately calculate the probability – that is, the likelihood – of a firm being able to sell its products and be successful, and so cannot work out a suitable premium to charge.

There are other reasons why businesses fail. The buildings may burn down; its stock or takings may be stolen; it may be sued successfully by an employee who has been badly injured whilst at work. These are some examples of **insurable risks**: the probability of these events happening can be calculated and a premium can be set by the insurance company.

Insurance is therefore a valuable aid to trade: it allows firms to reduce some business risks and so stay in business. The main insurable business risks are described below.

Firms can insure their property against fire damage. Buildings and their contents are insured against not only fire but also flooding and other natural disasters.

Consequential loss insurance is often taken out. When fire damages property or its contents, it is likely that the firm's trading – and therefore its profits – will be badly affected. This 'loss of profits'

insurance will cover the firm for loss of earnings due to the fire and will pay its fixed costs (such as rent) which still have to be met.

Firms can insure against property being stolen from their premises and they can get **Theft Insurance**. **Fidelity guarantee** insurance can be taken out by firms to protect themselves against thefts of their property by an employee.

Should an employee suffer injury or illness at work due to the negligence of the employer, **Employers' Liability Insurance –** which must be taken out – provides compensation for the employee.

Public Liability Insurance is similar to employers' liability insurance: this insurance will cover the cost of damages (financial compensation) if a member of the public is injured, suffers illness or has property damaged as a result of the firm's negligence.

Product Liability Insurance can be taken out by a firm, to provide the cost of compensating a member of the public who has been injured by one of the firm's products.

Delivery vans, staff cars and other vehicles owned by a firm will be covered under a **fleet** policy.

A firm can protect itself by insuring against the risk of customers – debtors – failing to pay for the goods they have bought on credit from the firm. Firms can also ensure their goods in transit against all risks, such as fire or theft.

Vocabulary notes:

succeed – процвітати;
to predict – передбачати;
accurate – точний, правильний;
insurable risks – ризики, які можна застрахувати;
uninsurable risks – ризики, які не можна застрахувати;
insurance policy – страховий поліс;
to be sued – бути переслідуваним;
to be injured – постраждати; бути пошкодженим;
natural disaster – природне лихо;
consequential loss insurance – страхування від збитків;
Theft Insurance – страхування майна від крадіжки;
negligence – необережність, халатність;

Employers' Liability Insurance – обов'язкове страхування працівників;
Public Liability Insurance – страхування цивільної відповідальності;
Product Liability Insurance – страхування відповідальності за якість продукції;

Vocabulary exercises

I. Complete the following sentences:

1. Business people take risks …..…. their businesses.
2. They will try to predict the future, estimating consumer demands and tastes: ……. .
3. These are uninsurable risks: ……. .
4. These are some examples of insurable risks: …… .
5. This 'loss of profits' insurance will ……. which still have to be met.
6. Firms can insure against property …….. Theft Insurance.
7. Fidelity guarantee insurance can be taken out by firms to protect …… .
8. Public Liability Insurance is similar to employers' liability insurance: …… .
9. Product Liability Insurance can be taken out by a firm, to provide ……. .
10. …… owned by a firm will be covered under a fleet policy.

II. Put the words in the right order to form sentences:

1. associated / Enterprise / is / the / risks / closely / with / business / of.
2. main / The / takes / the / risks / Entrepreneur / of / not / succeeding / the / business.
3. people / risks / Business / in / running / take / businesses / their.
4. for / business / The / may / reasons / fail / various.
5. policy / The / an / insurance / entrepreneur / cannot / out / unsuccessful / against / take /the / business.
6. trade / Insurance / is / a / valuable / therefore / aid / to.
7. can / fire / insure / Firms / damage / their / property / against.

8. being / insure / stolen / Firms / can / against / Theft / property / and / get / Insurance / they / can.

III. Match each term with its definition:

1. insurance	a) a sudden and complete failure;
2. negligence	b) the act of competing;
3. to predict	c) the fact of owing or being owned; ownership;
4. property	d) foretell; prophesy;
5. competition	e) careless; disorder;
6. collapse	f) making agreements for the payment of a sum of money in the case of accident;

IV. Read and dramatize the dialogue:

Today, at 3 p.m. Mr Parker has an appointment with Mr Manson, the manager of Blake Electronic Corporation. They are going to discuss some problems concerning the supply of electrical equipment from this company. At a quarter to three Mr Parker entered the office.

Secretary: Good afternoon. Can I help you?

Mr Parker: Good afternoon. My name is David Parker. I'm from Jackson Marketing Ltd. I've got an appointment with Mr Manson at 3.

Secretary: Mr Manson is expecting you. Will you take a seat, please?

Mr Parker: I'm a bit early, am I not?

Secretary: That's all right. I'll find out if Mr Manson can see you. *(Presses the button).* Mr Manson, Mr Parker from Jackson Marketing Ltd has come. Yes, Mr Manson. *(To Mr Parker):* Mr Manson is ready to see you. This way, please.

Mr Manson: Ah, Mr Parker! Come in, please.

Mr Parker: Good afternoon.

Mr Manson: Good afternoon. Please, sit down. Would you like a cup of coffee?

Mr Parker: With pleasure. It's rather cold today.

Mr Manson: Yes, nasty weather we are having. Well, let's get down to business.

Mr Parker: We have thoroughly studied the catalogue of your firm and the latest models of services for local nets. Our firm is interested in buying this eqxiipment. It meets our requirements.

Mr Manson: Yes, it's of high quality. We've just started producing the model and we've already received a lot of orders.

Mr Parker: Fine. Then our experts will take a draft contract and forward it for negotiations. When it is ready we'll inform you.

Mr Manson: O.K. That's settled.

Grammar revision

I. Fill in the blanks with if or when.

1. I don't think you'll have any problems, but call me …. you do.
2. Mrs Barton is coming this afternoon. Could you send her up ……. she arrives?
3. We won't be able to compete …. we don't modernize our production plant.
4. Put that on my bill please, and I'll pay ….. I check out.
5. I will feel very disappointed ….. I don't get promotion this year.
6. Sales are low this spring, but they will improve ….. summer starts.

II. Read the following dialogue, and choose the best option from the words in italics.

HANS: I'll be at a meeting this afternoon, so if Pierre (1) *will call/calls,* {2} *tell/you'll tell* him I'll give him a ring later.

CLAUDIA: OK, but there's one other thing. You've got a meeting with Mr Sachs at 5.00. Will you be back by then?

HANS: It depends, really, but I'll call you. If the meeting (3) *will go on/goes on* after 4.30, you (4) *will/can* cancel my appointment with Mr Sachs. But if it has already finished by then, I (5) *may/can* be able to get back in time.

CLAUDIA: Anything else?

HANS: Yes, if you (6)*will manage/manage* to get hold of Kevin, you (7) *must/will* get the October sales figures from him. I need them today. The Chairman (8)*may come/can come to* the sales meeting tomorrow, and if he does, he (9) *is going to want/must want* to see them.

III. Some of the following sentences are right and some are wrong. Put a tick (•) next to the ones that are right and correct the ones that are wrong.

1. If you finish everything that needs to be done before five, you are able to go home.

2. Mr Lo probably won’t want to go out for dinner if he has a meal on the plane.

3 . If it will be their first visit to England, I expect they might want to do some sightseeing.

4. I may go and visit their headquarters if I will go to London next week.

5. Please don’t hesitate to contact me if you require any further information.

6. What should I do if everyone will be still talking when I want to start my presentation?

7. If you will go to Paris next week, I can give you the name of a good hotel I know.

Text B. Size and Growth of companies

A company will seek to expand and grow in size for a number of reasons. Firstly, larger size leads to economies of scale which can make the firm more competitive. Secondly, a larger firm often has a better chance of surviving in the business world. It is likely to have a larger market share, it can borrow funds more easily and it will probably depend less on the profitability of a single product, having a wider range of products to sell than a smaller firm. Finally, the directors may seek the power and status that can come from being in charge of a larger firm, and so they will try to expand its operations.

A company’s size can be measured in different ways. The most popular criteria used are turnover, net profit, capital employed and the number of employees.

Methods of growth

Growth can take place slowly or quickly. Most firms will grow slowly through internal expansion. Many companies choose to expand more quickly, by deciding to take over, or merge with, other companies: mergers and takeovers are methods of integration.

Internal expansion. A firm can expand through:

1. producing and selling more of its current products in its existing markets;

2. selling these products in new (e.g. overseas) markets;

3. making and selling new products.

Integration. A takeover occurs when one company buys enough of another company's voting shares to allow it to take control. The directors of the company being taken over could try to oppose the takeover, but may be powerless to stop it.

A merger takes place between two companies through their agreement, unlike many takeovers. The two companies are completely reorganised following the merger.

Integration through either mergers or takeovers allows firms to expand quickly. There are three forms of integration:

1. horizontal integration;

2. vertical integration;

3. lateral, or conglomerate, integration.

A horizontal merger or takeover occurs between firms in the same industry and at the same stage of production. For example, the mergers of the National Provincial and Westminster banks to form NatWest, the confectionery makers Rowntrees and Mackintosh, and the buying of Rover by BMW.

Horizontal integration. Horizontal mergers lead to larger-scale production and therefore to economies of scale. Another advantage is that the new company has a larger market share, which gives it much greater market power.

Vertical integration also occurs between companies in the same industry but which are at different stages of production. Many breweries control their own public houses (retail outlets), tyre manufacturing companies such as Dunlop will own rubber plantations, and oil companies like Esso and Texaco have their own refineries and filling stations.

Vertical backwards integration occurs when a company starts to control firms supplying it with its raw materials: it is moving back down the chain of production. This form of integration has the following advantages:

1. The company is now directly in control of the supply, quality and delivery of its raw materials.

2. The profits of the firm under its control now belong to the company.

3. Economies of scale are possible.

Vertical forwards integration is found where a company merges with, or takes over, firms further along the chain of production (e.g. a producer taking over retail outlets). The advantages from this type of integration are as follows:

1. The company has a better access to its market, by being able to control advertising and promotion, the quality of the outlet, etc.

2. The profits of the retail outlet now belong to the company.

3. Economies of scale are again possible.

Lateral integration – also known as 'conglomerate', or 'diversified' integration – occurs when firms in different industries merge: the goods or services they produce are not related. One example is where the major tobacco companies, facing the reducing home demand for their tobacco products, take over other firms in expanding areas of the economy. British-American Tobacco plc has taken over companies such as Yardleys (cosmetics), Argos (retailing) and Eagle Star (insurance).

The advantages of lateral integration are as follows:

1. By diversifying into other areas, risk is reduced: the company no longer depends on a single type of product (such as tobacco).

2. A company's current products may dominate, or 'saturate' the market.

Vocabulary notes:

profitability	прибутковість;
to be in charge	бути відповідальним за;
turnover	товарообіг;
internal expansion	внутрішнє розширення;
integration	інтеграція; об'єднання;
backwards integration	зворотня інтеграція;
forwards integration	прискорена інтеграція;
merger	об'єднання (підприємств);
diversify	урізноманітнювати, розгалуджувати;

Vocabulary exercises

I. Match each term with its definition:

1. survive a) the amount of money involved in business operations;

2. profitable b) increase in size, quantity, numbers;
3. turnover c) operate longer that; last longer that; continue to exist;
4. growth d) bringing profit; useful;
5. expansion e) worth; value; excellence;
6. integration f) provide; furnish;
7. supply g) combining into the whole; completing;
8. quality h) making or becoming larger or wider; speading out;

II. Complete the following sentences:

1. A firm will seek to ……. in size for a number of reasons.
2. Larger size leads to economies of scale …….. competitive.
3. The directors may seek the power and status that …….. .
4. Most firms will grow slowly through …… .
5. Many companies choose to expand more quickly, by deciding …… .
6. A merger takes place between ……. , unlike many takeovers.
7. A horizontal merger or takeover occurs between firms …… of production.
8. Vertical backwards integration occurs when ……. .
9. Vertical forwards integration is found where …… .
10. Lateral integration occurs when firms …….. .

III. Put the words in the right order to form sentences:

1. a / better / world / A / larger / chance / firm / often / surviving / has / of / in / the / business.
2. seek / may / the / power / and / The / directors / status.
3. expansion / through / internal / Most / will / firms / grow / slowly.
4. to / expand / quickly / Many / companies / choose / more.
5. new / products / in / markets / through / can / A /firm / expand / selling.
6. two / companies / place / between / A / merger / agreement / takes / through / their.
7. Horizontal / lead / production / to / mergers / larger-scale.
8. has / a / larger / share / The / new / company / market.

IV. Read and dramatize the dialogue:

Jones *(coming in, to the secretary):* Hello, Jane. We are a bit late, aren't we? These traffic jams... Mr Miller, this is Jane Bright, Mr Stanton's secretary.

Mr Miller: Good morning, Miss Bright.

Secretary: Good morning, Mr Miller. Welcome to Britain. Did you enjoy the flight?

Mr Miller: Yes, quite. Thank you, Miss Bright.

Secretary: Oh, just call me Jane. Mr Stanton is waiting for you.

Mr Stanton: How do you do?

Mr Miller: How do you do? *They shake hands.*

Mr Stanton: Please, sit down. I think it's your first visit to our town, isn't it? I hope you'll like it.

Mr Miller: I'm sure I will. I've always dreamt of visiting your country and was looking forward to strolling about London. I remember Dr Johnson's well-known saying: "If a man is tired of London, he is tired of life."

Mr Stanton: Oh, I admire your English and your knowledge of English literature, too. Mr Miller: Thank you, you are very kind.

Mr Stanton: But I really mean it! Now, if you don't mind, I want you to meet my assistants. *(Presses the button.)* Jane, please, ask Mr Parker and Mr McClean come in.

Mr Stanton: Mr Miller, this is Mr Parker, our executive manager, and Mr McClean, my first assistant. Mr Miller *(shaking hands):* Happy to meet you.

Mr McClean: I've heard a lot about you and *Trading International Inc.,* but unfortunately we have never had the pleasure of doing any business with your firm.

Mr Miller: That's true. I hope the situation will change for the better in the near future. I've got some proposals and hope you'll be interested in them.

Mr Stanton: Fine. I believe our cooperation will be successful.

Grammar revision

I. Match the first part of each sentence in column A with the right ending in column B.

1. There's going to be a train strike tomorrow	A. unless we give her the salary she wants.
2. The union won't go on strike	B. we will not make a loss this year.
3. She will accept the job	C. we will make a loss this year.
4. She won't accept the job	D. they will not take legal action.
5. Unless sales improve dramatically	E. unless we agree to their demands.
6. If sales improve dramatically	F. if we agree to their demands.
7. Unless we pay them immediately	G. they will take legal action.
8. If we pay them immediately	H. if we give her the salary she wants.

II. Rewrite the following sentences using unless.

1. If nothing goes wrong, we will sign the deal tomorrow.

We will sign the deal tomorrow unless something goes wrong.

2. We're not going to get that contract if we don't improve our offer.

We're not going to get that contract …….. .

3. Only phone me if it is an emergency. Please don't phone me …… .

4. If demand doesn't increase soon, we're going to have a bad year.

We're going to have a bad year …… .

5. This project will only be viable if you can cut your overheads.

This project will not be viable ……. .

6. I'll accept an overseas posting if I can have my job back when I return.

I won't accept an overseas posting …….. .

III. A manager is going to Frankfurt to attend a trade fair. Complete the sentences about what he is going to do using in case + present tense.

The hotels may be busy. It might be extremely cold.

He might want to hire a car. The office might need to phone him.
He might have to see a doctor. He may lose his passport.

1. He's going to book a room in advance ... *in case the hotels are busy.*
2. He's going to photocopy his passport..... .
3. He's going to take his driving licence ..... .
4. He's going to leave a contact number ..... .
5. He's going to take out medical insurance ..... .
6. He's going to take some warm clothes ..... .

Text C. Survival of Small Company

Small companies suffer from a number of important weaknesses. They cannot gain economies of scale and so face higher costs of borrowing and other higher unit costs, compared with larger companies; they often rely on a single product, which increases their level of risk; and they lack the expertise (especially in management skills) present in larger firms.

They also have a range of strengths, when compared to a typical larger company. Small firms tend to be more adaptable and flexible in meeting the needs of their market; they are quicker to take decisions (there is less 'red tape' to go through); and they usually have better labour relations than larger firms, because the owners tend to be in closer contact with the 'shop floor'.

Several factors lead to firms remaining small in size:

1. Their market is local; for example, hairdressers, dentists and plumbers.
2. They provide specialist or luxury items, for which there is a very limited total demand.
3. There is a lack of ambition on the part of the owners, who prefer to keep business small-scale and therefore relatively uncomplicated.

Definitions of what constitutes a 'small' company have been made. Under Companies Act legislation, small companies meet two of three conditions:

- annual turnover below £2,800,000;
- balance sheet total assets under £1,400,000

- fewer than 50 employees on average.

A firm satisfying these criteria in two consecutive financial years only has to file an abridged balance sheet with the Companies Registration Office. It does not have to reveal details of profitability or turnover.

The principle of economies of scale suggests that small firms should be driven out of the market, as a result of their higher unit costs. Other common weaknesses include:

- reliance on a single product for survival;
- lack of business expertise;
- limited financial resources to withstand competition and recession and to employ specialists.

How small firms survive

There are a number of reasons why small firms continue to survive.

1. Supplying a local or limited market:

- supplying personal services, such as hairdressing and plumbing;
- operating in a particular segment of the market, e.g. domestic building extensions and improvements;
- providing convenience (the ‘corner shop’);
- concentrating on specialist or luxury items with limited demand, such as specialist firms for coin and stamp collectors;
- working in areas where growth is naturally limited, such as the markets for personal services.

2. The policy of the owners:

- a lack of ambition;
- desire to remain in charge;
- the wish to avoid risk.

3. Vertical disintegration:

- where larger companies subcontract out to small firms, because they find it unprofitable to do certain work themselves.

4. The attraction of entrepreneurship:

- small firms are established by people who want to be their own boss;

- they allow those who dislike working for a large firm the opportunity to work for themselves.

Small firms have a number of typical strengths which help them to survive. They are quicker to respond to market forces, communication between management and shop floor is efficient, and labour relations are usually good.

The growth of the small-firms sector has been encouraged by government policies in the 2000s and 2010s, in an attempt to stimulate the economy and reduce unemployment. The main developments have been in the areas of:

- **reducing bureaucracy:** a reduction in the statistical and other information required by government authorities;
- **providing advice:** for example, through the DTI's Enterprise Initiative, which provides assistance in areas such as marketing and information technology;
- **taxation policy:** lowering corporation tax levels for small firms, and establishing a turnover threshold for VAT registration;
- **finance:** for example, the Business Expansion Scheme, which gave tax relief on investment, and the Enterprise Allowance Scheme giving new business owners a £40 weekly allowance in the first year of operation.

Vocabulary notes:

survival	виживання; процвітання;
'red tape'	бюрократизм; тяганина;
consecutive	послідовний;
an abridged balance	скорочений баланс;
reveal details	відверті, секретні деталі;
recession	падіння, занепад виробництва

Vocabulary exercises

I. Complete the following sentences:

1. Small firms suffer from a number of ..... .

2. They also have a range of strengths, when compared to ..... .

3. There is a lack of ambition on the part of ..... relatively uncomplicated.

4. A firm satisfying these criteria in two …… only with the Companies Registration Office.

5. Small firms are ……. who want to be their own boss.

6. Small firms allow those who dislike working for …… to work for themselves.

7. Small firms have a number of typical strengths which …….. .

8. The growth of the small-firms sector ……. by government policies.

II. Put the words in the right order to form sentences:

1. higher / Small / of / borrowing / costs / firms / face.

2. decisions / to / take / Small / firms / quicker / are.

3. better / have / firms / Small / usually / labour / than / larger / relations / firms.

4. on / part / the / of / the / is / There / a / lack / ambition / of / owners.

5. it / unprofitable / certain / to / do / Small / find / firms / work / themselves.

6. who / want / firms / by / to / be / people / their / Small / are / own / established / boss.

III. Answer the questions:

1. What do small firms suffer from?

2. What are the differences between large-scale and small-scale productions?

3. What do the main weaknesses of small firms include?

4. What are the reasons why small firms continue to survive?

5. What are the main strengths which help small firms to survive?

6. What does the policy of the owners include?

7. What are the main attractions of entrepreneurship?

8. How can the growth of the small-firms sector be encouraged?

IV. Read and dramatize the following dialogue:

Mr Manson: Good afternoon, gentlemen. Mr Parker, glad to see you again.

Mr Parker: Good afternoon, Mr Manson. Good afternoon, gentlemen.

Mr Manson: Well, Mr Parker, let's get down to our business.

Mr Parker: O.K. You are sure to get acquainted with our draft of the contract for buying your equipment. We'd like to know whether you agree with all the clauses of the contract. As soon as we make the final version of the contract we can sign it and come to practical implementation.

Mr Manson: I fully agree with you, Mr Parker. I and my experts have thoroughly studied the clauses of the contract. Mr Baretti, our sales manager, will speak about our proposals as to some alterations.

Mr Baretti: Thank you. Gentlemen, having analyzed the proposed draft contract and taking into account our methods of work, I'd like to stress the following. First, the price per unit of equipment also includes the price of all parts providing the efficient functioning of the equipment, as it is pointed out in the appendix to the contract. So the unit price will be $ 5,879 instead of $ 5,240 which changes the total contract price respectively.

Mr Parker *(looking through the catalogue and appendix):* Well, I think we are not going to have any problems with this.

Mr Hammer, buyer's representative: I think the same, but I have a counter offer. As you are so strict on the quality of your equipment, couldn't you prolong the guarantee period from 24 to 36 months?

Mr Baretti: Dear Mr Hammer, the matter is that the 24 months period is our confirmed term. However, having analyzed all the data, we decided that we could meet your requirement.

Mr Hammer: Thank you. Mr Manson: Are there any other points in the contract you'd like to clear up?

Mr Parker: No, I think we have settled all the points quite clearly.

Mr Baretti: If we come across any problems later, we shall solve them there and then.

Mr Parker: Fine. Then our contract may be prepared for signing. We'll ask our experts and lawyers to do it. I don't think it will take them long to come up with it.

Mr Manson: All right, let it be so.

Grammar revision

I. Change the verbs in brackets using would + infinitive or the past tense.

A: My session with the career counsellor was a bit of a waste of time.

B: Really? Why?

A: Well, firstly, he recommended moving to London, but that's impossible. If I (1) *got* (get) a job in London, I (2) _____ (have) to spend at least four hours a day on the train, and I'm not going to do that.

B: Couldn't you move?

A: No, because if I(3) _____ (move) to London, I(4) _____ (need) to sell the house, and I don't want to do that at the moment.

B: Did he have any other ideas?

A: He suggested retraining to become an accountant, but that's not a solution either. Even if I (5) _____ (start) next week, I (6) _____ (not/be) qualified for at least three years, and that is too long. So I don't really know what I'm going to do.

II. Re-write the following sentences with if and the second conditional.

1. The reason we don't use them is that they are so expensive. But... *if they weren't so expensive, we would use them.*

But... *we would use them if they weren't so expensive.*

2. The reason I can't contact them is that I haven't got their address. But...

3. The reason I work so hard is that I enjoy my job. But...

4. The reason we are the market leaders is that we spend so much on R&D. But...

5. The reason I won't give you an answer is that I haven't got the authority. But…

III. Complete the sentences with the correct form of verbs in the line.

a) change;	c) think;	e) apply;	g) give;
b) be;	d) speak;	f) earn;	h) produce;

1. I think they might *give* me that job in Paris if I *applied* for it, but I'm not interested in it.

2. If I _____ you, I would _____ very carefully before investing.

3. It's a pity you have refused to talk to him. He might _____ his mind if you _____ to him personally.

4. It's a pity the circulation of our magazine is so low. If it _____ higher, we could _____ a lot more from advertising.

5. If our labour costs _____ lower, we could _____ cheaper goods.

Unit 6
PRODUCTION

Text A. Costs of Production

Efficient, large-scale production can bring a range of economies of scale to a company. However efficient production may be, the company will still have to meet various costs of producing the goods. These costs include:

1. wages of employees;
2. raw material costs;
3. expenses of lighting, heating and power (e.g. running the machinery);
4. costs of servicing and repairing equipment;
5. the expense of transporting the raw materials to the factory.

These different costs can be classified under a series of headings, to help the business to analyse and control them. One type of cost already considered is Opportunity Cost, where the cost of doing something is measured by what else has had to be given up in order to do it. For example, the opportunity cost for a manufacturer of toys, who is bringing out a new battery-powered car, might be a new range of toy furniture for a doll's house. There are not enough resources for the manufacturer to produce both, so one has to be abandoned for the other to be produced.

Fixed and variable costs

The total costs of a firm can be separated into those which are fixed and those which are variable. One reason for classifying costs as fixed and variable is to carry out breakeven analysis.

Fixed costs do not change as output changes. Examples of fixed costs include factory and office rent; office salaries (which do not depend on the number of items produced); insurance premiums, e.g. for fire or vehicle insurance; and the road tax paid on company vehicles. These costs do not alter, whether the factory is working to capacity or whether it is producing nothing.

Fixed costs are, therefore, literally fixed (in the short-term). They will change over a period of time: road tax and insurance premiums will

increase, and the rent of the factory will rise. These changes in fixed costs do not, however, arise from changes in the firm's output.

Variable costs result from a firm's output and will change as the output level changes. Examples include the costs of raw materials used in producing the items and 'piece-work' wages, where workers are paid on the basis of the number of products they make.

In reality, the distinction between these two costs is not always clear. Many costs are semi-variable: they contain both fixed and variable elements, and therefore vary partly according to how many items are produced. For example; a factory which is planning to double its output will face increased labour, power and transport costs; but although these costs will increase, they will not double in size.

Direct and indirect costs

A firm's direct costs are those costs that can be directly linked to particular product lines. Examples include the costs of running the machinery which is used to manufacture specific products; the cost of raw materials used for a particular product; and the wages of production workers who are directly involved with making particular products. Direct costs are usually variable in nature.

Indirect costs are shared between the different product lines: they do not relate to one particular product. Examples include the cost of company stationery, which is used for all the company's products and services; the salaries of the management staff who are involved with all aspects of the company; and office and factory rent. Indirect costs are likely to be fixed in nature; the term overheads is often used to describe these costs.

The classification of costs into direct and indirect is also important to them. The firm's management will need to know not only the total costs but also the costs of making individual product lines. This enables the profitability of these individual product lines to be calculated and so decisions can be made about what prices to charge; and further levels of production can be determined.

In practice, a firm's accountant may try to allocate all the indirect costs to the different product lines. Factory rent, for instance, could be apportioned – shared out – on the basis of the floor space taken by each product line.

Vocabulary notes:

economies of scale	великомасштабне виробництво;
expenses	витрати;
Opportunity Cost	оптимальна вартість;
to abandon	відмовлятися від; закинути;
fixed cost	фіксована вартість;
variable cost	змінювана вартість;
to alter	змінювати; перероблювати;
capacity	можливість; потужність;
literally fixed cost	точнофіксована вартість;
semi-variable cost	саморегульована вартість;

Vocabulary exercises

I. Put the words in the right order to form sentences:

1. producing / will / still / have / to / The / company / meet / costs / of / the / goods / various.

2. by / what / up / in / order / to / has / had / to / be / given / Opportunity / Cost / is / measured / do / it.

3. can / be / those / which / separated / The / total / costs / of / a / firm / into / are / fixed.

4. changes / change / as / Fixed / costs / can / output.

5. and / office / Examples / of / include / fixed / office / costs / factory / rent / salaries.

6. long / costs / Fixed / are / fixed / in / literally / the / term.

7. from / a / output / firm's / and / Variable / costs / result / will / change /not / as / the / output / changes / level.

8. reality, / In / between / costs / two / the / distinction / is / clear / always.

II. Match these sentence halves:

1. Many costs contain both	a) how many items are produced.
2. Costs vary partly according to	b) fixed and variable elements.
3. A firm's direct costs are costs that	c) between the different product lines.
4. Direct costs are	d) the costs of making individual product lines.

5. Indirect costs are shared	e) can be directly linked to particular product lines.
6. The firm’s management need to know	f) usually variable in nature.
7. In practice, a firm’s accountant may try to	g) allocate all the indirect costs.

III. Match each term with its definition:

1. Wage	a) the power of holding;
2. employee	b) give up completely; leave a place;
3. expenses	c) the necessary supplies for special purpose;
4. equipment	d) spending money; cost;
5. abandon	e) a person who works for another;
6. capacity	f) a payment made in return for work or service;

IV. Read and dramatize the following dialogue:

Dick and Jack are having lunch. Dick is Vice-President in charge; of Product Development. And Jack is Vice-President in charge of the Legal Department.

Dick: How are the things?

Jack: Great. We are busy with a new line of clock-television.

Dick: Sounds interesting. Are you going to apply for a patent soon?

Jack Yes, we are. We are preparing the necessary papers now.

Dick: And what did the Market Research say by the way?

Jack: They think there is fair market for the product at the moment but it will take a few years to catch on.

Dick: I see. We'll have to turn a good promotional campaign.

Jack: Without doubt.

Dick: Well, it will be our advantage to have the patent on it as well. You have decided on the size, haven't you?

Jack: We'll start with a small screen model. It will have a wake-up button and go-to-sleep button with timers. Market Research says that the automatic go-to-sleep button may be the bigger selling point.

Dick: Yes, the idea of a set that turns itself off is great. To tell you the truth I'm always falling asleep in the middle of the show. Now it can be done.

Jack: Well, in future we'll probably expand the line to include different size screens and colour.

Dick: That's good.

Jack: I think we are close to a big success.

Dick: That is why we must be very careful. Before we begin to market television we must fulfil the most complete testing.

Jack: You are right.

Dick: What about the pricing? Has it been worked out?

Jack: Not completely. Market Research Department says we can't have too high price on this kind of item.

Dick: It's evident we must be very careful. Maybe this time consumers will really surprise us.

Jack: Let's hope for the best.

Grammar revision

I. Read through the following sentences. Decide whether the events in them are likely or imaginary, and put the verbs in brackets into the right tense.

1. If everyone *contributed* (contribute) 10% of their salaries to charity, there would *be* (be) no poverty.

2. I am sure we _____ (meet) our targets if we _____ (maintain) our current level of sales.

3. If I _____ (be) in your position, I _____on having more staff in the department.

4. Please have a seat. If you _____ (wait) a couple of minutes, I _____ (give) you a lift.

5. I'm expecting a fax from Grayson's. If it _____ (come) today, please _____ (let) me know at once.

6. I _____ (apply) for the job if I _____ (have) a degree, but unfortunately I haven't.

7. What laws_____ (you/change) if you _____ (be) in Parliament?

8. I'm leaving now; I _____ (be) back at 8.30 if the traffic _____ (not/be) too bad.

II. Answer the following questions using the second conditional.

What would you do if...

1. ... you invented a new product? If I invented a new product, I would patent it immediately.
2. ... you lost your job?
3. ... you were offered a job in Saudi Arabia for five years?
4. ... your company's main competitors offered you a good job?
5. ... you lost all your money and credit cards?

III. Write down the advice you would give in the following situations. Begin each answer with 'If I were you...'.

What would you say to ...

1. ... an 18 year old who wanted to join your company instead of taking up a place at a well-known university?

If I were you I'd go to university, because you could join the company later.

2. ... a colleague who had not heard about the result of an interview?
3. ... a friend who asked you what kind of car he should buy?
4. ... someone who was looking for a job with your company?
5. ... a visitor to your town who asked which restaurants were good?

IV. Read the example and then write a short paragraph about the changes you would make in the following situation.

If I were the Prime Minister, I would raise taxes and spend more money on education. I would reduce bureaucracy and cut defence spending. I would abolish the monarchy, and move into the Palace, which I would make my private home.

If I were chairman of the company I work for ...

Text B. Methods of Production

The production manager is involved in decisions concerning the method of production to use, the costing of the stock which is issued for production, and the location of the firm itself.

Production of goods and services is either intermittent or continuous in nature. Four types of production system can be distinguished, which normally depend on the scale of production being used and which themselves influence the physical layout of the production area.

Job production also known as ‘unit’ production, this is where a single unique product is made from start to finish. This type of production involves the output of a **single product,** to individual specifications. Examples include the manufacture of a single machine tool or a ship, and the construction of an individually designed building, a bypass or a bridge (the Humber and Severn Bridges and the Channel Tunnel are typical examples). Each product is therefore a ‘one-off’ which requires its own costing system, the costs initially being calculated to provide a quotation based on the buyer's specification. One difficulty with job production is the accurate calculation of these costs: other problems include the high level of machine idle time and the non-existence of repeat orders.

The construction of the Channel Tunnel has illustrated the problem in job production of estimating accurately the ‘three Cs’: costs, cashflows and completion date. Examples of mass-produced products include manufactured goods such as cars and consumer durables, books, light bulbs, milk bottles and toys; and manufactured liquids and ‘emi-liquids’ such as jams, milk, medicines, oil and beer.

The characteristics of job production are:

- focusing on the customer and not the market;
- a high-priced product;
- highly skilled and versatile labour;
- centralised management;
- plant and equipment which is sufficiently flexible to meet the demands of the individual jobs;
- the use of techniques such as critical path analysis to plan and monitor the production process.

Batch production involves the output of a batch or quantity of a product without a continuous production process. In batch production, similar products are made in ‘blocks’ or batches: it therefore falls somewhere between Job and Mass production. The Production Department’s

tasks with batch production include deciding how many to make in a batch (‘economic runs’ are required, to keep costs under control) and in what order the various batches of the different designs or products should be made. The characteristics of batch production are similar to those of job production, although unit costs are often lower through fixed costs being spread over the number of items in the batch. The production area is often organised by grouping together similar machines and processes (such as welding and assembly).

Examples of batch production include producing bread and cakes in batches, constructing similar houses on a new estate and making a number of furniture items to the same design. Many manufactured goods (e.g. producing different knitwear sizes and designs, or different designs of furniture) are made in batches.

Mass production also known as ‘flow-line’ production, the products that are being made pass from one-stage of production straight to the next stage. Large numbers of identical products are made, as cheaply as possible (economies of scale are likely with mass production).

This involves the output of identical and standardised products. Examples include cars, televisions, audio equipment, washing machines and other ‘black’ and ‘white’ consumer durable goods such as books, light bulbs, milk bottles and toys; and manufactured liquids and ‘emi-liquids’ such as jams, milk, medicines, oil and beer.

Production is continuous and the production inputs tend to be highly specialised, with each being employed continually on the same productive operation. Mass production relies on the support of an advanced marketing function and is associated with products which have high and long-term levels of demand. It is also associated with low morale problems arising from worker boredom, and production stoppages through equipment failure. Its characteristics are:

- a lower-priced product;
- a greater proportion of unskilled or semi-skilled labour;
- high capital investment costs;
- economies of scale (e.g. through bulk buying and die division of labour);

- specialised plant and equipment, therefore little flexibility;
- a production layout organised to minimise the movement of parts and sub-assemblies;
- highly automated production and assembly lines;
- greater emphasis on specialised support services;
- costs being subject to standard costing and budgetary control procedures.

Process production involves the output of a product type determined by the technological process used. Examples include oil refining and much of the production in the chemicals industry. Like mass production, the production process is continuous and tends to use even more capital equipment and more automation.

Vocabulary notes:

machine idle time – простої машин;
quotation – розцінка, котирування;
completion date – дата завершення;
non-existence – неіснуючий;
repeat orders – повторні замовлення;
versatile – різносторонній;
critical path analysis – аналіз критичного шляху;
batch production – серійне виробництво;
mass production – масове виробництво;
single product – одиничний продукт;
process production – процес виробництва;

Vocabulary exercises

I. Match each term with its definition:

1. location	a) the statement of the current price of an article;
2. influence	b) a plan or general arrangement;
3. layout	c) an effect, consequence or result of power exerted in an indirect way;
4. quotation	d) a position or place;
5. cash	e) the act of completing or finishing;
6. completion	f) money in the form of coins or notes;

II. Mark these statements true or false according to the text:

1. Production of goods and services is both intermittent and continuous in nature.

2. Job production also known as ‘unit’ production.

3. Batch production involves the output of a single product without a continuous production process.

4. In batch production, similar products are made in ‘blocks’ or batches.

5. Examples of batch production include producing of bridges and houses.

6. Mass production also known as ‘flow-line’ production.

7. Mass production does not rely on the support of an advanced marketing function.

8. Process production involves the output of a product type determined by the technological process used.

III. Answer the questions:

1. What types of production systems do you know?
2. What does the job production involve?
3. What are the examples of the job production?
4. What are the main characteristics of job production?
5. What does the batch production involve?
6. What are the examples of the batch production?
7. What does the mass production involve?
8. What are the examples of the mass production?
9. What are the main characteristics of mass production?
10. What does the process production involve?

IV. Read and dramatize the following dialogue:

Mr Kravchuk was favourably impressed by the technical specifications of the pumps which were given by the company. During the first meeting with Mr Fox they discussed the terms of delivery and a possible quantity discount. When the two businessmen met again the following conversation took place.

Kravchuk: Mr Fox, I want to clarify the question of inspection and tests first. Since this is going to be our trial order we'd certainly like our inspectors to be present at the tests.

Fox: Naturally. We'll send you our Notification of Readiness for the test well in advance.

Kravchuk: We'd like to be sent at least 45 days before the date of the test.

Fox: Why so early?

Kravchuk: You know, in the past we had some troubles when Notifications were delayed and as a result our inspectors couldn't arrive at the plant in due time.

Fox: I see. In that case the contract will stipulate your requirement. But I can guarantee that we won't let you down, Mr Kravchuk. On our part, we expect a Release Note for Shipment to be signed immediately after the tests are carried out and a Test Report is submitted. Otherwise we won't be able to arrange shipment of the goods on time.

Kravchuk: Our inspectors will do that by all means if the results of the tests are satisfactory.

Fox: Thank you.

Kravchuk: There is another matter I'd like to bring up, Mr Fox. What kind of packing do you see?

Fox: Oh, we pay special attention to this matter. Our goods need seaproof packing. So generally some parts are wrapped up in polythene and the whole units are then put into wooden boxes or crates.

Kravchuk: I hope this ensures their safe delivery, doesn't it?

Fox: Of course it does. We do our best to satisfy our customers and make our product really competitive and attractive for overseas markets.

Kravchuk: Thank you, Mr Fox. I think we've settled all the matters. Will it be possible for us to meet tomorrow morning and sign the contract?

Fox: That will be fine.

Grammar revision

I. Put the verbs into the correct form. Choose either the past perfect (had done) or would + perfect infinitive (would have done).

1. If we *had known* (know) that the company was in financial difficulty, we would not have done business with them.

2. We would have won that contract if we _____ (make) a better offer.

3. They _____ (go) out of business years ago if they hadn't invested in new technology.

4. Would sales have been higher if the price _____ (be) lower?

5. If we _____ (wait) a few more months, we would have saved a great deal of money on the new computers.

6. The company _____ (move) earlier if it had found suitable premises.

7. _____ you _____ (accept) the new job if they had offered it to you?

8. If the flight had been delayed, I _____ (stay) at the airport hotel.

II. Read through the sentences. Put a tick next to the ones that are right, and correct the ones that are wrong.

1. If I would have had the chance to study another foreign language, I would have learned Russian.

2. We would have moved to a bigger hall if there had been any more people for the presentation.

3. The company had made bigger profits if they had been able to cut down on salaries.

4. If they had dealt with the complaint more quickly, they didn't receive so much bad publicity.

5. If there wouldn't have been so many mistakes in the advertisement, we wouldn't have had to re-do it.

III. Re-write the sentences using mixed conditionals.

1. We didn't order the parts at the end of June. They aren't here now.

If we had ordered the parts at the end of June, they would be here now.

2. We felt we could trust each other. Now we are partners.

3. He lost his driving licence. Now he has to take taxis everywhere.

4. You didn't go on the course. You don't know how to operate the new equipment.

5. I went to school in France. Now I am bilingual.

Text C. Work in Production Department

The Works Manager, or Production Manager, has the responsibility of the overall management of the production process. The key functions under the control of the Works Manager are as follows.

Production engineering

The firms management has to decide what is to be produced. Once this decision has been taken, it is the role of Production Engineering to plan how the product is made. The decisions to be taken include:

- quality of raw materials needed;
- manufacturing processes to be used;
- capital equipment needed;
- length of the production run for each product.

The production engineer uses work study to analyse labour and production efficiency. Work study consists of work measurement and method study.

Method study seeks to determine how a job should be carried out. The need for method study is highlighted where there are production bottlenecks, idle machinery or high levels of scrap and waste. It is based on the assumptions that there is a 'best' method of doing a job, and that this method can be determined by studying the job.

Work measurement is used to reveal the work content of a task and to establish how long the task should take to complete.

It uses the concepts of standard time – the time taken in normal conditions by a competent worker to complete the task – and standard performance – an average output rate achieved by competent workers using agreed production methods. Standard times are used for production planning and are also used as a basis for pay incentive schemes and in establishing standard costs.

The main methods used to measure work are by direct observation (through time study or activity sampling) of the work, and by synthetic methods which do not involve observation.

Production planning

The role of production planning is to establish short-term and long-term production schedules. To be successful, the production

planning policy must be realistic and achievable: it therefore includes elements of stock control (to ensure stocks are obtainable at the right time and in the right numbers), sales forecasting (linking with the demand for the products being made), and labour (quality and availability). As an example, a sudden surge in demand for a product being made requires the production planners to consider:

- introducing overtime;
- subcontracting some work to other manufacturers;
- re-equipping with more productive machinery;
- reducing stock levels to boost production in the short term.

Production control

Production control follows on logically from production engineering. The purpose of production control is to ensure that the production plans are being followed by, for example, checking that production is taking place on time and making sure that agreed standards of quality are being kept to.

Production control ensures that the plans made at the production engineering stage are being followed, and that the production deadlines set by production planning are being met. There are a number of areas of control under this heading, including quality control, and stock control, which are explained in depth later in this chapter.

Purchasing

The main role of the purchasing function is that of materials management. Production can be a highly complex operation, requiring many different items at different points in the production process. In such cases, purchasing is normally a centralised function, employing specialist buyers. Benefits of centralising the purchasing function include discounts for bulk buying, and greater expertise and efficiency. The organisation's buyers must obtain items:

- at the correct **price;**
- in the correct **quantities;**
- to the correct level of **quality;**
- at the correct **time.**

Quality control

The Production Department is often responsible for inspection, even if the company has a separate Inspection Department. Inspection is a part of quality control, which attempts to ensure that there is as little waste as possible from the production process.

The term ‘quality assurance’ refers to the various activities concerned with quality, including quality control. The speed of manufacture on mass production lines and incentive payments for quick work can result in a fall in quality of the finished output. Quality control is an important element in production control, through its identification and scrapping of unsuitable output. The purpose of quality control is to ensure that standards are being maintained, especially where mass and flow production methods are being used. Specific costs associated with quality control include the costs of:

- materials scrapped;
- labour time wasted;
- rectifying poor workmanship;
- inspection and measurement;
- training employees to monitor the quality of their output;
- loss of customer goodwill when poor quality products escape the inspection net.

Most firms seek to adopt a ‘quality culture’ which attempts to give customers high quality and good value. The quality culture is based on the premise that it is cheaper to get the job done correctly in the first place than to incur the costs and delays associated with failure. Reproduced below is the type of statement made by major organisations to indicate their awareness of the importance of quality.

Research and Development

A company’s Research and Development unit or department has the function of examining possible new manufacturing processes and products and, if any new ideas seem worth developing, of testing them out. The research and development staff often work closely with Production, for example in testing out the quality of new designs or new materials which are to be used in the production process.

Production is, probably the function most affected by the speed of modern technological change. Many new important developments are taking place in production, through research and development successes.

Vocabulary notes:

Production Engineering – виробничий дизайн;
assumption – припущення;
production planning – планування виробництва;
sales forecasting – прогнозування продажів;
sudden surge in demand – раптова хвиля попиту;
overtime – наднормований час;
re-equipping – переобладнання;
boost production – розширене виробництво;
purchasing – закупівля;
discounts for bulk buying – знижки для оптових закупок;
quality assurance – гарантія якості;
scrap – залишки, відходи;
rectifying – виправлення;

Vocabulary exercises

I. Match each term with its definition:

1. assumption	a) specified amount or number;
2. quality	b) searching for new facts in any branch of production;
3. quantity	c) claiming to be important or to have great rights;
4. discount	d) a strong statement intended to make a person feel sure about something;
5. scrap	e) a size, quantity, amount;
6. measurement	f) articles which are no longer useful and are valueless;
7. assurance	g) a sum that is taken away from the amount that is to be paid;
8. research	h) a degree of excellence or worth;

II. Match these sentence halves:

1. The firms management has	a) to decide what is to be produced.
2. Work study consists of	b) work measurement and method study.

3. Method study seeks	c) to determine how a job should be carried out.
4. Work measurement is used to	d) reveal the work content of a task.
5. Standard times are used	e) for production planning.
6. The production planning policy	f) must be realistic and achievable.
7. The main role of the purchasing function is	g) that of materials management.
8. The purpose of quality control is	h) to ensure that standards are being maintained.

III. Answer the questions:

1. What kind of responsibility has the Production Manager?
2. What are the key functions under the control of the Works Manager?
3. What is the role of Production Engineering?
4. What does work study consist of?
5. What is the role of work study experts?
6. What are the main methods used to measure work?
7. What is the purpose of production control?
8. What is the main role of the purchasing function?
9. What is the purpose of quality control?
10. What does the term ‘quality assurance’ mean?
11. What do specific costs associated with quality control include?
12. What does the term ‘quality culture’ mean?
13. What is the purpose of a company’s Research and Development department?
14. Is the production affected by the speed of modern technological change?

IV. Read and dramatize the following dialogue:

The other day Mr Pavlenko, General Director of Ukrimport, and Mr Turnball, a representative of Lindon Tools Ltd met at the Ministry for Foreign Trade to negotiate the purchase of a Flight Information Display System for a new airport being built in Kyiv.

Pavlenko: Good morning, Mr.Turnball. Happy to see you in Kyiv again.

Turnball: Good morning, Mr.Pavlenko. I'm also pleased to meet you.

Pavlenko: Will you take a seat, please. Did you have a nice journey?

Turnball: Yes, thank you. I enjoyed the trip. It was very pleasant indeed.

Pavlenko: I'm glad to hear it. Now I'd like to discuss with you some particulars of our transaction. Our customers have studied all the technical characteristics of your system and concluded that they meet their requirements.

Turnball: I'm happy to hear it. We have been selling our equipment to many western countries. It's up to world standards and is in great demand on the world market.

Pavlenko: Well, now we can get down to discussing the commercial side of our transaction, can't we? The first thing I'd like to clarify is the prices.

Turnball: Don't you find them attractive?

Pavlenko: On the whole we do, but the prices for items 3 and 9 are a bit high.

Turnball: I'm afraid I can't agree with you here. These items are completely new in design and they are the best on the world market.

Pavlenko: The competitors offer lower prices for such items and they are 30—40% lower than yours. Could you find it possible to reduce the prices?

Turnball: I'm afraid I must get in touch with my company and I'll give you the answer tomorrow.

Pavlenko: Good. Now comes the question of payment.

Turnball: I hope payment for collection suits you.

Pavlenko: Yes, it does. And since your terms of delivery and delivery time are acceptable, we'd like to offer you our contract form to study. Could you come here at 10.30 tomorrow?

Turnball: No problem, Mr Pavlenko. Good bye.

Pavlenko: Good bye, Mr Turnball.

Grammar revision

I. Match the comments.

1. *I'm afraid I'm tied up all this week.*	A. OK, I've got them here. Shall I fax them to you?

2. Can you turn the heating down?	B. That’s OK. Shall I pick you up from the airport?
3. Is the next interviewee here yet?	C. That’s OK. Shall I ring back this afternoon?
4. Is that the new screen I ordered?	D. Yes. Where shall I put it?
5. Sorry, I’m in a meeting at the moment.	E. I’m not sure yet. Shall we send you a quote in a few days?
6. How much is this going to cost?	F. No, but shall I open the window for you?
7. I don’t know London very well.	G. *That's OK. Shall we arrange a meeting for next week?*
8. I need to see the plans. Today, if possible	H. Yes, she is. Shall I send her in?

II. Re-write these suggestions. Use the word in capitals.

1. Shall we have lunch at Le Manoir? (WHY) *Why don’t we have lunch at Le Memoir?*

2. I advise you to prepare for the interview carefully. (SUGGEST)

3. Why don’t we wait until the next financial year? (HOW)

4. Let’s organize a leaving party for Mr Simpson. (WHAT)

5. I suggest that you think about it and let me know your decision. (WHY)

6. How about sharing a taxi to the station? (LET’S)

7. I think you should check her references before offering her the job. (ADVISE)

III. Read the passage. Then use the prompts to make sentences about the Hoover campaign using should (n’t) + have done (active or passive).

In 1991, Hoover launched a promotional campaign. It offered customers two free air tickets to the Unites States (worth about £400) if they bought any Hoover appliance worth over £100. There were not enough special conditions, and the total number of tickets was not limited. The company did very little research and it relied on outdated figures that showed that very few people ever took up 'special offers'. Potential customers were not targeted clearly enough, and the company made the offer much too attractive. The campaign was a

sensational success. Thousands of people took up the offer and paid £100 to get their free air tickets. The company sold enormous numbers of appliances, but after paying for many thousands of air tickets, it ended up with a loss of about £48 million.

1. shouldn’t/offer/valuable/air tickets It shouldn’t have offered such valuable air tickets.

2. ought to/be/more special conditions

3. total number/tickets/should/limit

4. more research/ought to/do

5. should not/rely on/outdated figures

Unit 7
EXTERNAL AND INTERNAL CONTROL OF COMPANY

Text A. Financial Accounting

Information on the financial position of a firm must be collected and acted upon. This will allow financial control to take place. Financial control is vitally important to all organisations, whether they set out to make a profit or to provide a service to the community.

The accountant is the person most closely associated with controlling the finances of an organisation. He or she will have at least two key roles to carry out:

The accountant will study the various alternatives open to the firm; for example, through working out the various costs of obtaining new machinery. The accountant will then recommend the best financial course of action on the basis of these alternatives; e.g. by presenting figures to show whether it is cheaper to buy the machinery outright, to buy it on credit, or to lease it from the manufacturer.

It is the purpose of the accounting function to: OBTAIN, RECORD, ANALYSE and PRESENT financial information.

The accounts department of any firm will **obtain** its information or data from a wide variety of sources. For example, the sales department will send copies of its sales invoices to accounts, from which the quantity and value of the firms sales will be seen: and the firm's incoming mail will contain cheques from debtors which need to be recorded and banked, and statements from creditors which have to be paid.

Recording information in the firm's accounts is a well-known accounting activity and forms the book-keeping element of accountting. The term 'ledger' refers to a collection of accounts. For control purposes, the ledger is normally divided into the

- **Cash book:** for cash and bank accounts, isolating money to be controlled by a cashier.
- **Sales Ledger:** debtor accounts are grouped together, allowing more effective credit control to take place.
- **Purchases Ledger:** this is a grouping of creditor accounts to enable the firm to control its own total debts.

- **General Ledger:** containing the remaining accounts.

Recording the details of the various transactions in these accounts allows the accountant to **analyse** and interpret this information. This is carried out by using a variety of accounting ratios, to identify and highlight any trends.

Other managers are also involved in 'advance planning', by being required to produce budgets which plan the future performance of their own departments.

The accountant has a key role as a communicator, in **presenting** financial information to the rest of the management team. Appropriate non-technical language must be used for the benefit of those to whom this information is communicated. The people who are interested in this financial information include other managers, owners of – or potential investors in – the firm, and the firm's creditors (who supply it with goods on credit).

Varieties of accounts

Asset accounts record details of the items owned by a business. Assets are grouped under two headings:

1. Fixed assets: long-lasting assets, such as premises, equipment and machinery used by the firm in its operations.

2. Current assets: assets such as stocks, debtors (credit customers) and cash, which fluctuate regularly and are directly used to make profit.

Liability accounts record details of amounts owing by a firm. The main liability is capital, which shows the value of the investment in the business by the owner(s). Capital is treated as a liability because it is owed by the firm to the owner(s): this is an application of the Business Entity concept. Other liabilities are either:

- long-term, such as debentures and other loans which are not due to be repaid for at least one year; or
- current, payable within twelve months and which fluctuate in value regularly, such as creditors (suppliers of goods on credit) or a bank overdraft.

Expense accounts record costs incurred by the firm. Examples include rent, salaries and wages, advertising, insurance and purchases of stationery and raw materials.

Income or 'revenue' accounts record the results of the firm's trading. The sales account is the principal revenue account. A company's directors normally decide not to distribute all profits after tax in the form of dividends. This helps retain cash in the company. To do this, the directors use accounts known as reserves: examples include:

- fixed asset replacement reserve;
- general reserve;
- profit and loss appropriation account (the total of undistributed profit).

These are 'revenue' reserves because they are created from the company's revenue (trading) activities. 'Capital' reserves are created from capital movements: for example, a share premium account records the value of total share premium, where new shares have been issued at a price above their nominal (face) value.

Provisions are created where a firm has expenses but the amount of the expense is not known with any certainty. A well-known example of the use of provisions is the provision for depreciation account. Fixed assets depreciate – fall in value over their useful life – but the precise annual amount of depreciation can only be estimated. An estimated annual charge (the provision) is made against profits, so that each year's profit bears its share of the total cost of depreciation. If this were not done, one year's profit – the profit for the year in which the asset was sold – would bear the full cost and comparisons between it and other annual profits would be unfair.

Vocabulary notes:

Cash book – касова книга;

Sales Ledger – книга рахунків операцій з продажу;

Purchases Ledger – книга рахунків закупівельних операцій;

General Ledger – загальна книга рахунків;

Asset accounts – рахунки активів балансу;

Liability accounts – рахунки пасивів балансу;

Expense accounts – рахунки витрат;

Income or 'revenue' accounts – рахунки надходжень або прибуткові рахунки;

reserve – запас, резерв;

revenue – дохід, прибуток;

provision – запас;

estimated annual charge – очікувані річні витрати;
cost of depreciation – вартість знецінювання;

Vocabulary exercises

I. Match each term with its definition:

1. Cash book	a) record the results of the firm's trading;
2. Sales Ledger	b) this is a grouping of creditor accounts;
3. Purchases Ledger	c) contain details of the debtor accounts;
4. General Ledger	d) record details of amounts owing by a firm;
5. Asset accounts	e) record details of the items owned by a business;
6. Liability accounts	f) containing the remaining accounts;
7. Expense accounts	g) record costs incurred by the firm;
8. Income accounts	h) contain details of the cash and bank accounts;

II. Complete the following sentences:

1. Financial control is vitally important to ……... to provide a service to the community.
2. The accountant is the person ……. finances of an organisation.
3. It is the purpose of the accounting function to: ……. financial information.
4. Recording information in the firm's accounts is …….. element of accounting.
5. Recording the details of the various transactions in the accounts allows …… .
6. The people who are interested in this financial information include …… .
7. Assets are grouped under two headings: …… .
8. The main liability is …….. which shows …… by the owner(s).
9. Examples of the Expense accounts include …… .
10. 'Capital' reserves are created from …… .

III. Answer the questions:

1. Is financial control vitally important to all organizations and why?
2. What are the main functions of the accountant?
3. What are the purposes of the accounting department?

4. What are the main sources for obtaining financial information or data?

5. What does the term ‘ledger’ mean?

6. What are the main types of Ledgers?

7. What does the Cash book contain?

8. What does the Sales Ledger contain?

9. What does the Purchases Ledger contain?

10. What does the General Ledger contain?

11. What are the main types of accounts?

12. What does the term ‘revenue’ mean?

IV. Read and dramatize the following dialogue:

Ukrimport was interested in bying pumps from Bond and Co. After Mr Stanley and Mr Petrenko had discussed the time of shipment, the terms of delivery and the number of pumps they started discussing the price and terms of payment.

Stanley: Good morning, Mr Petrenko.

Petrenko: Good morning, Mr Stanley.

Stanley: Happy to meet you again.

Petrenko: The pleasure is mine.

Stanley: Sunny morning, isn't it?

Petrenko: Yes, it's beautiful.

Stanley: The weather will keep fine, I hope.

Petrenko: I hope so too.

Stanley: Good weather is a good way to start business, isn't it?

Petrenko: That's right. Let's get down to business then. I'd like to start with the prices. Mr Stanley, I'm sorry to say it is not acceptable to us. You have quoted a very high price.

Stanley: Oh, 5£ per unit is quite a reasonable price. As you know we have improved the model. And besides the price includes export packing.

Petrenko: Yes, we know that. But we also know that the prices on the world market for this type of pumps are lower than yours.

Stanley: But the quality of our pumps is higher and we've delivered a lot of pumps to different countries of the world at that price.

Petrenko: And still, Mr Stanley, we find the price a bit high. I'd like to stress that it's our trial order with your company and if we are satisfied with our transaction you can expect repeat orders from us.

Stanley: Well, the only thing we can do is to give you a discount of 2% off the value of the contract.

Petrenko: Fine. That settles the price problem.

Stanley: And how about the manner of payment? I hope payment by a letter of credit against shipping documents suits you, doesn't it?

Petrenko: Yes, it does.

Stanley: Good. You are to open a L/C with the National Bank of Ukraine after our Notification of Readiness of the goods for shipment.

Petrenko: All right. One more thing, Mr Stanley. Our people would like to visit your manufacturing plant, if possible.

Stanley: No problem. We can easily arrange it and I myself will take you here.

Petrenko: Thank you, Mr Stanley.

Stanley: Thank you, Mr Petrenko. We are looking forward to establishing good business relations with your company.

Grammar revision

I. Make suggestions referring to your own company. Use the following expressions.

I think we should ... I don't think we should ...

We ought to ... Why don't we ...

How about ... Let's ...

1. Suggest a way of improving morale among the workforce. *I think we should increase overtime rates.*
2. Suggest a way of making working hours better for secretarial staff.
3. Suggest a way of reducing staff turnover.
4. Suggest a way of cutting costs.
5. Suggest a way of improving productivity in your company.
6. Suggest a way of increasing demand for your product or service.
7. Suggest a way of increasing incentives for managers.

II. Read through the sentences about things that have gone wrong. Then explain why they happened using should/shouldn't have done.

1. The architect was nearly killed at the building site last week.

The builder shouldn't have thrown his bag of tools down from the roof.

2. Helena lost all her savings when the company she had invested all her money in went bankrupt.

3. Our main competitor's last product was a total failure.

4. Peter has just lost an entire morning's work on his computer.

5. The government lost the election.

6. Their profits were down sharply last year.

III. Complete the conversation with can, can't, be able to, or been able to.

HELEN: Jane, I'm afraid that I won't *be able to* see you on Friday. I've got to see some clients and they ..... make it any other time.

JANE: Don't worry, we ……. easily meet next week. How would Tuesday morning suit you?

HELEN: That's fine. I ……. come and pick you up at the station.

JANE: That's very kind of you, but my car will be back from the garage, so I will ……. drive up.

HELEN: I'm sorry about the delay.

JANE: That's fine, really. I haven't ……. do much work on the proposal, and now I've got an extra weekend, I'll …….. look at it in more detail.

Text B. Budgets and Budgetary Control

Businesses carry out a range of internal controls and checks. One widely used form of control is credit control. Any business which allows its goods or services to be sold on credit will need to check the following:

1. The potential customers are credited worthy and so likely to be able to pay their debts to the business.

2. Its debtors keep within their maximum credit limits.

3. The debtors pay the amounts they owe within the agreed time period.

To try to limit the amount of fraud that takes place, systems can be set up so that the work of one person is checked independently by another. For example, at least two people should be involved with recording and issuing cash and with preparing invoices: the work of

one person acts as a check on the work of the other. This is known as internal check.

The use of budgeting techniques is another important form of control. Budgeting exists to help managers to plan ahead in financial terms. A firm's **budget** is a detailed forecast of future plans and action for the business, measured in money, in the same way that a household budget plans an individual's or family's income and expenditure.

A budget is a plan expressed in money which relates to a defined time period. Budgets allow activities to be

- co-ordinated: through the master budget;
- controlled: by comparing actual performance with budgeted;
- communicated**:** through involving all staff in their creation.

Budget creation in smaller businesses is quick and informal. In larger firms it becomes a formal process through the work of budget committees – who oversee budget creation and coordinate the completed budgets – and the use of a budget manual, a written record of procedures and individual responsibilities.

By budgeting, the managers will be in a position to compare the actual future performance of their department with their planned (budgeted) performance.

A firm's management must do the following:

- Plan for the future. By comparing budgeted and actual performances, managers are given information which helps them to control the firm by controlling their own departments.

- Set performance targets. Managers must consult with, and delegate responsibility to their own staff. All staff can be involved in preparing the budgets, which will encourage them to think ahead and to take on further responsibilities.

- Take prompt action. Comparing budgeted (planned) and actual performance will produce variances, or differences. These variances can be analysed and acted upon by the managers concerned.

Budget preparation

A budgeted profit and loss account is prepared from a range of functional budgets, which include the following.

Sales budget is calculated on the basis of past sales levels, current market research, and an estimate of the expected competition.

Production budget is based on the sales budget, adjusted for the budgeted change in stock (from the finished goods stock budget).

Production resources budgets are analysed into requirements for:

- materials – the materials usage budget;
- labour – the wages budget;
- machine operating hours – the machine utilisation budget.

Overhead budgets. Assessment of the total production overhead, selling overhead, administration overhead and research and development overhead takes place. Each of these overhead categories has its own budget.

Cash and other budgets. The above budgets are incorporated into the budgeted profit and loss account. The main additional budget is the cash budget. This is prepared to summarise anticipated cash receipts and payments over the budget period. Cash receipts are based on the sales budget, adjusting it to account for the expected credit periods allowed to debtors. Other receipts such as the budgeted sale of fixed assets or an expected capital issue are also included.

Budgeted outflows of cash can be identified from other budgets, which are again adjusted for any credit periods involved. These include payments for labour (from the wages budget), materials (materials usage and production budgets) and other expenses (e.g. the various overhead budgets). Capital expenditure is also included. The firm can see from its budgeted cashflow whether it will have surplus funds for investment, or a shortage of funds: in the latter case it can plan its borrowing requirements.

Additional budgets include

- **Working capital budget:** budgeted changes in debtors and creditors (cash and stock budgets already exist).
- **Fixed assets budget:** for new assets needed in the budget period.

The budgeted balance sheet can now be drawn up which forms, with the cash and profit and loss budgets, part of the firm's **master budget.**

The preparation of budgets by the various managers should not be done completely in isolation: the budgets need to be integrated. From the Sales Budget, for example, other budgets such as the Advertising Budget would be prepared. Another budget that will follow

logically from the preparation of the Sales Budget is the Production Budget. Production runs can be planned and budgets related to other areas such as the purchase of extra machinery and the employment of additional staff can then also be prepared.

Cash budgeting and forecasting

All businesses need adequate working capital so that they can meet their debts as they become due for payment. Lack of working capital may mean the following:

1. The business cannot pay its staff on time.

2. It cannot take advantage of cash discounts offered by its creditors for prompt payment.

3. It cannot pay its creditors at all, which could lead to legal action by creditors to recover their debts; this in turn could force the business to close down.

Accountants must, therefore, calculate future flows of working capital. By preparing forecasts of cash coming in and going out of the business, the accountant can identify times of the year when there will be shortfalls of cash, so an overdraft can be arranged with the bank. Surpluses of cash can also be seen, which could be invested by the business on a short-term basis. Cash Budgets can be drawn up following the construction of all the other budgets. It becomes possible to forecast the movement of cash, by identifying cash receipts and cash payments, so as inflows and outflows of cash.

Vocabulary notes:

to set performance targets – визначати виконавчі цілі;
to take prompt action – приймати невідкладні рішення;
Sales budget – бюджет закупок;
Production budget – виробничий бюджет;
capital expenditure – капітальні витрати;
profit budget – прибутковий бюджет;
loss budget – збитковий бюджет;
surplus funds – залишковий капітал;
shortage of funds – скорочення капіталу;
assessment – обкладання податками; оцінка майна для оподаткування

Vocabulary exercises

I. Match each term with its definition:

1. budget	a) fixing amount of income for the purpose of taxation;
2. income	b) a statement about the future;
3. expenditure	c) a written statement of money paid and received;
4. forecast	d) the total sum of money coming in to a business;
5. assessment	e) a detailed forecast of future plans measured in money;
6. balance sheet	f) spending money;
7. debts	g) a person who keeps and examines accounts in a business;
8. accountant	h) something owing to another and which must be paid;

II. Put the words in the right order to form sentences:

1. a / range / of / Businesses / carry / controls / out / internal / and / checks.

2. they / owe / within / The / debtors / the / amounts / the / agreed / pay / time / period.

3. future / plans / forecast / of / budget / measured / A / firm's / is / a / detailed / in / money.

4. quick / businesses / is / and / Budget / creation / in / smaller / informal.

5. in / preparing / All / staff / involved / the / budgets / can / be.

6. on / budget / basis / the / of / Sales / is / calculated / sales / past / levels.

7. on / budget / the / sales / Production / is / based / budget.

8. future / must / flows / Accountants / calculate / of / working / capital.

III. Complete the following sentences:

1. One widely used form of control is …….. .

2. To try to limit the amount of fraud that takes place, systems can be ……. .

3. The use of budgeting techniques is ……. .

4. A firm’s budget is …… measured in money.

5. Budgets allow activities to be …… .

6. A firm’s management must do the following: ……

7. Sales budget is calculated …… and an estimate of the expected competition.

8. Production budget is based on ……. change in stock.

9. Production resources budgets are analysed into requirements for: …… .

10. The preparation of budgets by the various managers should not be done …….

IV. Read and dramatize the following dialogue:

Mr Antonenko, engineer of Ukrexport, is having talks in Kyiv with Mr Brake of British Manganese Ltd. The British company is a regular importer of manganese from Ukraine and has often dealt with the Ukrainian trading organization. Mr Brake has been instructed by his firm to sign another contract for manganese.

Brake: Good afternoon! Nice to see you again, Mr Antonenko! You are looking well, I must say. How are things with you?

Antonenko: Not bad, thank you. And how are you?

Brake: Fine, just fine. I always feel well in beautiful weather like this. We're having such a lot of rain in England now. I am happy to be away. Well, I suppose we had better get down to business.

Antonenko: Yes, certainly. You have come to sign another contract, haven't you?

Brake: That's right. For next year, actually.

Antonenko: Are you happy with our usual terms of delivery and payment?

Brake: Yes, quite. As a matter of fact, I've come here to talk about the price. I'd like to say that the volume of business on steel production in our country has dropped considerably. This affected the prices of a number of materials. In this situation it's quite natural we expect you to revise your prices for manganese.

Antonenko: I'm afraid this is not a sufficient reason for us to lower the price.

Brake: But may I draw your attention to the fact that we wish to increase the purchases by a few thousand tons if you could offer us reduction in the price.

Antonenko: I'm sorry to say, Mr Brake, but we could not be able to make extra supplies available to you. We are planning to develop more industrial and housing projects. Besides, we're already tied up to contracts with other partners. Taking these factors into account, we could offer you the same amount as last year.

Brake: Mr Antonenko, we've been in business with you for a long time. Also we've doubled our purchases over the past two years. Therefore we would be grateful to you if, in view of all this, you could reduce the price.

Antonenko: All right. I think we could reduce it by 2%. But only on condition that the price is subject to further negotiations for the second half of the year.

Brake: That's fine. I suppose that's the best we can do today.

Grammar revision

I. Complete the sentences using either could or managed to. (It is possible to use was/were able to in all these sentences.)

1. We had a very successful meeting, and *we managed* to make the publishers agree to giving us a 56% discount.
2. The walls in the hotel were very thin, and I …… hear people talking in the next room.
3. Although the meeting finished early, we …… cover the main points.
4. The machine was no longer in production, but at last we …… find a spare part from a supplier in Scotland.
5. She was brought up in Paris, so by the time she was five she …….. speak French perfectly.
6. He was a brilliant salesman and ……. sell anything to anyone.
7. Although I was at the back of the hall, I ……. hear very clearly.
8. It as very difficult to find a suitable office, but in the end we …… rent one near the Central Station.

II. In each of the following pairs of sentences, put a tick next to the one that is more polite.

1. A Give me some beer. / B Could I have some beer?
2. A Caller, I'm afraid the line's busy. Will you hold? / B Caller, I'm afraid the line's busy. Hold, please.
3. A What do you want? / B What can I do for you?
4. A What's your name? / B May I ask who is calling?
5. A Could I borrow your pen? / B Let me have your pen.
6. A I'm sorry, Mr Brownings busy. Can you come back later? / B I'm sorry, Mr Browning's rather busy. Could you come back later?
7. A What did you say? / B Could you repeat that?
8. A May I see some identification? / B Who are you?

III. Complete the sentences using can, can't, or a form of (not) be able to.

1. If we send the parcel by second class post, it'll take a week. But if you like, ... *we can send it first class.*
2. I've been trying to find a solution to the problem all week, but so far , …
3. She could easily get a job as an interpreter because ...
4. If business goes well this year, we will...
5. If you have a credit card, ...

Text C. Final Accounts

A firm will produce a set of final accounts to calculate its profit and to list its assets and liabilities. The purpose of the Trading and Profit and Loss accounts is to calculate and display the gross and net profits.

Gross profit is the difference between sales revenue and the cost price of these sales. Net profit is calculated in the Profit and Loss account; it is the balance left after all other expenses have been subtracted from the gross profit.

These final accounts record the business expenses and revenues. Payments of business expenses, such as payments for rent and rates, are known as revenue expenditure. The amount of revenue expenditure will affect the amount of profit made by the business.

Trading and Profit and Loss accounts include the following:

1. Turnover: items sold at selling price (sales less any returns from customers).

2. Cost of sales: items that have been sold by the business, valued here at their cost price: either the cost of producing them (for manufacturing firms), or the cost of the goods that have been bought for resale by firms such as those 'high street' stores which buy in the finished articles and then 'mark up' the prices to make their profits.

3. An adjustment for opening and closing stocks is made, so that the 'Cost of sales' figure represents the same number of items sold – at cost price – as the 'Turnover' figure (the number of items which have been sold at the higher, selling price).

4. Expenses: these are the various costs of running the business, such as rent and rates, lighting and heating, selling and distribution costs, and wages and salaries. Business expenses usually include two items:

- depreciation, which is the cost of 'using up' the major assets of the business, for example through the wear and tear of delivery vehicles, furniture, and machinery;
- bad debts, which are costs of selling on credit. When a debtor firm cannot pay the debt it owes to the company, the company will have to write off the debtor as an expense.

The purpose of **the trading account** is to calculate gross profit. The two figures from which gross (i.e. trading) profit is derived are sales and cost of goods sold, which is also known as cost of sales.

Firms which make the goods they sell also construct a manufacturing account to record costs of manufacture. This account precedes the trading account and lists costs under two headings.

• Prime costs: direct production costs: direct labour (e.g. machine operator's piece-rate wage) direct materials raw materials used to make the product).

• Factory overheads: indirect production costs: supervisory wages, depreciation on factory machinery.

The purpose of **the profit and loss account** is to calculate net profit. Net profit is the excess of the firm's gross profit plus any other revenues (such as rent received from subletting premises) over its

expenses. A company's net profit presents the directors with the same decision that people have to make regarding their own income: how much to spend, and how much to save. The 'spending' element of appropriation includes corporation tax and share dividends. The directors realise the higher the dividends they award, the more contented the shareholders will be: but more cash resources have to be committed to this payment, which can leave the company short of money. Note that the payment of dividends is not an expense to the company: it is not taken from gross profit and does not appear in the profit and loss account. This payment is out of (taxed) net profit and is an appropriation of that profit.

Limited company appropriation accounts contain

- net profit for the year (before tax);
- corporation tax deducted from this profit;
- remaining balance of last year's profit (held as a reserve);
- voluntary appropriations: interim (paid) and proposed (unpaid) dividends, transfers to reserves.

The Balance Sheet

The Balance Sheet will show what the business owns and what it owes, so it displays the business assets and liabilities. The payments for business assets, such as the purchase of a new delivery vehicle or a new machine, are referred to as capital expenditure. This type of expenditure, unlike revenue expenditure, will not affect the calculation of the business profit.

Content of the Balance Sheet

Items in the Balance Sheet are usually classified under the following heading's:

1. Fixed assets: these are assets that have a long life and are not bought by the firm to resell to others; for example, its premises, machinery, furniture and delivery vehicles.

2. Current assets: these include cash and money in the bank, together with 'near-cash' assets such as stock-in-hand and debtors.

3. Current liabilities: amounts owed by the firm which have to be paid in the near future. They are often shown as a deduction from

the firm's current assets (as in the illustration above), so that the amount of working capital can easily be seen. Typical examples are creditors (suppliers of goods on credit), bank overdraft, unpaid Corporation Tax, and Proposed dividends, which are part of the profits to be paid out in the near future to the shareholders (as their reward for investing in the firm).

4. Share capital: the total value of the investment made by the various shareholders.

5. Reserves: undistributed profits which may be held back as a general reserve or for a specific purpose such as replacing fixed assets as they depreciate (a Fixed Asset Replacement Reserve).

6. Loan capital: debentures are an important source of long-term loans to businesses.

Published accounts

Public limited companies must publish their final accounts. People and other organisations interested in buying some of the shares of the PLC are therefore able to study the financial information included in these published accounts.

The document published by the PLC will contain not only the company's final accounts for the year, but also a range of other information. The following areas are normally covered:

1. brief details of the PLC (e.g. its products and its subsidiary companies);

2. a summary of the financial highlights for the year;

3. the Chairperson's statement which summarises the company's performance during the year and the hopes for the future;

4. brief details of the Board of Directors;

5. the Directors' Report, which may cover aspects such as the share dividend awarded, the level of employment in the company, share option schemes, and matters of health and safety;

6. the PLC's final accounts;

7. notes to these accounts, which help explain how the figures are arrived at;

8. a cashflow statement, to illustrate the liquidity position;

9. a five-year financial summary of progress.

Vocabulary notes:

assets and liabilities – активи та пасиви балансу;
gross profit – валовий прибуток;
net profit – чистий прибуток;
to subtract – відраховувати;
revenue expenditure – поточні витрати;
depreciation – знецінювання;
share dividends – акційний прибуток;
to deduct – відраховувати, віднімати; утримувати;
fixed assets – фіксовані активи; основний капітал;
current assets – оборотні активи;
current liabilities – поточні зобов'язання;
loan capital – запозичений капітал

Vocabulary exercises

I. Match each term with its definition:

1. Expenses	a) the balance left after all expenses;
2. depreciation	b) assets that have a long life and are not bought by the firm;
3. bad debts	c) the costs of selling on credit;
4. revenue expenditure	d) amounts owed by the firm which have to be paid in the near future.
5. gross profit	e) the difference between sales revenue and the cost price of these sales;
6. net profit	f) the various costs of running the business;
7. Balance Sheet	g) statement that displays the business assets and liabilities;
8. loan capital	h) cash and money in the bank, together with stock-in-hand and debtors;
9. Fixed assets	i) the cost of ‘using up’ the major assets of the business;
10. Current assets	j) the total value of the investment made by the various shareholders.
11. Current liabilities	k) payments of business expenses;
12. Share capital	l) debentures are an important source of long-term loans to businesses;

II. Mark these statements true or false according to the text:

1. A firm will produce a set of final accounts to calculate its profit and to list its assets and liabilities.

2. Net profit is the difference between sales revenue and the cost price of these sales.

3. Gross profit is calculated in the Profit and Loss account; it is the balance left after all other expenses have been subtracted from the gross profit.

4. The amount of revenue expenditure will affect the amount of losses made by the business.

5. There are the various costs of running the business, such as rent and rates, lighting and heating, selling and distribution costs, and wages and salaries.

6. When a debtor firm cannot pay the debt it owes to the company, the company will have to write off the debtor as an expense.

7. The purpose of the trading account is to calculate net profit.

8. The purpose of the profit and loss account is to calculate net profit.

9. The directors realise the higher the dividends they award, the more contented the shareholders will be.

10. The Balance Sheet will show what the business owns and what it owes, so it displays the business assets and liabilities.

III. Answer the questions:

1. What is the gross profit and how is it calculated?
2. What is the net profit and how is it calculated?
3. What do Trading and Profit and Loss accounts include?
4. What items do business expenses usually include?
5. What is the purpose of the trading account?
6. What is the purpose of the profit and loss account?
7. What items do limited company appropriation accounts contain?
8. What does the Balance Sheet display?
9. What items does the Balance Sheet include?
10. What are the differences between current assets and current liabilities?

IV. Read and dramatize the following dialogue:

The Financial Director of Canton Computers is talking to Phil:

F. Director: Phil, I'd like you to do a check up on procedures at our Manchester branch.

Phil: Of course, Bob. What's the problem?

F Director: Well, as you know, all branches submit a financial report every month. Manchester usually sends in their report at least a week late and they often make mistakes in it. And when we telephone them for information, nobody seems to know what's going on.

Phil: Who's the Chief Accountant?

F. Director: John Baxter. He's rarely in his office. He never returns my calls either.

Phil: What about the General Manager?

F. Director: Oh him! Joe Stanthorpe is an engineer by training and he gives John Baxter a completely free hand. He says he's more interested in making a profit than in paperwork.

Phil: Well, I'd better pay them a visit. I'm writing the report on the Milan subsidiary but I can probably clear Monday and Tuesday of next week, if it's really urgent.

F. Director: Thanks, Phil. I'm sure you can find a solution.

Grammar revision

I. Put the verbs in brackets into the appropriate tense forms:

The Chairman's Statement

In a year of major change, Group sales …… (increase) d by 6% to £14.3 billion and Group profit before tax, exceptional costs and property items …… (reduce) by 14.8% to £651 million. The sales growth of Sainsbury's Supermarkets …… (continue) to improve during the year as our programme of new store openings …… (recover) and the different parts of our trading and marketing strategy started to take effect. This improvement, however, ……..(to be) insufficient to offset the impact of the petrol price war, the costs of the Reward Card and improvement in service, and the effects of lower sales inflation.

Homebase and the fully …….. (convert) Texas stores continued to perform very well, but trading in the unconverted Texas stores

was poor until they were rebadged under the Homebase fascia in December. Due to the outstanding sales uplifts …… (achieve) by the Texas stores converted to the Homebase format, we ……. (decide) to increase the speed and extent of the conversion programme, and this ……. (have) led us to provide an additional £50 million for the costs of integration. Shaw's …… (continue) to make solid progress in its ……. (establish) markets although its performance was adversely affected by its rapid expansion into Connecticut.

We ……. (propose) to increase the total dividend for the year by 1.7% to 12.3p despite the reduction in Group profit. This ……. (reflect) our better trading performance and our confidence in an improving profit trend. In the future we …… (expect) to increase dividend per share broadly in line with earnings per share growth.

Group Outlook and Priorities

The overall financial results for the past year …… (disappoint), but each of our major businesses …… (establish) a clear strategy and a strong base for success. We …… (have) three main priorities for the year ahead. First, to sustain the improvement in sales growth in Sainsbury's Supermarkets and …… (translate) this into stable net margins. Second, to implement the accelerated Homebase conversion programme effectively, while improving the performance of rebadged stores awaiting full conversion. Third, to build Shaw's sales in Connecticut, while maintaining its steady progress in its established markets.

In the medium term, we ……. (continue) to differentiate clearly the Sainsbury's Supermarkets' offer from that of its competitors by concentrating on outstanding quality, choice and value for money. We ……(to be) also ensure that Homebase and Shaw's …….. (make) a greater contribution to Group profitability as performance builds following the heavy investment programme of recent years.

We …… (believe) that with these plans we can both ……. (grow) the Group as a high quality, international retailer, and significantly improve our shareholders' returns.

Extract from the Chairman's statement, Source: J Sainsbury plc, Annual Review

Unit 8
MARKETING

Text A. Marketing Mix

A ‘market’ is a place where buyers and sellers meet and where goods and services can be bought and sold. Firms in both sectors of the economy will have their own markets: markets for health services and health-food products; public transport and private transport; and industrial cleaning and domestic window-cleaning. There is a labour market – firms demand work and employees supply work. The capital market, is centred on the workings of the Stock Exchange.

‘The market’ to a firm consists of its actual or potential customers, who can afford to buy the firm’s goods or services. It is he role of the firm’s Marketing Department to examine the market and to provide information on it. The Marketing Department will be interested in the needs of the firm’s customers: the firm can then design its goods and services to satisfy these needs. By doing this, the firm should be successful, i.e. it will make profits and survive.

Marketing is one of the most varied activities in modern firms. In the last 20 years, people in business have realised that it is not good enough simply to produce a product or service and then hope that it will sell. Market research must be carried out, to see what sort of product – what design, what colours, what size, what price, etc – is demanded; the product must be attractively packaged; it must be brought to people’s attention through advertising and sales promotion; and it must be made available through efficient distribution.

The ‘Marketing mix’ consists of the four Ps – product, price, place and promotion. It identifies the different elements, and the weighting given to each element, when an organisation markets its products. This mix varies according to the stage of the product’s life, the organisation’s financial situation and its own stage of development, and according to external factors such as the degree of competition.

~ Product: this refers to the nature of the product itself, e.g. its design and quality, how it compares with competitors’ products and whether different models are to be made. ‘Products’ consist of both

goods and services. Products are also defined in terms of the benefits they bring to a consumer, who might buy the product for its image or for a service associated with it, rather than for its physical presence. A product may possess core, secondary and tertiary attributes.

As an example, people buy cars because they offer a transport service.

- The core attribute of this product is that it allows a certain freedom of movement.
- The secondary attributes possessed by the product are based on its additional features – it may be ‘comfortable’, ‘economical’, ‘reliable’ or ‘spacious’, may offer a choice of colours and paint finishes, and include extras such as a stereo or sunroof.
- The tertiary attributes of a product are external to it: with cars, these include the warranty and delivery date, as well as status or self-expression factors.

The manufacturer must therefore ask the question, ‘What market are we in?’ and not simply ‘What product are we making?’.

~ Price is another element in the marketing mix. This is the price at which it is to be sold and includes how its price compares with the prices of its competitors. It represents a profit objective to the seller and a measure of value to the buyer. The firm’s pricing decisions are influenced by external and internal factors, and prices which result may be fixed or negotiable.

~ Place: this is concerned with the forms and channels of distribution that are to be used in getting the product onto the market.

~ Promotion: this means how it is to be advertised, whether any discounts are to be offered and what other types of sales promotion are to be used. Firms promote their products to:

- increase sales of existing products, for example by selling in a different market segment;
- introduce a new product onto the market, informing potential consumers of its availability;
- compete with others, to maintain or increase market share directly or indirectly (e.g. by attacking a competitor’s product);
- improve corporate image.

The promotion mix consists of two different cost categories: ‘above-the-line’ costs of promotion (advertising), and ‘below-the-line’ costs – personal selling, sales promotion, and other influences such as packaging and public relations. The mix of promotional activities is influenced by their relative cost and effectiveness. They must also be compatible with each other, and appropriate to the company image.

Sometimes, a fifth ‘P’ is identified. Packaging, because of its great influence and importance, even though it is one of the elements in the fourth ‘P’ (advertising and promoting the product).

Product differentiation and branding

The process of giving a ‘name’ to a product has developed this century. Brand marketing grew alongside the consumer society, supported by the surge in consumer durables and the expansion of commercial television. Branding gives consumers the assurance that their next purchase of a product will give them one which is virtually identical. Brand loyalty is created (and exploited by the manufacturer) through the guarantee of quality and consistency. The benefits to the manufacturer from branding products include:

- assistance in selling new products, because an existing respected brand name or image has a ‘goodwill’ value and can confer attributes of quality, value for money, ease of use, reliability;
- the promise of repeat purchases as a result of brand loyalty;
- a greater chance of gaining display space;
- extending the brand into another market (e.g. chocolate into the ice-cream market);
- market segmentation is made easier;
- less personal selling is required (which saves costs).

Branding depends largely on packaging. Originally there solely to protect the product, the packaging now has additional functions. It carries the brand name or logo, it displays product.

Vocabulary notes:

marketing mix – зміст маркетингу;

sales promotion – стимулювання збуту; просування товару чи послуги;

compatible – сумісний;

to surge – наростати;
expansion – розширення;
consistency – послідовність;
to confer – присуджувати; присвоювати;
brand loyalty – прихильність до бренду; відданість

Vocabulary exercises

I. Match each term with its definition:

1. market	a) communication between buyer and seller;
2. price	b) the quality of being loyal; faithfulness;
3. promotion	c) a place where goods and services can be bought and sold;
4. image	d) a particular kind of goods;
5. brand	e) a likeness of a person or object;
6. loyalty	f) the amount of money paid for anything;

II. Translate into English:

1. Маркетинг пов'язаний з просуванням товарів та послуг від виробника до споживача.

2. Мета маркетингу – задовольнити клієнта та виконати завдання своєї фірми.

3. Чотири елемента маркетингу – товар, ціна, розміщення і просування – складають основу маркетингу.

4. На першому етапі маркетингової стратегії важливим є вибір цільового ринку.

5. Фірма може встановлювати ціни на рівні, нижче і вище середнього рівня цін на ринку.

6. Процес передавання інформації від продавця до покупця називається просуванням товару чи послуги.

7. Обидва складових маркетингу – продавець і покупець – повинні бути задоволені.

III. Answer the questions:

1. What is the role of the firm’s Marketing Department?
2. Why is Marketing so popular nowadays?
3. What are the four main elements of ‘Marketing mix’?
4. How are products defined?

5. What questions must the manufacturer ask?

6. What factors are the firm’s pricing decisions influenced by?

7. Why do the firms promote their products?

8. Why is branding so important for consumers?

9. What does the brand loyalty mean?

IV. Read and dramatize the following dialogue:

Sally and Don work in the Marketing Department of a company that makes different meal products.

Don: Hey, Sally, look at these figures. The price of sugar is going up 10% during the next year.

Sally: Oh, that's bad. That means trouble for our jam line.

Don: I think so too. Sugar is the main ingredient, you know. What's your opinion?

Sally: Well, we are not the price leaders in the field and jam is a very price sensitive item. According to our marketing research information consumers aren't particularly brand loyal about jam.

Don: I have a brilliant idea. You know, this could be a great marketing opportunity for us.

Sally: What do you mean?

Don: Well, because of the price rise on sugar we know that price of jam will go up too. The increase will pass on the consumer, won't it?

Sally: Right.

Don: Imagine, we find the possibility of changing the ingredients in the jam so that we wouldn't have to raise the price.

Sally: Then we wouldn't trouble about the price rise on sugar because we'll be able to sell jam at the same price. The idea is that we could market less expensive jam. What a promotional campaign we could have!

Don: Sure. If we do' it right we'll sell more and become the leader in the market.

Sally: Now the first thing is to talk to Research and Development.

Don: Right and we'll see when they'll have some samples of new formulars ready.

Sally: What about marketing research? I think we should schedule some tests for responses to the R & D samples.

Don: Well, there is a lot to do. I think we should also change packaging. Now, Sally, that would be great.

Sally: Oh, Don, let's hope for the best. If we don't lose the chance, the competitors products will stay on the supermarket shelves.

Don: Oh, it's time for lunch. Let's discuss our business in cafeteria.

Sally: Oh, sure, we've got a lot to discuss – distribution, advertising...

Grammar revision

I. Complete the following sentences using could + perfect infinitive (could have done).

1. In the end I decided to turn down their offer of a job, but ...
2. The machine had an electrical fault and was dangerous. You're lucky you didn't touch it, because ...
3. She left the company a month before the top job became vacant. That was unfortunate for her, because ...
4. It's a pity we placed such a large order just before they cut their prices. We …

II. You are on a long distance flight to New York. Write down what you would say in the following situations.

1. You are thirsty.
2. The passenger next to you has a copy of 'Newsweek'. You would like to read it.
3. You want to go to the toilet, but the passenger next to you is in the way.
4. It's lunchtime. You are a vegetarian.

III. Choose the correct word or phrase in italics to complete each sentence.

1. You *must/needn't* save a file before you turn the computer off, or you will lose it.
2. I'm afraid this is a non-smoking office, so you *haven't got to/can't* smoke in here.
3. Employees are reminded that they *mustn't/needn't* use the office phone to make personal calls.

4. You *needn't/mustn't* send that reminder to Eastwood's – they paid the invoice this morning.

5. In countries like Iran, you *don't have to/can't* buy or sell alcohol.

6. This income tax form *must/needn't* be completed and returned to the Inland Revenue within 30 days.

7. You *mustn't/don't have to* come to the meeting if you have more important things to do.

8. This information is highly confidential, so you *mustn't/needn't* discuss it with anyone.

9. As you are from the European Union, you *mustn't/don't have to* have a visa to go to France.

10. Drivers wishing to hire a car *must/aren't allowed to* be over 21 and have a full driving licence.

Text B. Pricing Decisions

Price is one of the elements in the marketing mix. The price that a firm decides to set for its product will depend on both internal factors — the costs of production – and on external factors, for example the prices of competing products on the market.

A firm's costs will influence the pricing formulas that it uses to set a selling price for its products. The most popular method of fixing the price of a product is to use this cost information. Costs are calculated using either absorption costing or marginal costing techniques, and a profit element is added: this is known as the mark-up if it is expressed as a percentage of cost, and as the margin if expressed as a percentage of selling price.

Cost-plus pricing methods are based on classifying the firm's costs as either fixed or variable.

~ Fixed costs such as rent of premises and office salaries remain constant and must be paid regardless of the level of output.

~ Variable costs such as raw materials and direct labour alter as the firm's output alters: an increase in output leads to an increase in these costs.

Cost-plus pricing is an absorption cost method and is also known as full-cost pricing. The firm calculates its expected output. Total fixed costs are divided by the expected output, to calculate the fixed cost per unit. The unit variable cost is added, then the percentage profit mark-up, to give the selling price. If unit costs are, for example, £1.00, a mark-up of 50 per cent would give the firm a selling price of £1. 50. Cost-plus pricing has its limitations, since it is not easy to work out accurately the unit costs of production in advance – it also ignores the prices of competitors' products. The use of breakeven analysis and marginal costing techniques can also be used in setting a suitable price.

The firm's management can use different price strategies for their products. These strategies can be 'high-price' or 'low-price'. The market structure influences the pricing policy of individual firms. The firm is either a price-taker – in a market structure where it cannot (or chooses not to) exert control over the market price – or a price-maker, if it is in a monopoly position. The firm may decide not to try to influence the present market price: if it is an oligopolist (one of a small number of firms dominating the market) it may settle for the prevailing price, to avoid costly price wars. In such cases it relies on non-price competition through advertising and other forms of promotion, to maintain or improve its market share.

There is still flexibility in pricing even where firms are price-takers. The firm can adopt one of the following pricing strategies.

High-price strategies

A **skimming** or 'creaming' strategy is a high-price one used when a new product is introduced. a firm launches a new and unique product and decides to charge a high price to 'skim' the market. Some people will buy the new product at this high price, because of its 'status symbol' appeal. As the status appeal dies down, the firm reduces the price so that more are sold. The firm might have a temporary monopoly before competitors enter the market: the creaming strategy helps it recoup heavy initial expenditure as well as to exploit its monopoly position. Consumers are prepared to pay high prices for status or prestige reasons, but the resulting high profit margins encourage early and strong competition.

One form of skimming is where prestige pricing is used by a firm. This strategy can be used when a product is regarded by consumers as being of high quality. Prestige pricing is a permanent strategy which gives a high profit margin, although sales volume can be small due to the existence of lower-priced alternatives.

A **Maximizing strategy** may be used: where there is great demand for a product or service which has a short life-cycle, the manufacturer will try to maximise profits by charging very high prices.

Low-price strategies

Penetration strategy is one of lower prices and profit margins and is used with both new and established products. The purpose is to improve market share. Penetration pricing is often used:

- with products which are: high-volume long-life price sensitive;
- if the firm: wishes to become market leader; has a cost advantage over its competitors; can benefit from substantial economies of scale;
- where the market is expanding.

The benefits of a penetration strategy can be quick growth for the firm, coupled with a positive effect on competition: existing inefficient competitors are eliminated and potential new ones are discouraged from entering the market.

It is also a high-risk strategy. Price cutting reduces profit margins and affects the firm's profitability and liquidity (if the product's demand is more inelastic than anticipated). Competitors are encouraged to react to preserve their own market share, and price wars result. Any errors in cost estimation might result in losses being made because profit margins are small.

Capturing strategy can be used if a company is making a range of products which are linked in some way. If for example, a company is producing items of equipment and also the 'software' (such as some form of refill) used by that equipment, it may sell the equipment at low prices and then charge high prices for the software.

There are a number of other pricing strategies that can be used:

1. Odd pricing. Prices end in odd numbers, e.g. .£1.99, 95p.

2. Psychological pricing. This makes the item look cheaper by pricing it at, say £9.95 and not £10.00.

3. Discrimination pricing. This sets different prices in the different market segments. For instance, where the use of public transport can cost students and senior citizens less than it does commuters.

4. Market pricing. The item is priced at the current market price, to avoid price wars.

Vocabulary notes:

margin – межа; крайній;
percentage – відсоток; відсоткове відношення;
fixed costs – фіксована вартість;
variable costs – змінна вартість;
to recoup – компенсувати;
penetration strategy – стратегія ‘проникнення’;
price cutting – зниження цін;
profitability – прибутковість;
liquidity – ліквідність;
capturing strategy – стратегія захоплення;
odd pricing strategy – стратегія ‘непарного’ ціноутворення

Vocabulary exercises

I. Answer the questions:

1. What are the main factors of the price formation?
2. What techniques are used for calculating the costs?
3. What is the difference between fixed costs and variable costs?
4. What high-price strategies do you know?
5. What low-price strategies do you know?
6. What other pricing strategies do you know?

II. Mark these statements true or false according to the text:

1. The price that a firm decides to set for its product will depend only on internal factors.

2. A firm’s costs will influence the pricing formulas that it uses to set a selling price for its products.

3. Costs are calculated using either marginal costing techniques, and a profit element is not added.

4. Cost-plus pricing methods are based on classifying the firm's costs as either fixed or variable.

5. Cost-plus pricing is an absorption cost method and is also known as full-cost pricing. 6. Cost-plus pricing has no limitations, since it is not easy to work out accurately the unit costs of production in advance

7. The firm's management can use only one price strategy for their products.

8. Consumers are prepared to pay low prices for prestige reasons.

III. The Marketing Manager and the Managing Director of Xoft, a computer company, are discussing the marketing of a new program. Find the words in the conversation which fit the definitions. The first one has been done for you as an example.

~ How are you going to promote Construct-X?

• Well, first of all we'll include it in the new catalogue.

~ OK. What about advertising?

• We're going to run a campaign in the press, but only in specialist publications. This is a niche product.

~ Right. Are you going to do a mailing?

• Yes, just a flier to our regular customers.

~ Will you offer them any kind of giveaway?

• No, but there will be a discount on orders in the first thirty days.

~ Sounds good.

• Well, we'll see.

~ Do you think we should focus mainly on the domestic market or go for overseas sales right at the beginning?

• I think domestic to start with. That way we don't have to worry about distribution problems until later.

~ I think I agree. What about pricing?

• Well, this is a unique product, there's no real competition, so it's going to be fairly high-priced. Don't you think so?

~ Well, that sounds fair. Any thoughts about the package?

• Standard – a hard case containing the discs and the manual. Technical drawings on the outside to give a precise, professional image.

~ Are you going to have any point-of-sale displays in computer shops?

• Just a poster, using the same image as the packaging.

~ Well, it all sounds very good.

• You'll find all the details in this report.

Definitions

1. a place where a product is sold – point-of-sale; 2. planned method and period of time _____ ; 3. deciding how much money has to be changed for something _____ ; 4. person who buys something _____ ; 5. the country where the business is situated _____ ; 6. a small advertising leaflet _____ ; 7. a thing which is given free when another item is bought _____ ; 8. picture which people have in their minds of a product or company _____ ; 9. sending by post _____ ; 10. special place in a market _____ ; 11. box or bag in which things are sold _____ ; 12. a list of a company's products __ _____ ; 13. a reduction on the full price _____ ; 14. to increase the sales of a new product _____ ; 15. announcing that something is for sale _____ ; 16. getting goods from the maker to the buyer _____ ; 17. companies who make similar products to yours _____ ; 18. in other countries _____ .

IV. Read and dramatize the following dialogue:

Dick is introducing a new line of products and is talking to his friend Tom, a business consultant, about it.

Dick It's the first time when I'm in business for myself.

Tom Don't worry. The store has always been doing well. It has a great location and as far as your new line of merchandise...

Dick That's what I wanted to talk to you about. Can you give some ideas how to charge the prices?

Tom With pleasure. Generally, there are two types of pricing policies. There is price emphasis and price de-emphasis.

Dick What's the difference?

Tom The price emphasis policy emphasizes low prices. This encourages sales. But low price doesn't give extra services.

Dick So, a really low price means no credit, home delivery, repair, installation and other services.

Tom That's what I mean. But many people are interested only in the low price and not in the extra services.

Dick Yes, and vice versa. The price which I set determines the number of sales. I must think thoroughly about it.

Tom A good example of price emphasis is loss-leader pricing. It means that you choose one item – let's say an electric razor – at a price just above the cost. The customers will come to your shop to buy this loss-leader item. But since they are inside they can decide to buy a few other things they need.

Dick It sounds interesting. What other things can you tell?

Tom There is also off-even pricing. Let's say you sell a tape recorder for $ 69.95 instead of $ 70.00. Though it is in fact about the same, the low price can produce a favourable psychological effect.

Dick What are the other ways to attract the customers?

Tom First of all, remember that you are going to compete with well-known products, so you should start with specially low prices. It's important to advertise this. You should use newspaper aids, maybe a radio spot, maybe do a big window and floor display.

Dick It makes sense.

Tom And you can raise the price after your customers try a new brand, get to know it and like it. They will continue to buy it.

Dick I see. And what is the price de-emphasis you mentioned before?

Tom It concerns high quality expensive items. Price de-emphasis means that you don't call attention to the price at all.

Dick I know, it concerns our fine jewelry department or designer fashions.

Tom Yes, I see you are going to do very well.

Dick Your suggestions seem to be very useful. Don't forget you have a discount on any shopping you do in my shop.

Tom In such a case I'll be back tomorrow with my wife.

Grammar revision

I. Write sentences using the prompts with must, needn’t, or mustn’t.

1. James needs these documents urgently, (fax them to him immediately) *You must fax them to him immediately.*

2. Good, we all seem to agree, (discuss the matter any further)

3. We've still got plenty of stock, (order any more yet)

4. Our health care products are selling really well, (make sure we keep our market share)

5. I hear you're coming over to England next month, (give me a ring)

6. I've got a very important meeting this afternoon, (be late).

II. Read through this story of one businessman's travel experiences. Fill in the blanks with had to, didn't have to, or couldn't

This happened several years ago when the former Soviet Union was still a communist state. I was working in Malaysia, and I *had to* get back to London for an urgent meeting. I ….. take an Aeroflot flight because all the others were full, and we flew to Moscow. Unfortunately we missed the connecting flight, so we ….. stay in the airport hotel and wait. I wanted to make a phone call but they said that it was not possible in Moscow'. I suggested sending a fax, but that was 'not possible in Moscow'. I wanted to transfer to a British Airways flight, but 1 ….. do that either, because it was 'not possible in Moscow'. There were armed guards at the hotel doors, and we ….. go outside or visit the city because we didn't have visas. On the other hand they were quite generous – we ….. pay for the rooms and we ….. pay anything for food either. So we just ….. wait, and every morning there was a fight for tickets at the reception desk. In the end, after about five days, I managed to get a ticket and got back to London, but of course I had missed the meeting and I ….. fly straight back to Malaysia – but not with Aeroflot!

III. Fill in the blanks with didn't need to or needn't have.

1 We were worried we might have to cut the workforce, but we got some large orders, so we ……. make anyone redundant.

2. We sent the manager of out Istanbul branch some important document by air courier, but we …… spent so much money because he was away on holiday at the time.

3. An interpreter came with us to a meeting with some Japanese clients, but we …….. hired her because they all spoke excellent English.

4. The negotiation in Hamburg went very well, so we …….. spend the whole week there and we came back a day early.

Text C. Promotion

The promotion mix consists of two different cost categories: 'above-the-line' costs of promotion (advertising), and 'below-the-line' costs – personal selling, sales promotion, and other influences such as packaging and public relations. The mix of promotional activities is influenced by their relative cost and effectiveness. They must also be compatible with each other, and appropriate to the company image.

Firms promote their products to:

- increase sales of existing products, for example by selling in a different market segment;
- introduce a new product onto the market, informing potential consumers of its availability;
- compete with others, to maintain or increase market share directly or indirectly (e.g. by attacking a competitor's product);
- improve corporate image.

1. Advertising involves a sponsor paying for the non-personal presentation of a message. Advertising is therefore paid for, which distinguishes it from publicity which is not paid for by the sponsor. It is non-personal, being directed to a mass audience and not to an individual; this distinguishes it from personal selling, which is directed at an individual. Advertising has a sponsor, unlike most publicity; producers pay for their products to be advertised. Advertising attempts to inform and/or persuade potential customers.

Most advertising contains an element of persuasion. The objective of persuasive advertising is to convince customers that they need the product: it includes persuading them to buy the firm's version rather than a competing one. Persuasive advertising is assisted by the use of branding and other forms of product differentiation, and seeks to establish brand image and customer loyalty through repeating its persuasive statement.

Firms which advertise their goods and services may do so for a number of reasons:

1. To introduce new products on to the market. Advertising can be used to reach a mass audience, who may otherwise not hear about the new product.

2. To increase sales of existing products, e.g. by pushing the product in a new segment of the market.

3. To compete with others. This ‘competitive’ advertising often occurs where products are substitutes: butter and margarine manufacturers, for example, use competitive advertising. Other advertising may involve attacking competitors products, e.g. the advertising battles between rival lawn mower manufacturers.

4. To cooperate with others, such as where a washing machine producer and a washing powder supplier join forces in an advertisement.

5. To improve company image: the advertising of some multinational companies may concentrate on the company name and image, rather than on its products.

Choice of media. The firm can choose from a variety of advertising media. The main limiting factor is the size of the advertising budget. Other influences include the market -its nature and size will influence media selection – and the product, for example, specialist products are often advertised in specialist (industrial or hobby) magazines. The following are the main media available to an advertiser.

~ Television and radio. Commercial stations provide mass coverage and are therefore suitable for mass-appeal goods. Drawbacks include the expense (of TV advertising), the increasing tendency of viewers to channel-hop and avoid adverts as the number of available stations increases, the temporary nature of the advertisement, and the lack of selectivity of this approach.

~ Print-based media. This advertising is more permanent: the advert can be cut out for future reference, and may include a reply slip. It also provides more information than broadcast advertisements: it allows the advertiser to act more selectively, because consumers can be targeted by socio-economic or interest group (e.g. through advertising in special-interest magazines). It is also less expensive than TV advertising. It does, however, lack the impact of sound, vision and movement.

~ **Other media**, including

- cinema advertising – often targeted at a youth audience
- posters – used to sell mass-appeal products
- leaflets and mailshots – these reach a mass, but not a captive, audience.

2. Personal selling. Advertising is impersonal, because it is directed at a mass audience. The benefit from personal selling is that the firm can target its message to suit the recipient.

The use of personal selling allows the firm's message and promotion to be individually tailored to the customer. It can have close control of this promotional technique through employing the sales staff or agents. The firm also receives directly any consumer comments, and its sales staff can handle non-sales matters such as customer queries and complaints.

The main disadvantage of personal selling is its high cost. Other drawbacks include the relatively high turnover and lack of continuity of sales staff and agents.

A decision must be made whether to train and use a sales force or to hire outside agents. The nature of the product is normally the deciding factor: a sales force is used for high-cost or technically complex consumer and industrial products, and agents where the account or product value is small (such as cosmetics).

3. Sales promotion ‘pushes’ a product through activities such as displays, exhibitions, demonstrations and shows. The main techniques of sales promotion are:

- **free samples:** these allow the customer to try the product, and can establish brand loyalty;
- **price reductions:** the use of discount or money-off coupons to get the consumer to repeat the purchase;
- **premium offers:** free gifts, following the collection of product labels encourage repeat purchases;
- **competitions:** acting as an inducement to buy the product;
- **after-sales service:** used to persuade customers to buy a particular brand of a consumer durable.

In order to promote a product, there must be something about that product which allows it to be promoted. The packaging and branding of products helps a brand image to become established, which in turn helps with advertising and promotion.

Product differentiation – making your product different from those of your competitors – is often created by aspects such as the product’s branding and packaging. Once a product becomes differentiated from other similar products, advertising, personal selling and sales promotion can be used effectively.

Vocabulary notes:

public relations – зв’язки з громадськістю;
advertising – реклама;
publicity – гласність; популярність; реклама;
persuasive advertising – нав'язлива реклама;
print-based media – друковані засоби інформації;
to target a message – націлювати повідомлення;
free samples – безкоштовні зразки;
product differentiation – диференціація продукції

Vocabulary exercises

I. Mark these statements true or false according to the text:

1. The mix of promotional activities is influenced by their relative cost and effectiveness.
2. Advertising involves a consumer paying for the non-personal presentation of a message.
3. Advertising need not a sponsor, unlike most publicity.
4. Advertising can be used to reach a mass audience.
5. The firm can choose from a variety of advertising media.
6. Advertising is personal, because it is directed at a mass audience.
7. The main disadvantage of personal selling is its low cost.
8. Sales promotion ‘pushes’ a product through activities such as production.
9. The packaging and branding of products helps a brand image to become established, which in turn helps with advertising and promotion.
10. Product differentiation is often created by aspects such as the product’s branding and packaging.

II. Give the corresponding noun to the following verb:

to promote, to depend, to agree, to sell, to produce, to calculate, to propose, to analyse, to choose, to classify, to compete, to price to place, to advertise to develop, to determine, to form, to realize, to compete, to cooperate.

III. Match the synonyms:

1. customer; 2. objective; 3. occur; 4. option; 5. product; 6. facilitate; 7. determine;

a) goal; b) good; c) make easier; d) consumer; e) take place; f) define; g) choice;

IV. Read and dramatize the following dialogue:

Simona and Berg work in a large supermarket. Berg is the Manager and Simona is the Head Buyer.

Berg: I'm so glad you had this business trip. I also would have liked to go but it's a problem for me to get away. Tell me everything about your business trip.

Simona: It was really great, Berg. It was worth looking over the operations of the store. It's very well organized and I believe we should consider adopting some of the methods.

Berg: Is it really so?

Simona: Absolutely, Berg, their computer system is remarkable.

Berg: Can you tell me more about it?

Simona: Oh, sure. First, they've replaced their cash registers with special terminals.

Berg: What for?

Simona: They record on tape the department number, classification of items, amount of sale and name of salesclerk for each sale.

Berg: Do you think we really need all that information on tape?

Simona: We put on the same information on our sales checks.

Berg: Yes, but in cases of exchanges we need to know all that.

Simona: And for other things too.

Berg: Well?

Simona: For inventory control, for example. During the night, the tapes containing the information are fed into the computer.

Berg: And then what?

Simona: Every morning the computer prepares reports on the sales of the day before, classified by department and buyer.

Berg: So, it is possible to have almost instant records.

Simona: You are right. The inventory is kept up to date automatically. Imagine, how efficient we could be.

Berg: It is great. But I think with the help of the computer we could offer more personal services to our customers.

Simona: What do you mean?

Berg: Having such up-to-date records and complete inventory we could keep records of birthdays and anniversaries and have gift suggestions based on customer records, and a million of other things.

Simona: Don't hurry. Let's get going on first things first.

Grammar revision

I. Re-write each of the following sentences using might, can't, must, and a suitable infinitive.

1. It's possible that they will give us the discount that we want. They ... *might give us the discount we want.*
2. Judging by the phone bill, I am sure she has been making long international calls. Judging by the phone bill, she ...
3. The factory is on a 3 day week. I'm sure they aren't selling many cars. The factory is on a 3 day week. They ...
4. It was a very bad deal. I am sure they lost a lot of money. It was a very bad deal. They ...
5. There's a chance she will be promoted at the end of the year. She ...
6. She seemed surprised to see me, so I am sure she wasn't expecting me. She seemed surprised to see me. She ...
7. He went home at 4.30, so I am sure he hasn't heard the announcement. He went home at 4.30, so he ...

II. Speculate about possible future events based on the following information. Use may, might, or could.

1. The political situation in the Middle East is very unstable. *The price of oil might rise.*
2. The Christian Democrats are doing very well in the opinion polls.
3. The new Hoover 237 dishwasher has had excellent reviews.
4. The government is spending much more than it is earning in taxes.
5. There have been a number of delays in the project.

III. Speculate about these situations. Use might, must, can't, and a bare infinitive or be doing.

1. I've phoned Jane three times this morning but there is no reply. *She must be out seeing a client.*
2. Everyone in R&D is working very long hours at the moment.
3. I've got a new Rolex watch. I bought it in Thailand for £5.
4. Peter wasn't feeling well yesterday and he's not in the office today.
5. I haven't got Henry's phone number, but I know that Ann has it.

Unit 9
DISTRIBUTION OF GOODS AND SERVICES

Text A. Channels of Distribution

The marketing mix includes ‘place’ as one of its main elements. Firms making products for a particular market have to decide how their products are to reach that market. In doing this, they will make decisions about the method of transport to use and about the channels of distribution through which the product will pass.

Manufacturers must be able to sell their goods to consumers: this is achieved by sending these goods through various channels of distribution. There are four channels of distribution which represent the main ways that manufactured goods are passed from manufacturer to consumer. Each channel includes the same activities: as well as the act of buying and selling, the product will be promoted at the various stages of distribution, stored for a time, then transported to the next stage.

All distribution channels offer a level of effectiveness which must be offset against their relative cost. The choice of channel also depends on the level of control over the outlets required by the manufacturer. Mass-marketed items such as newspapers are not affected by the image of the outlet, whereas products with an ‘exclusive’ label or a high degree of technical complexity are distributed with the manufacturer exerting much greater control over the number and quality of outlets. The most widespread channel of distribution is: manufacturer -- wholesaler -- retailer -- customer.

Direct selling. Many products are sold directly from producer to consumer. Some manufacturers operate ‘factory shops’ for their consumer products; consumer goods are also sold through mail order or ‘door-to-door’; and many industrial goods use the direct channel. Direct selling of some consumer products has been criticised for its high-pressure approach, though there is now increased legal protection for consumers. General benefits to the seller from using this method include:

- controlling the product’s promotion – it is sold by the seller’s own sales force;
- closer customer contact – the seller receives consumer feedback quickly and directly.

Producer to wholesaler. This is a popular channel for small producer firms making a limited or incomplete product range. The manufacturer sells in bulk to wholesalers, who then resell in smaller quantities to retailers: the retailers sell single items to consumers. Many foodstuffs and finished goods are still sold through this traditional channel. Wholesalers provide several important services for these producers:

1. Risk bearing: the producer has a guaranteed market, with the wholesaler bearing the risk of not selling the goods,
2. Storage: stockholding costs are reduced,
3. Advice: market feedback is given by the wholesaler,
4. Promotion: the wholesaler helps promote the product.

The producer loses control over the final product outlets and receives lower profit margins (compared with direct selling, for example).

Producer to retailer. The wholesaler may be omitted by a manufacturer, who then sells direct to large retailers. These retailers, because of their size, can also carry out the function of a wholesaler, e.g. by being able to store large quantities of the goods. The traditional wholesaler channel is inappropriate for major high-street and retail park stores such as Asda and Tesco. They have their own warehouses where bulk delivery of stock is made by the producer: the store breaks the bulk at this point for dispatch to its outlets. Other forms of producer-retailer link include the tied outlet approach operated by breweries and petrol producers.

Suppliers again have the benefit of a concentrated market for their products, but are subject to greater control – of price, quality, credit terms and delivery date. They have no direct contact with the final consumer, and little say over the product's final promotion.

Two or more intermediaries. This traditional chain is still widely found. It is used where products are sold through smaller retailers: using wholesalers allows wide product distribution without the producer having major transport and administrative costs. The producer again lacks contact with the final consumer and control over product promotion.

Selecting the channel

The choice of channel is largely determined by the product to be distributed. Consumer goods use the channels outlined above. The channel's cost and the amount of control the manufacturer wants over

distribution, are two important influences in deciding which channel will be used. The influences of cost and control also affect the choice of channel for raw materials and foodstuffs. Raw materials are often distributed through a number of commodity exchanges: an example is The London Metal Exchange, which grades and sells a range of metals. Some foodstuffs are also sold either through a commoditv exchange such as The Baltic Exchange, through wholesale markets for fresh produce such as Smithfield (meat) and Billingsgate (fish), or through specialist marketing and distribution boards such as Milk Marque.

A number of different channels are also used to sell industrial goods. There may be direct selling to the final user; wholesalers or manufacturer's agents may also be used to distribute items, such as farm machinery and steel (e.g. through steel stockholders).

Vocabulary notes:

channels of distribution – шляхи збуту;
storage – зберігання;
direct selling – продаж без посередників;
bearing – спекуляція;
to omit – виключати, пропускати;
warehouse – товарний склад;
breweries – пивоварний завод

Vocabulary exercises

I. Match each term with its definition:

1. channels of distribution	a) one who sells in small amounts to customers;
2. manufacturer	b) a building where goods may be stored;
3. wholesaler	c) a person who buys;
4. retailer	d) the path goods take when moving from manufacturer to consumer;
5. customer	e) one who sells in large amounts to retailer;
6. warehouse	f) one who owns a factory and employs persons to make goods;

II. Complete the following sentences:

1. Firms making products for a particular market have to decide …… to reach that market.

2. There are four channels of distribution which represent …… to consumer.

3. The choice of channel also depends on …….. required by the manufacturer.

4. The most widespread channel of distribution is: …….. .

5. Direct selling of some consumer products has been criticised for …….. though there is now increased legal protection for consumers.

6. The manufacturer sells in bulk to wholesalers, who then …… the retailers sell single items to consumers.

7. The wholesaler may be omitted by a manufacturer, who …..…. .

8. The choice of channel is largely determined by …….. .

9. Raw materials are often distributed through …… .

10. A number of different channels are …… industrial goods.

III. Answer the questions:

1. Do you enjoy shopping?
2. How often do you go shopping?
3. Do you shop in large supermarkets?
4. Who usually does the shopping in your family?
5. Do you think shopping services have improved?
6. What type of products do you buy in a super market?
7. How much do you spend weekly?
8. How much extra are you prepared to pay?
9. How did you hear of new products?
10. Do you spend about three hours shopping a week?

V. Read and dramatize the following dialogue:

John is explaining his new job to his wife, Susan. He is a sales trainee for a company.

John: It's a great job, you know. The salesmen are paid salaries instead of being on commission.

Susan: Why do you find it great? You can earn less money.

John: Well, it's regular weekly salary. And besides we get reimbursed for everything – lunches and dinners, even the football tickets, the car, gasoline, tolls.

Susan: That's really great.

John: And I'm going to get a raise in three months.

Susan: And what are you going to see?

John: Foam rubber.

Susan: What is it used for?

John: It is used to make couches and beds generally ideal with furniture manufacturers.

Susan: So you will travel much, won't you?

John: No. Delivery is a part of our wholesaling operation. Foam is sold and delivered by the truckloads. It is rather bulky and it is expensive to have it shipped a long distance. We are going to deal with buyers who are in this region.

Susan: That's fine. I don't want you to travel too much. By the way I want to know more about sales procedure.

John: At first I go to see a buyer. We discuss what he needs. After that I send him a written quote. If our prices suit him, he'll call us and send an order.

Susan: Do you take orders over the phone?

John: Yes. The buyers are always in a hurry and a letter would take too much time to come. If it's a verbal agreement we call it gentleman's agreement.

Susan: And what happens after the verbal agreement?

John: We receive a written purchase order. It is called p. o. – and it has a number that we use for all future correspondence on that order. The office then retypes the order form and the p.o. and order form are stapled together and filed.

Susan: It sounds organized. Whom do you usually deal with in a company?

John: Well, I'll deal with purchasing agents. But I could deal with any administrator from the. president on down, in some cases.

Susan: Good. Soon you'll get your raise.

John: Yes. Selling is usually a stepping stone to higher positions in management.

Susan: Don't worry, dear. If it does not work out, we still have my job.

Grammar revision

I. Complete the sentences using the verbs from the box in the -ing form.

apply buy film lose meet negotiate speak wait

1. We won't know the final cost of the TV programme until the production company finishes *filming.*

2. Rupert Murdoch of News International risked _____ millions of pounds when he launched his satellite company Sky TV.

3. If you do a business course in England you will be able to practice _____ every day.

4. I have had to put off _____ the designers because I am too busy this week.

5. As a buyer for a large chain store, part of my job involves _____ competitive prices with suppliers.

6. I'm afraid the manager is busy at the moment. Would you mind _____ a few minutes?

7. There's no point _____ for the shares now – the offer closed last week.

8. It's a waste of money _____ a Pentium PC if you only want a computer for word processing.

II. Complete the newspaper articles, using the verbs in the line in the infinitive form.

do discover give prefer

Scientists in a field in Devon are hoping *to discover* a little more about the eating habits of sheep when a new research project gets under way next week. They are planning _____ the sheep miniature computers which will monitor their eating habits. Farmers have known for a long time that sheep seem _____ some types of grass to others, but so far no-one has tried _____ any experiments.

Text B. Wholesaling and Retailing

Wholesalers trade in a variety of markets, handling either raw materials or finished goods. They provide a range of services to both their suppliers and their customers: with consumer goods, these services are for the benefit of both manufacturers and retailers.

The wholesaler's services for manufacturers

1. Bulk buying. It is easier and cheaper for a manufacturer to deal with a few large orders rather than with many small orders.

2. Storage. The manufacturer's own warehousing costs are reduced.

3. Promotion. The wholesaler promotes the product and advertises for the manufacturer.

4. Advice, feedback on the success of the goods is given by the wholesaler to the manufacturer.

5. Risk-bearing. The wholesaler acts as the manufacturers market, therefore-taking on the risk of not being able to sell the goods.

The wholesaler's services for retailers

1. Breaking bulk. The wholesaler buys in large quantities but sells to the retailer in smaller amounts, which saves the retailer the costs of holding large amounts of stock.

2. Selection. The wholesaler typically has a range of manufacturers' goods which the retailer can choose.

3. Credit. By granting credit, the wholesaler helps the retailer to finance the purchase of goods. Some wholesalers operate as 'Cash and Carry' outlets, where retailers gain lower prices if they pay cash for, and collect, their purchases.

4. Information. Product information (e.g. technical information, or information about new product lines) is provided by the wholesaler.

5. Delivery. Many wholesalers are prepared to deliver goods to the retailer.

Survival of the wholesaler

It's known that some channels of distribution now miss out the wholesaler. The growing of large-scale retail outlets has led to these organisations carrying out the wholesalers traditional functions, such as warehousing and breaking bulk, so eliminating the need for a separate wholesaler. More and more manufacturers are also carrying out some of the wholesaler's traditional functions. As large-scale retailing has grown, the number of small retailers has reduced, which in turn has led to a reduction in demand for independent wholesalers.

Wholesalers have adapted to cope with these changing conditions. To make the shops more competitive, voluntary chains such as Spar and VG have been set so as wholesalers run the voluntary chain, supplying a large number of independent retailers with their goods. National advertising, cheaper prices through bulk buying and 'brand' goods are examples of the benefits available to the retailers in these chains.

By providing a cash-and-carry service, wholesalers have helped themselves and the small independent retailer to survive.

Retailing

Retailers form another link in the chain of distribution from manufacturer to consumer. Like wholesalers, these retailers also offer services to manufacturers, such as giving information on product performance, storing the manufacturer's products and providing manufacturers with a ready market for their goods.

A retailer also provides services for consumers. Advice about products is given by the retailer; the retailer provides consumers with a wide range of similar product: choose from; and the retailer provides a convenient, local outlet for consumers, which often offers credit and delivery facilities and after-sales service.

There are a number of different forms of retail outlet: the main ones are summarised below.

Independent retailers. Small retail shops are still widely found. They are often sole trader organizations, which specialise in one product or service, such as a local butcher or hairdresser. Normally supplied by wholesalers, their overall importance in retailing has declined: because many of them cannot compete with the larger retail organisations.

Department stores. A department store is normally run as a PLC; it may exist as a single store as a 'multiple' department store such as Debenhams, which is found in a number towns. These stores consist of various departments which sell a wide range of products such as foodstuffs, toys, furniture, clothing and footwear, offering quality goods supported by a high level of service.

Multiple stores, discount stores and superstores. Multiple stores are also known as chain stores. These PLCs have a head office and at least 10 branches throughout the country. They may be

specialist multiples, such as Burton, which specialises in clothes; or they may operate as variety multiples which sell a wide range of goods. Food supermarkets are a type of specialist multiple store.

With the trend towards establishing out-of-town shopping sites, there has been a growth of retail superstores at these sites. Many of these superstores have developed from discount stores and the traditional foods supermarket.

Trends in retailing

There is a widespread use of self-service in retailing, where customers select the items they wish to buy and take them to a cash desk. More recent trends are mentioned above: they include the development of town centre and out-of-town shopping precincts and the growth in the number and importance of large-scale retail outlets.

Many retailers are also diversifying, by extending their range of product lines. Superstores are a good example of this. A specific example is Boots plc, which used to be popularly called 'Boots the chemists' but now operates as a variety multiple selling a wide range of consumer products.

Vocabulary notes:

wholesaling – оптова торгівля;
retailing – роздрібна торгівля;
bulk buying – масова закупівля;
delivery – доставка; поставка;
'multiple' department store – універсальний магазин;
diversify – урізноманітнити

Vocabulary exercises

I. Match each term with its definition:

1. advice	a) advantage; help; profit; improvement;
2. selection	b) growth; becoming larger;
3. delivery	c) taking and giving to the owner;
4. survival	d) the state of existing after others;
5. development	e) choice, choosing;
6. benefit	f) careful opinion about what to do or how to behave;

II. Match these sentence halves:

1. Wholesalers provide a range of	a) but sells to the retailer in smaller amounts.
2. The wholesaler promotes	b) provided by the wholesaler.
3. The wholesaler buys in large quantities	c) services to both suppliers and customers.
4. Product information is	d) the product and advertises for the manufacturer.
5. Some channels of distribution now	e) distribution from manufacturer to consumer.
6. Retailers form another link in the chain of	f) miss out the wholesaler.
7. Independent retailers are	g) various departments.
8. Department stores consist of	h) often sole trader organizations.

III. Mark these statements true or false according to the text:

1. Wholesalers trade in a variety of markets, handling either raw materials or finished goods.

2. It is more difficult for a manufacturer to deal with a few large orders rather than with many small orders.

3. Advice, feedback on the success of the goods is given by the wholesaler to the manufacturer.

4. The wholesaler acts as the manufacturers market, therefore-taking on the risk of not being able to sell the goods.

5. The wholesaler typically has a range of manufacturers' services which the retailer can choose.

6. More and more manufacturers are also carrying out some of the retailer's traditional functions.

7. By providing a cash-and-carry service, wholesalers have helped themselves and the small independent retailer to survive.

8. Retailers form another link in the chain of distribution from manufacturer to consumer.

9. Independent retailers are often companies, which specialise in one product or service, such as a local butcher or hairdresser.

10. There is limited use of self-service in retailing, where customers select the items they wish to buy and take them to a cash desk.

IV. Read and dramatize the dialogue:

Jean has just moved into a new house. Her neighbour, Liz, has come over to welcome her.

Jean: I am very glad to see you here.

Liz: How do you like the new place?

Jean: It's marvelous. I am sure we are going to love living here.

Liz: Well, have a look, here it's a shopping guide for the neighbourhood and a booklet of discount coupons. New neighbours always receive them. There is one coupon for every store in this shopping guide.

Jean: Oh, thank you. It's come in time. I have a lot of shopping to do.

Liz: I can imagine, having just moved in. Not far from here there is a very good shopping center. You can also find a huge supermarket, a drugstore, some department stores in the neighbourhood.

Jean: Great. Are there any small stores nearby?

Liz: Oh, yes. The map is right here in the shopping guide. There is a little drugstore a few blocks away, a little grocery store next to it, a little boutique, an ice-cream parlor, a pizza place. You can find a plant store not far from here too.

Jean: Are there any good discount houses nearby? We terribly need a new toaster. Everybody in my family likes toasts for breakfasts very much. I'd like to buy it.

Liz: Oh, sure. There is a good discount store in the shopping centre. If you like, I'll come with you.

Jean: Oh, you needn't. I don't want to trouble you.

Liz: No trouble at all. I'd like to do some shopping too. If you go to the discount center I can go to that little cheese shop. I don't want to bother you.

Jean: It's no bother at all. Make out your shopping list and I'll be your guide. By the way, you can use your discount coupon for the toaster.

Liz: I am sure you'll buy a good one.

Jean: Well, it'll take some time to make a shopping list. I'll have to buy a lot at the grocer's.

Liz: This is a good idea. I should have gone shopping yesterday, so I'll make up my list too.

Jean: By the way, I like your dress very much. It's a perfect fit. Where did you buy it, if you don't mind my asking?

Liz: Thank you for the compliment. I got it at a very nice little boutique. It's a bit expensive, but there are many interesting and original things. If you are interested we can stop there.

Jean: I'm afraid I can't. I have to cook dinner.

Liz: Oh, don't trouble yourself with the dinner. Look over the coupons I've given you. You can go out to dinner at a discount store.

Grammar revision

I. Complete the following letter. Put the verbs in brackets into either the -ing form or the infinitive with to.

Dear Mr Williams,

Thank you for your letter of 12 June in which you stated that, following the visit of your chief buyer Mr Lindfield, you are considering placing (place) an order for our Riesling 92 table wine.

We can arrange _____ (supply) you with an initial order of 1,000 cases, and I enclose our current price list, which I believe you will find very competitive. If you decide _____ (go) ahead with the order, we will agree _____ (give) you the 14% quantity discount you mentioned, and details are enclosed. Please note that we guarantee _____ (deliver) firm orders within four weeks.

You mentioned also that you wanted _____ (market) the wine under your own brand name, which will involve _____ (change) the labels. I would suggest _____ (get) the labels printed here, because it is probably not worth _____ (print) them in the UK and _____ (send) them here. I have contacted our personal printer for a quotation and I hope _____ (be) able to send you a price soon. Please do not hesitate _____ (contact) me if you have any further queries. I look forward to _____ (hear) from you soon.

Yours sincerely,

Piet Moewe Managing Director

II. Fill in the blanks with the verb in brackets, using the passive -ing form or the passive infinitive.

1. Our profits are up this year, so I expect *to be given* (give) a pay rise.

2. You'd better come back later. Mr Schmidt dislikes *being interrupted* (interrupt) when he's in a meeting.

3. You deserve _____ (pay) more because you do a lot of overtime.

4. When I am giving a presentation, I don't mind _____ (ask) questions.

5. Most of our sales team in Spain tend _____ (recruit) locally.

6. The company avoided _____ (take over) by splitting up into several different groups.

7. She hopes _____ (send) to our Paris office when it opens next year.

8. He took the telephone off the hook because he didn't want _____ (disturb).

III. As a part of their work people often have to do the following things:

travel to work in the rush hour / take work home / attend meetings /
deal with difficult customers / stay late / travel abroad /
speak English on the phone / ask for more money / take clients out /

Choose four of these things and say how much you like them using the verbs:

really enjoy / like / don't mind / dislike / can't stand

Say what other things you like and dislike doing at work.

Unit 10
PERSONNEL FUNCTION OF COMPANY

Text A. Work of Personnel Department

The role of the personnel function in a firm is to deal with the people who work – or who would like to work – in that firm. Larger organisations will have a specialist Personnel Department, which will be involved in 'hiring and firing': recruiting and training of staff, considering their welfare, keeping their records and handling their voluntary leaving, retirement or dismissal.

Personnel may calculate and organise the payment of employees' wages and salaries, and it will certainly include industrial relations work.

As the firm expands or as its employees retire or leave for other jobs, new staff will have to be recruited. The role of Personnel in recruitment is to inform potential employees that there are vacancies available, for example through newspaper advertisements.

Following the advertising of the vacancies, Personnel Department staff – working with the departments which have the job vacancies – have the task of selection, deciding who is the best applicant for each job.

Once the applicant has been selected by the interview panel and has accepted the position offered, a contract of employment is drawn up. This contains the following information:

1. names and addresses of both parties,
2. job title;
3. the date that employment begins;
4. scale or rate of pay and pay intervals;
5. hours of work;
6. holidays and holiday pay;
7. sickness or injury, how to notify and rates of pay;
8. pension schemes;
9. length of notice required;
10 disciplinary rules of the firm;
11. grievance procedures used.

Terminating the appointment

Employees may be made redundant. Redundancy occurs when their jobs are no longer required by the firm, for example due to a change in work practices or production methods, or changes in demand for the firm's goods or services. Employees may be eligible for redundancy pay, the amount of pay being based on factors such as the length of their service with the firm, their age and their rate of pay. The Government provides a redundancy fund and many firms have their own redundancy agreements (which would provide better redundancy pay than the minimum required under law)

Employees can be dismissed where there is good cause to do so. Typical situations where employees could be dismissed include where they have stolen the firm's goods; where they cannot do the job; where their continued employment would be illegal (e.g. where a lorry driver has been banned from driving due to a drink-driving offence); and where their conduct at work deserves dismissal (such as continued drunkenness, or violent behaviour). An employee is often given verbal warnings, which are then followed by written warnings, before being dismissed. All employees have protection against unfair dismissal.

All employees can benefit from training. New staff will be given a special, induction, training: the Personnel Department must also provide training opportunities for existing members of start, to improve their present levels of knowledge and skills and to learn new skills.

Personnel work is also concerned with staff welfare. High levels of motivation lead to a happy and contented workforce, which in turn should lead to high-quality output being produced. All firms must meet minimum health, safety and other standards; and the Personnel Department staff may be asked to help those employees who are experiencing personal problems.

Details of employees will be kept by Personnel, as staff records. These details will typically include personal data such as the home address and material status of the employee, together with details of wage or salary rates, training courses attended and promotions received.

Since Personnel deals with employee records, it will also – in many organisations – be responsible for calculating and distributing

the wages and salaries and for negotiating and developing the pay structure in the firm.

One of the key roles of Personnel staff lies in the field of industrial relations. Disputes between the organised groups of management and workforce – and between individual employees – can occur in all firms. The Personnel Department has a vital role to play in helping to resolve these disputes.

Vocabulary notes:

hiring and firing – прийняття та звільнення;
voluntary leaving – звільнення за власним бажанням;
retirement – вихід на пенсію; відставка;
dismissal – звільнення;
selection – конкурсний відбір;
applicant – претендент на посаду;
grievance procedures – процедури розгляду скарг;
redundancy – скорочення штату;
warning – попередження

Vocabulary exercises

I. Match each term with its definition:

1. staff	a) an excess or superfluity of staff;
2. welfare	b) announcement that employment is to end;
3. retirement	c) one who asks for or tries to get position;
4. dismissal	d) picking up the most suitable candidate;
5. applicant	e) the act of finally giving up one's profession;
6. redundancy	f) a group of persons working together;
7. selection	g) sending away from a position or from employment;
8. warning	h) the state or condition of having good health, happiness and prosperity;

II. Find the words in these two conversations which fit the definitions. The first one has been done for you as an example:

Definitions

1. to get money for working – *earn;* 2. extra payment ….. ; 3. a job which you are trained for and which you expect to do all your

working life ….. ; 4. moving up to a more important job ….. ; 5. situations that you have lived through …..; 6. to employ new staff …..; 7. talking to a person to see if she/he is suitable for a job …..; 8. way in which someone does things …..; 9. to ask for a job …..; 10. process of looking for new employees …..; 11. the money a company pays a worker each month …..; 12. a list of the better people who have asked for a job …..; 13. being taught how to do something …..; 14. someone who has asked for a job …..; 15. a document which shows your education and work experience …..; 16. the people who work in a company: their abilities and possibilities …..; 17. proof that you have completed a specialized course of study ….. .

Conversation 1

~ Do you have any questions you'd like to ask?

• Yes. What's the salary for the job?

~ The basic is £21,000, but there are bonuses for performance.

• I see.

~ If you meet all your targets you could earn £45,000.

• What about career development?

~ That depends on you. There are lots of opportunities for promotion.

• Right.

Conversation 2

~ Can you explain your recruitment procedure?

• Certainly. Well, first we do a human resources audit to decide if we need to hire anyone.

~ Right.

• We also decide what qualifications and experience we are looking for.

~ I see. Then you put an advertisement in the press and people apply for the job.

• Right. We read the CVs and prepare a shortlist of five or six people.

~ Then I suppose you set up the interviews.

• Yes. And finally we invite the strongest candidates back for a second interview.

~ Then you make the decision.

• Yes, and we also decide if there is any need for training.

III. Define the terms:

1. Personnel Department; 2. hiring and firing; 3. training of staff; 4. welfare; 5. voluntary leaving; 6. retirement; 7. dismissal; 8. wage and salary; 9. industrial relations; 10. recruitment; 11. vacancies available; 12. applicant; 13. interview panel; 14. disciplinary rules; 15. grievance procedures.

IV. Prepare a job advertisement for one of the jobs below. Your advertisement must include: the salary, the age and type of person you want, and anything else you decide is important.

1. mining engineers to work in gold mines in South Africa
2. young people to work as tour guides in South-East Asia
3. a salesperson for a company manufacturing office equipment

V. Read and dramatize the following dialogue:

Peggy Forman is talking with Jaff Downing, another administrative assistant in her company.

Jaff: How are you today, Peggy?

Peggy: Oh, fine, thanks.

Jaff: Glad to hear that. By the way, are you familiar with the organizational chart for the company?

Peggy: No, I am not. What is it like actually?

Jaff: Well, the chart shows how the employees are divided into groups. It gives one an overview of the chain of command in the company.

Peggy: I see. The positions can be line and staff ones.

Jaff: Yes. The subject is not new to you. What else do you know about it?

Peggy: As far as I know a worker in a line position receives orders from his immediate subordinate.

Jaff: Exactly, that's the line chain of command.

Peggy: A worker in a staff position reports directly to a line worker but he neither gives nor receives orders for line workers. Am I right?

Jaff: Yes, you are. But someone may have line authority over people in his department and not be considered a line administrator.

Peggy: How can it be?

Jaff: That's possible when a whole department is a staff department. For example, in our company the head of the credit department or the personnel department can hardly ever be president of the company.

Peggy: And what do the people in staff departments do, how is their work different?

Jaff: Well, they are usually busy with services and they could do the same service for any company. So they are not in the line.

Peggy: It seems to be rather complicated.

Jaff: It only seems so. I think the chart should help.

Peggy: Oh, sure. But, Jaff, would you explain me what span of control is?

Jaff: Oh, span of control refers to the number of people whom one manages directly.

Peggy: Can you give me an example?

Jaff: Well. The President of our company directly manages the Vice-President of Production, the Vice-President of Marketing and the Controller. Thus, his span of control includes three people.

Peggy: Yes, now I see. Thank you for your help.

Jaff: Not at all. Why don't we go to the coffee stall and have a snack together?

Grammar revision

I. The words in the following sentences are in the wrong order. Re-write them in the correct order.

1. new The law will allow on to open supermarkets Sundays. The new law will allow supermarkets to open on Sundays.
2. finance bank persuaded project the the They to.
3. court company compensation ordered pay The the to.
4. The cut demand fall forced in us production to.
5. at conference have invited me speak the They to.

II. Re-write the sentences using the verbs in brackets + object + to + infinitive.

1. ‘Don’t forget to post that letter!’ (remind) *He reminded me to post the letter.*

2. ‘Go on, apply for the job.’ (encourage) _____
3. ‘If I were you, I’d make a formal complaint.’ (advise) ____
4. ‘Can you finish the report as soon as possible?’ (ask) _____
5. ‘You can leave early if you like.’ (allow) _____
6. ‘Don’t rush into a decision.’ (warn) _____

III. Re-write the sentences beginning with They made us ... or They let us

1. We had to work extremely hard on the training course. They made us work extremely hard on the training course.
2. We were allowed to go out at the weekends.
3. We gave a presentation every morning.
4. We spoke English all the time.
5. There was a TV we could watch.

Text B. Recruitment

Recruitment involves Personnel Department staff in assessing the nature of the post to be filled and in advertising the post. All firms must recruit new staff from time to time, for the following reasons:

1. to replace stall who have left for another job, or staff who have retired, been dismissed, or promoted to new posts within the firm;
2. to bring in staff with new skills required (e.g. where computer specialists are employed following the computerisation of accounts or wages);
3. to employ additional start when business is expanding.

The main stages in recruitment involve drawing up a job description and job specification, preparing the advertisement and advertising the post.

Job description and job specification

The specialist department – such as Accounts, Purchasing or Sales – which has a vacancy will consider both the type of work that the post involves and the type of employee who would be best suited to do the work. It is the role of a job description to give details of the

work. It is the role of a job specification to outline the qualities and skills of the person that would be an ideal employee.

The job description will state the job title and its location and will explain in detail the duties of the post, together with any special features of the job, or special equipment that is needed to carry it out. The job description details will form the basis of the advertisement drawn up for the post.

The job specification (also known as the person specification) outlines the personal qualities that the firm is looking for in the new member of staff. It will therefore contain details of expected qualifications and work experience, what physical and/or mental abilities the employees must possess and what sort of judgment or initiative he or she will need to use in the job. Like the job description, some of the details given m the specification will be included in the job advertisement.

Job advertisements

Job advertisements contain details of both the job and the person required to fill the job. The information taken from the job description will be the job title and location, the pay and the conditions of work: the age, qualifications and experience required by applicants come from the job specification. Further details are normally given, such as how to get an application form, or how otherwise to apply for the post.

Job advertisements are informative rather than persuasive and are subject to laws which ensure that they do not discriminate in a racial or sexist manner.

A firm may decide to advertise the post internally. Advertisements would be displayed on noticeboards and could be published in the firm's magazine. The post would be filled from the present staff, which can be quicker and less expensive than looking outside for new staff: it can also improve morale, because the staff realise that promotion is possible. With internal appointments, however, no 'new blood' is introduced, which could lead to fewer new ideas being present.

Where the post is to be advertised externally, Personnel staff must decide on the location of the advert. Possible places for advertising include the following:

1. Jobcentres. Run by the Department of Employment, they are located throughout the country, advertising those local vacancies supplied to them by companies.

2. Employment agencies. A firm may send details of a job vacancy to a local or national agency, these agencies then check their records and provide potential employees for interview, and are paid a fee by the employer if the person is appointed.

3. Newspapers and magazines. Many professional and managerial vacancies are advertised in the 'quality' newspapers, or in specialist magazines or journals, e.g. The Administrator, which are sent to members of professional bodies. Local papers are also used for managerial, clerical and manual vacancies.

Selection

Following the advertising of the vacancy, the Personnel Department will receive the applications for the post. A decision must then be made as to which of the applicants are to be put on the short list. The short list is drawn up by eliminating those applicants who do not meet the job specification; they may be regarded as being too inexperienced, too old, overqualified, etc. The requirements of the Race Relations and Sex Discrimination Acts must be observed so that applicants are not discriminated against on the basis of sex or race.

The interview gives the firm's interviewers the opportunity to find out more about the shortlisted candidates: it also gives the candidates the chance to discover more about the vacancy and the firm in general. It therefore has a dual purpose.

The interviewer can assess:

1. the interviewee's verbal communication skills and social skills;

2. the interviewee's physical appearance (often thought to be particularly important for posts in selling, or working as a receptionist);

1. the interviewee's confidence in handling questions and stressful situations;

2. the accuracy and completeness of information on the application form;

3. the likely compatibility of the interviewee with his or her future colleagues.

'The interviewee can assess:

1. likely promotion prospects;
2. working conditions;
3. the possibility of further training;
4. the apparent friendliness or otherwise of existing staff;
5. the general facilities available.

Selection tests

Some firms may run a series of tests to help them decide winch of the shortlisted applicants is most suitable for the post. These tests may be designed to assess a candidates intelligence, personality or aptitude (suitability) for the post.

Intelligence tests are designed to check an applicant's general mental and reasoning abilities and may involve testing verbal and numerical reasoning.

Personality tests set out to discover an applicant's personality, attitudes and beliefs, in an attempt to find out whether he or she fits in with the general style, philosophy and 'ethos' of the company.

Aptitude tests are set where the employer wants to see the applicant actually carrying out similar tasks to those involved in doing the job. For example, an applicant for a secretary's post may be required to take down shorthand, or type a memo, at some stage during the selection process.

Vocabulary notes:

recruitment – набір новачків;
job description – інформація про роботу;
personal qualities – особисті якості;
jobcentre – центр зайнятості;
employment agencies – агентства з працевлаштування;
interview – співбесіда; інтерв'ю;
confidence – впевненість; конфіденційність;
accuracy – точність; влучність;
completeness – самодостатність;
compatibility – контактність; сумісність;
aptitude – схильність; придатність;

Vocabulary exercises

I. Match each term with its definition:

1. recruitment	a) checking of an applicant's general mental and reasoning abilities;
2. interview	b) department that has details of a job vacancies;
3. jobcentre	c) a meeting of persons face-to-face for discussion;
4. personal qualities	d) testing the applicant carrying out tasks involved in doing the job;
5. intelligence test	e) discovering an applicant's personality, attitudes and beliefs;
6. personality test	f) seeking for applicants to join the company;
7. aptitude test	g) mental and moral attributes of a person;

II Answer the following questions:

1. What is the process of recruitment?
2. Why must firms recruit new staff from time to time?
3. What are the main stages in recruitment?
4. What is the role of a job description?
5. What is the role of a job specification?
6. What are the possible places for advertising of job vacancies?
7. What is the process of selection?
8. What does the interviewer can assess from the interview?
9. What does the interviewee can assess from the interview?
10. What selection tests do you know and what are their aims?

III. Here are some descriptions of people. Put the words in the right order.

1. hard-working is boss very My.
2. tall He quite is glasses wears and.
3. colleague lazy bit but a My is nice.
4. about average beard a with is height He.
5. Director The is words Marketing with good.
6. Our but good is Director new Financial figures very not outgoing with.

IV. Look at this advertisement and answer the questions below.

SALES DIRECTOR

Basildon, Essex £45,000 + Bonus + Car

United Artists Communications, part of the Telewest Group, the largest cable operator in the UK, provides entertainment, telecommunications and information services to homes and businesses in the UK. With 3.6 million potential customers, 2,000 km of cable has been laid this year.

We are looking for a regional **Sales Director,** prepared to lead and motivate a team of 24 sales representatives, selling direct to 500,000 homes and businesses in the area.

Aged between 30 and 45, the chosen candidate will be a good leader, well-organized, analytical and with a wide technical knowledge. Experience of sales and marketing in the field essential.

Good career opportunities.

If interested, send your CV, quoting current salary to:

Stephen Finney, AV Consultants, 4 Grove Rd, Harlow, Essex CM1 3BN

1. Find this information. All the answers are numbers.

a the minimum age for the position
b the number of sales reps in the team
c the number of homes and businesses in the area
d the salary for the position
e the amount of cable laid this year
f the number of potential customers

2. Find this information.

a What is the name of the parent company?
b What is the name of the recruitment agency?
c What is the job?
d What service does United Artists provide?
e Where is the job based?

3. Now write a similar advertisement for your job, or a job you know well.

V. Read and dramatize the following dialogue:

INTERVIEWING A JOB APPLICANT

Interviewer: Well Miss Bingham, I see you've already had quite a lot of experience in the airline industry – with two airlines in fact, Volair and Fleet Air. Could you tell me something about your time with Volair?

Candidate: Yes. I worked with them for 2 years, just after leaving school. I was a check-in agent at Manchester.

Interviewer: Yes.

Candidate: It was quite a good company to work for. I enjoyed my time with them, *Interviewer:* You liked the work.

Candidate: Yes, the work itself wasn't very demanding and the people I worked with were a great crowd.

Interviewer: But they wouldn't have had many check-in staff. I mean, they're quite a small outfit.

Candidate: No, in fact there were only four of us – and only three flights a week.

Interviewer: So you weren't exactly overworked.

Candidate: No... ahh... ah... well, of course, we had other work to do. In fact I spent about as much time doing secretarial work for the cargo people as I spent at check-in.

Interviewer. How did you feel about that? It wasn't what you joined them to do.

Candidate: No, it was not. Anyway it gave me a chance to keep up my typing... and I knew that would be useful when check-in became computerised.

Interviewer: So you were thinking ahead?

Candidate: Well, yes, I suppose so, but really it was more a case of not wanting to sit around doing nothing.

Interviewer: Was there anything else that you got involved in... apart from your regular duties?

Candidate: Ah, mainly things related to secretarial work... I worked on their stand at the airshow. I enjoyed that.

Interviewer: Did you? What did you like about it?

Candidate: Well, it was fun. All sorts of people came and looked around and asked questions... some amazing questions.

Interviewer: Could you answer them all?

Candidate: Well I did my best. They all got an answer of some kind.

Interviewer: Weren't you afraid of misinforming them?

Candidate: Of course I didn't treat everyone like that. Potential clients – we were emphasising our cargo services – anyone who looked like a potential client I tried to assist. But there were those who just wandered along out of... out of general interest. I decided the best thing to do with them was just to be friendly.

Interviewer: Why would you say you were chosen to work on the stand?

Candidate: It certainly wasn't for my knowledge of the business side of things. I suppose they wanted someone friendly, who could chat to people easily.

(to be continued)

Grammar revision

I. Underline the correct word from each pair in italics.

'As a government, we *make/let* cigarette manufacturers *to print/print* warning notices on every packet because we want to *make/let* people *realize/realizing* that it is a very dangerous habit. We do not *make/let* them *to advertise/advertise* on TV but we *make/let* them *sponsoring/sponsor* sporting events. In addition, recent studies show that things like nicotine chewing gum can *make/help* people *give up /giving up* more effectively, and we now *make/let* people *buying/buy* these directly from pharmacies.'

Jane Godward, spokesperson for the Department of Health

II. Re-write these sentences using the verb in brackets.

1. He was talking to someone on the phone. I heard him. (hear) *I heard him talking to someone on the phone*
2. Something was burning. I smelled it. (smell)
3. She left. I didn't see her. (see)
4. He gave a talk on 'Quality Control'. I heard it. (hear)
5. Some robots were assembling cars. The visitors watched them, (watch)

III. In each sentence, choose a verb from the line A and a verb from the line B.

A allow force persuade want warn

B to advertise not to smoke to give up to start to buy

'In the tobacco industry, we do not *want* young people *to start* smoking. Anyway, the government does not ……. us ……. on TV or in magazines for young people. Our company spends a lot on advertising, because we believe these advertisements can ……. who already smoke ……. our brand of cigarettes. We are a very responsible industry. On ……. very packet, we ……. people ……., and we give information about levels of nicotine and tar. But this is a free country, and nobody should …… smokers …… if they don't want to.

Text C. Training Programmes

The Personnel Department will have the task of making sure that new employees start working efficiently as soon as possible. This means that an induction training programme needs to be established and operated by Personnel.

As employees become settled into their jobs, they may find that the nature of their jobs is changing, or that they have to develop additional skills to stand a chance of getting promoted. In these situations, further training will be provided, or organised, by the Personnel Department. This training may be internal – run within the firm itself – or external (taking place outside the firm).

Induction training. The purpose of induction training is to get the new employees to feel 'at home' as quickly as possible, so that they can start making a contribution to the work of the company. It also provides new employees with a feeling of 'being wanted' and so improves levels of morale.

A typical induction programme will include the following:

1. a talk on the firm's history and products;

2. a tour of the firm;

3. introductions to, and brief talks by, departmental heads or their deputies;

4. introduction to colleagues;

5. discussion about any immediate training needs.

Internal training. Also known as ‘on-the-job’ training, this is the most common form of training provided by firms. The employees learn as they work, the ‘teacher’ being the person currently doing the job, or possibly an instructor employed by Personnel. Short courses may also be organised by Personnel and run on the premises, as ‘off-the-job’ support.

Internal training is very popular. Because it runs in the employee’s normal working environment, it has such advantages:

1. it is fully related to the firm’s needs;

2. it is quick and easy to organize;

3. it is relatively inexpensive;

4. it is job-specific and not general;

5. it is adaptable to meet work needs of trainer and trainee;

It does have the disadvantage, however, that the training is only as good as the trainers, who may not do their own work efficiently, or who may possess poor demonstration or communication skills. Bad working practices may therefore be taught.

External training. External, ‘off-the-job’, training may involve employees attending local colleges a studying for various qualifications, to improve their manual, clerical, supervisory managerial skills. Since specialists are involved in the training, it should be of a **high quality.** It will also introduce **more new ideas and techniques, ‘**from outside’ in to the firm; and it is likely to be **regarded more highly by the trainees,** e.g. through the studying for a nationally recognised qualification. It may, however, be more expensive (although firms do not have to take their own staff from production to act as trainers) a will not normally be devoted exclusively to the needs of any one firm.

Evaluation training. Any training programme should be evaluated to determine whether it has produced the anticipated development in employees. The Personnel Department can select from a range of possible evaluation methods:

- pre-tests and interviews and (following training) post-tests and post-training interviews;

- questionnaire completion by the participants;
- performance appraisal;
- in-course assessment.

The evaluation of the organisation's training programmes is the end result of a process which starts with the creation of a manpower plan.

Government training schemes

Much external training is nowadays organised through the Department of Employment. The Youth Training scheme (YT) is an important national training scheme. It has training programme involving 16-year-old school leavers being placed in organisation and receiving on-the-job training there. They also receive off-the-job training, leading to nationally recognised qualifications, often taken at a local college. Many employers do not use the YT as a basis for selecting and employing some of their future staff, although there are not obliged to take on any trainees once these trainees have finished the scheme. Modern Apprenticeship Schemes have also been established to provide apprenticeships for young people.

The Adult Training Programme's Employment Training (ET) scheme is national Government training scheme. It provides training for the long term unemployed, and started by offering 300000 off-the-job training places.

Vocabulary notes:

induction training – вступний інструктаж;
internal training – навчання в межах компанії;
external training – навчання поза межами компанії;
evaluation training – оцінювальне тестування;
questionnaire – анкета;
completion – завершення;
performance appraisal – підсумкова оцінка; атестація

Vocabulary exercises

I. Answer the following questions:

1. What task has the Personnel Department?
2. What is the purpose of induction training?

3. What does a typical induction programme include?
4. What are the advantages of internal training?
5. What are the disadvantages of internal training?
6. What are the advantages of external training?
7. What are the disadvantages of external training?
8. What evaluation methods do you know?
9. What is the evaluation of the organisation's training programmes?
10. What other important national training schemes do you know?

II. Look at the adjectives below. Match each of the definitions (a-g) with one of the adjectives. The first one is done for you.

Calm	outgoing	punctual
Ambitious	practical	dynamic
Sensitive	persuasive	good with figures
Patient	reliable	good with words
Precise	hard-working	energetic

Definitions:

a someone who wants to get to the top *ambitious*
b someone who thinks of other people's feelings
c someone who doesn't panic
d someone who rarely makes mistakes
e someone who you can trust or count on
f someone who can change people's opinions
g someone who is good at finding solutions to problems

III. Read the advertisement and answer the questions as quickly as possible.

MARKETING MANAGER (SOUTH AMERICA)
for a **Leading International Pharmaceutical Company**

Salary: $80-95,000 + car + full medical insurance

Are you hard-working, ambitious, and dynamic? Do you enjoy a challenge?

We are looking for a **qualified doctor** with sales and marketing experience to be responsible for promotion of our range of antibiotics in South America.

The position is based in Sao Paulo (Brazil).

Languages: Portuguese, English, and Spanish Experience: At least three years in medicine + five years in the industry

Apply to: Mrs Joy Gilbert
Personnel Department
AVRC
P.O. Box 2435
London W1AA 6WW

1. Answer the questions:

a. What is the job?

b. What is the salary?

c. Where is the job?

d. What is the name of the company?

e. What kind of company is it?

f. What qualities is the company looking for?

2. What other information do you think Luis needs before he decides whether to apply for the job? Make a list.

IV. Complete the paragraph using the words below.

1. short list; 2. offer; 3. interview; 4. post/position; 5. CV/resume; 6. application; 7. apply; 8. advertisement; 9. candidate;

Luis decides to ……. for the job. He has to send his ……. and a letter of ……. to the address given in the …….. . If he is a good ……., he will be put on a …… and invited for an …… . If he is successful, they will…… him the …… .

V. Read and dramatize the following dialogue:

Interviewer: You mentioned earlier that you liked the people you worked with. What was it about them that you liked?

Candidate: They were a fairly normal bunch of people. Most of them were older than me. I think it was the way they treated me as an adult. I was only 18 when I joined.

Interviewer: It seems to have been a pleasant place to work. I'm surprised you left.

Candidate: Well, I was there 2 years, but there wasn't really any future.

Interviewer: Because they were too small?

Candidate: Well, not just that. They were overstaffed – really, for the amount of work that had to be done,and oil prices were going up.

Interviewer: Sorry?

Candidate: I beg your pardon?

Interviewer: Sorry, I didn't catch what you said, about something going up.

Candidate: Ah..oil prices. That was the time oil prices started to go up.

Interviewer: Ah, I see...and?

Candidate: Well, I could see them having to cut back staff.

Interviewer: And you thought you would be one of the ones to go.

Candidate: Yes, I was the most junior.

Interviewer: So you went to Fleet Air. Why did you go there?

Candidate: They were a larger organisation, and they seemed more professional – they also operate out of Manchester.

Interviewer: How did you like them? It must have been quite a change from Volair.

Candidate: It was. It was a big change.

Interviewer: In what way?

Candidate: Well, the work was much more demanding, though I didn't mind that, but their attitude was different.

Interviewer: In what way?

Candidate: Well...ah...everyone was...ah...most of the staff seemed more concerned about being at work on time, completing reports accurately, following the rules exactly, not accepting passengers less than 20 minutes before departure time, no matter how urgent it was for the passenger to board the flight.

Interviewer: But aren't these things important?

Candidate: Of course they are. Obviously rules have to be followed, but staff there seemed too concerned about not breaking the rules. They were afraid to do anything that involved departing from the usual procedure.

Interviewer: Why do you think that was?

Candidate: Well, I think it was...frankly, I think it was because of the supervisor's attitude.

Interviewer: How?

Candidate: Well, that was how she assessed staff, on things like that. And she was quite strict. So people were afraid to do anything they couldn't defend by pointing to the rules.

Interviewer: But you stayed on?

Candidate: Yes. I did my best for the first 6 months to fit in with her ways of doing things. Then I couldn't take it anymore. I had a row with her. She reported me to the manager and I told him exactly what I thought.

Interviewer: And what happened?

Candidate: Not much at the time. He smoothed things over. Then a couple of months later she was appointed administrative assistant to the station manager. A new supervisor was appointed and shortly afterwards I was promoted to lead agent.

Interviewer: And 6 months later to supervisor?

Candidate: Yes, that's right.

Grammar revision

Put the verbs in brackets into the -ing form or the infinitive.

1. Our Sales Director is very sociable. She likes *going* (go) out and *meeting*(meet) new people.

2. I'm afraid I'm fairly busy tomorrow, so I'd prefer …. (arrange) the meeting for Monday.

3. He's afraid of flying, so he when he has to go to Frankfurt he prefers …. (travel) by boat rather than …. (take) a plane.

4. I'd like …. (have) a word with you about next week's meeting.

5. I like …. (work) with my new boss because she gives me a lot of encouragement.

6. Could you let me know when you would like me …. (come) and see you?

II. Fill in the blanks with the verbs in brackets, using the -ing form or to + infinitive.

1. There's nothing wrong with the photocopier. It just needs *servicing.* (service)

2. We need _____ (look) at this proposal very carefully before we make a decision.

3. I’ll make a note in my diary so that I will remember _____ (send) you the information you need.

4. I’m not sure if I have met Mr Martino, but I remember …. (hear) his name.

5. I will never forget …. (walk) into the office on my first day at work.

6. Could you take this file to Mrs Armstrong? I meant to let her have it this morning, but I forgot …. (give) it to her.

7. He found it very difficult to get work because he was unemployed, and soon regretted …. (resign) from his previous job.

8. We have appointed another candidate to the post, so I regret …. (say) that we will not be able to offer you the job.

9. If their accounts department is slow at paying bills, try …. (send) a fax to the chairman. That usually works well.

10. As a company, we always try …. (provide) our customers with the best service possible.

Unit 11
WORK AND ITS REWARDS

Text A. Job Satisfaction

Manpower plans have to be amended to account for changes in working patterns. The traditional view of employment is of a full-time permanent contract with a single employer. Whilst this still applies to many firms and employees, increasing numbers are being employed under new working patterns. The labour market is more flexible nowadays, with two workers in five outside permanent employment. The benefits to a firm include lower total labour costs and a more flexible workforce. Trade union representation and negotiating power are also reduced. The following are the main new working patterns.

Part-time work. Although part-time seasonal work is traditional in the agriculture and tourism industries, part-time work has grown in importance in the rest of the economy.

Flexible hours. The number of workers on ‘flexitime’ has increased: a core time band (e.g. between 10 a.m. and 4 p.m.) is established when all employees must be present, with the rest of their weekly hours being flexible to suit individuals themselves.

Shift work. Continuous twenty-four-hour operation is appropriate for many industries (e.g. the flow-production section of the chemicals industry). Employees may rotate shifts or may be based on ‘permanent nights’. Although hourly labour costs will rise (through extra payment for working unsocial hours), the increased production helps account for fixed costs, and so unit costs still decrease.

Job sharing. Two or more employees may decide to share a full-time post, with the employer's agreement. One benefit to the firm is the likelihood of increased cover at times of sickness or absence.

Fixed contracts. A firm might recruit staff on a short-term contract, perhaps to carry out a project. This is often found in the construction industry and is now used in many other areas, for example in recruiting certain managers and senior staff. Benefits to the firm include greater control over labour costs, the opportunity to bring in ‘new blood’, and a highly motivated employee where the ‘carrot’ of a renewed contract exists. Firms may also employ people on a consultancy basis to

complete a project. In such cases the person is self-employed and the consultancy will be terminated once the project is completed.

Task-based operation. Employees are given tasks to do, such as redecorating an office or constructing a wall. If these tasks are finished before the set time, the employees are free to leave work. This can act as a substantial motivator, although the firm's quality control procedures must be capable of identifying substandard work.

People seek employment for a number of reasons. Pay is an important motivator for most employees: but people also appear to want to work for a number of other reasons, in the hope of getting job satisfaction. Motivation is important in business, since it identifies how contented or satisfied a firm's employees are. Workers who are highly motivated tend to work efficiently: if they have a low level of motivation, output will suffer and industrial disputes can result.

Different people have different ideas as to what makes a job 'satisfying'. The general ideas of theorists such as Maslow and Herzberg give some clues to the factors which lead to people enjoying their work. Major influences on job satisfaction include the following:

- The pay level for a job is clearly important to most people. High levels of pay allow workers to obtain more material possessions: a high wage can also compensate for uncomfortable or dangerous working conditions. Many employees are, however, willing to accept pay levels lower than they could earn elsewhere, since pay is only one of several factors in job satisfaction.
- Fringe benefits, or 'perks', can also influence the level of job satisfaction. They can be used to encourage people to work in low-paid jot and they have also been created either to get round government pay restraints or as means of avoiding paying income tax. Popular fringe benefits include:

~ a company cars. These are often supplied to managers and certain other staff (e.g. the sales force). Although staff now have to declare the use of a company car, which affects their income tax liability, this is still one of the most important perks offered by firms;

~ free or subsidized meals. Many companies run canteens which offer meals to employees at low prices; other firms may give luncheon

vouchers which employees can use to obtain food during their lunch or other breaks;

~ subsidised travel or holidays. Certain firms, particularly public transport organisations, offer their staff free, or subsidised travel. Other perks of this type include travel agents allowing staff subsidised travel or holidays abroad and local authorities which give a petrol allowance to employees who have to use their own cars in the course of their work;

~ buying the company's goods at discount. Many manufacturing firms allow stall: to buy their finished goods – cars, tyres, clothes, etc -at below market price. Retailers may also allow their employees to buy certain goods (e.g. surplus food which has reached the 'sell-by' date) at a substantial discount;

~ benefit from services at preferential rates (for example, staff in banks and building societies are able to obtain mortgages at favourable rates);

~ lower interest rates on loans and mortgages. Some local authorities allow certain employees to take out low-interest loans so that they can buy cars; other organisations such as commercial banks may offer low-interest loans or mortgages to their staff. A firm could offer its employees a free private pension scheme. Free life assurance is another fringe benefit available to some staff;

~ private health and education. If a job involves a lot of overseas work and travel, a firm may offer to pay the fees for the employee's children to attend a private school.

~ removal costs. Many firms which require staff to move round the country will assist them by paying their removal costs and the legal fees involved in buying and selling houses.

- The working hours may be unattractive and 'antisocial', with shift-work being involved. The length of the working day, the number of holidays and the convenience of 'flexitime' working can all influence the level of job satisfaction.
- The environment also influences job satisfaction. This includes the levels of noise, vibration or dust; the availability and appearance of canteen, changing, cleaning and other facilities; and the degree and quality of heating and ventilation (e.g. the existence of air-conditioning).

Other factors influencing job satisfaction include the degree of job security and the existence of friendly colleagues.

These factors do not operate in isolation but combine to give an overall level of satisfaction for a particular job. A person may decide to take a career in one of the 'caring' professions such as nursing or social work – which tend not to be highly paid – because of the content of the job, the status given to it by the public and the level of responsibility involved. However, pay is still a major consideration and many people regard pay levels as the most important of these factors.

Vocabulary notes:

job satisfaction – задоволення від роботи;
material possessions – матеріальна власність;
working conditions – умови праці;
fringe benefits – заохочувальні бонуси; додаткові пільги;
'perks' – підробіток;
shift-work – позмінна робота;
'flexitime' – гнучкий графік роботи;
environment – оточення

Vocabulary exercises

I. Answer the following questions:

1. What factor is the most important motivator for most employees?
2. What is job satisfaction?
3. Why is the pay level for a job clearly important to most people?
4. What are the most popular fringe benefits?
5. How can the working hours influence the level of job satisfaction?
6. How can the environment influence the level of job satisfaction?
7. Do these factors operate in isolation?
8. What is 'flexitime' working?

II. Complete and dramatize the dialogue.

Complete the dialogue with the right form of the verb in brackets.

Helena telephones Roussel Uclaf to get more information about the job.

A. Hello, Jean-Claude Bergot speaking.

B. Hello, my name is Skinner, Helena Skinner I …….. (call) from England about the advertisement in the Herald Tribune for a project manager. …….. (speak) English?

A. Yes, I do. How can I help you?

B. Could you tell me a little about the company? How far from Paris is the office located?

A. Oh, about half an hour from the centre of Paris by metro.

B. How many people …….. (work) in the department?

A. There are thirty-five.

B. When is the deadline for applications?

A. The end of the month.

III. Match these sentence halves:

1. Pay is an important	a) unattractive and ‘antisocial’.
2. Workers who are	b) different ideas as to what makes a job ‘satisfying’.
3. Different people have	c) highly motivated tend to work efficiently.
4. The pay level for a job	d) workers to obtain more material possessions.
5. High levels of pay allow	e) is clearly important to most people.
6. The working hours may be	f) motivator for most employees.

IV. Read and dramatize the following dialogue:

Duc: How Jong has Mrs Holliwell been working for you?

Nolan: For about 2 years.

Duc: And how long has this problem with the reports been going on?

Nolan: Ohh...for about 6 months.

Dac: Before that she completed the drafts on time?

Nolan: Yes.

Duc: Have you any idea what caused this...this change in behaviour?

Nolan: No, I can't think of any reason.

Duc: What's her work like apart from that?

Nolan: Excellent. In fact that's the problem. She's too concerned with quality...no matter what the cost in other areas.

Duc: In which other areas does her work suffer?

Nolan: I don't think she gets on well with the secretaries. They keep leaving.

Duc: And you think that's because of Mrs Holliwell?

Nolan: I think so. I can't think of any other reason. The pay and benefits are good. I think she demands too much of them.

Duc: Have you had any complaints?

Nolan: No, no one has complained, but I've very little contact with the secretaries.

Duc: Has the situation been like this since Mrs Holliwell joined your staff?

Nolan: Yes, I suppose it has. Although it was never really a problem until the reports started coming in late. It's not unusual for secretaries to leave – to get married or have babies or something.

Duc: Was the turnover rate the same before Mrs Holliwell began working for you.

Nolan: I don't think so...but that's a long time ago. I'd need to check the records.

Duc: Do you think anything could be done to improve the situation?

Nolan: I don't see what could be done. It comes down to a question of personality.

Duc: Do you think so?

Nolan: Well, what else could it be?

Duc: I don't know, perhaps it's a question of setting priorities.

Nolan: That's what I'm saying. She can't set priorities.

Duc: Can't...or hasn't?

Nolan: Well, as far as the end result is concerned it's all the same, isn't it?

Duc: Not necessarily.

Grammar revision

I. Complete these sentences with a verb in the -ing form or the infinitive.

1. I know for sure that we placed an order with them. I remember ... *sending them the form myself.*

2. The meeting had gone on for two hours already, so we stopped ...

3. I'll never forget...

4. I'm a very organized person. I like ...

5. I have quite a lot of responsibilities at work. In addition to …

6. I am really looking forward to ...

7. A lot of business people in this country object to …

II. Say which of the following you like or prefer doing, and why.

1. having holidays abroad/in your own country *I prefer having holidays abroad because the weather is much better.*

2. starting work early/staying late

3. working alone/working with other people

4. eating out/eating at home

III. Say which of the following you would prefer or would like, and why.

1. be rich or be famous *I would prefer to be rich because if I was famous, I wouldn't be free.*

2. have a larger house or a bigger car

3. work for a man or a woman

4. have a more demanding job or more time for yourself

Text B. Wages and Salaries

Payment of wages and salaries is one of the elements in the 'reward management' function of human resource management. The Personnel Department implements various policies to attract and retain staff. Decisions on remuneration and other rewards are influenced by the organisation's answers to a number of questions.

- **Rates of pay** Should the firm base its rates above, at or below other (national, local and competitor) rates?
- **Pay structures** Is pay linked to the job, age, length of service, or the results of job evaluation (see below)?
- **Merit rises** Are these to be incorporated into the pay structure? Is credit given for additional qualifications or experience?

- **Differentials** Should these be maintained?
- **External influences** How much attention is paid to factors such as the cost of living and government advice? Should there be an automatic annual pay rise? Is relevant legislation on pay being followed?
- **Benefits** How do non-wage benefits, such as the number of days' holiday, influence pay?

A firm's employees will normally earn either wages or salaries as a reward for their labour. There is the typical difference between a 'waged' employee and a 'salaried' employee.

WAGE	*TYPE OF PAY*	***SALARY***
Manual	*TYPICAL WORK*	Clerical
Weekly	*FREQUENCY OF PAYMENT*	Monthly
Likely to receive payment for working overtime	*NATURE OF PAY*	Fixed annual sum: often no overtime paid

Different groups of workers in the same firm – and different occupations in general – will have different pay levels. Accountants, lawyers and other well qualified professionals will normally receive high salaries: workers in occupations where lower qualifications are needed to do the job, tend to receive lower wages and salaries. These wage differentials arise because jobs differ, in the following ways:

1. the level of qualifications (e.g. accountants or amount of training (doctors) required;

2. the degree of danger or discomfort, involved (offshore oil-rig workers);

3. the amount of natural ability required (world-class professional sportsmen and women);

4. the level of fringe benefits (e.g. a company car) available; 5. the location of the work (higher pay in south-east England);

5. union influences (many non-unionised occupations receiving low rates of pay).

Job evaluation is often used to group different jobs together into one of a series of pay bands. A job's elements are identified, each element being given a 'complexity value'. These values are summated

and the job can then be placed in the appropriate pay band. There are a number of ways that the employee's wage can be calculated.

Flat rate. The payment of salaries usually involves a fixed rate (one-twelfth of the employee annual salary) being transferred at the end of each month into a bank account. Many wages are also paid at a weekly set rate, the amount of pay not depending on the employee' output. The advantage to the firm is that the individual's pay – and therefore the total wage bill is clearly calculated.

Time rate. Employees are paid a set amount per hour, for each hour worked. All employees doing similar jobs receive the same hourly rate; after a number of hours have been worked during the week, a higher, overtime rate is used to pay employees for the extra hour worked.

The advantage of a time rate system to the company is that extra work (overtime) is encouraged through extra pay, when output needs to be increased; the drawbacks are that the total wages bill is less easy to calculate and there must be a 'clocking-on and off' timekeeping system which can cause administrative problems.

Merit rating is sometimes linked to time rates: merit pay is received if an individual produces work of greater quantity or higher quality than the norm. Merit awards are usually linked to performance appraisal.

Piece rate. Employees producing items are paid an agreed amount for each item made: the items produced must be of an acceptable quality for payment to be received. Employee may receive part of their wages as flat rate, with the rest of their wages on a piece rate basis. A popular variation on this is where sales staff receive commission for each sale that they make.

A firm can gain from using a piece rate system because employees are encouraged to work hard, since higher output means higher pay. It can also be regarded as a fairer system of payment than flat rate and time rare systems, because efficient and hard-working employees receive higher pay than inefficient or lazy ones. Employees are thus encouraged financially to make items as quickly as possible: this increases productivity, but this benefit can be offset by increases in the cost of quality control. The disadvantages are that the quality of the output may suffer, with employees rushing their work; more qua-

lity control supervision is needed; and fixing the amount of piece rate payment can be difficult and can lead to disputes. The differentials in pay can also cause morale and motivation problems, where piece-rate systems operate.

Measured day rates. These are based on incentives being incorporated into a time-rate system. Production standards for a job are fixed using job evaluation procedures, and a standard output is established. An employee's output for a previous period is recorded. The employee's actual efficiency can then be compared to the standard level of efficiency: if actual is higher than standard, the employee receives an additional hourly rate based on the percentage by which the actual has exceeded standard output.

Measured day rate systems are sometimes used in mass production industries. They rely for their success on employee trust, union co-operation, and accurate measurement of performance.

Bonuses. The firm may award bonuses to employees at particular times of the year. This is of done at Christmas and/or just before the annual summer holiday period. There may be merit bonus scheme, which involves staff in a grading exercise. Staff who have exceeded production or (in the case of salespersons) sales targets, or those office staff regarded being most efficient and hard-working during the year, will receive a bonus or a high than average pay increase. Bonuses can be used by a firm to encourage loyalty amongst staff, as well as to improve production and sales by setting targets for which there is a financial reward. A bonus system can cause disputes, however, between those individuals or groups that receive them and those that do not; also, the level of bonus to award to an individual can difficult to calculate.

Profit-sharing schemes. Some firms may have an agreement with the workforce to share out part of the profits between the employees as a form of bonus. Shares in the firm may also be distributed, according to the size of profits, to employees. These schemes have the advantage of making the employees feel a part of the firm.

Vocabulary notes:

remuneration – компенсація; винагорода;
job evaluation – оцінка роботи; атестація;

flat rate – єдина ставка;
‘complexity value’ – комплексна вартість;
pay band – розрахункова відомість;
overtime – понаднормовий час;
merit rating – нарахування виплат за заслугами;
piece rate – нарахування виплат за виконаний процес;
fair system – прозора, чесна система;
incentive – стимул, заохочення;
dispute – суперечка

Vocabulary exercises

I. Match each term with its definition:

1. Flat rate	a) award payment is paid to employees at particular times of the year;
2. Time rate	b) payment is based on incentives;
3. Merit rating	c) payment is paid an agreed amount for each item made;
4. Piece rate	d) payment is paid for work of greater quantity or higher quality than the norm;
5. Measured day rate	e) employees are paid a set amount per hour;
6. Bonus	f) payment of salaries involves a fixed rate at the end of each month;

II. Complete the following sentences:

1. Payment of wages and salaries is one element in …….. function of human resource management.

2. Different groups of workers in the same firm will have …….. .

3. Accountants, lawyers and other well qualified professionals will normally receive …….. .

4. ……. is often used to group different jobs together into one of a series of pay bands.

5. The advantage of flat rate system to the firm is that ……. .

6. The advantage of a time rate system to the company is that …… extra pay.

7. Merit pay is received if an individual produces work of greater …….. or higher ……. than the norm.

8. A firm can gain from using a piece rate system because employees are encouraged …… .

9. The disadvantages of a piece rate system are that …….. rushing their work.

10. A bonus system can cause …….. that receive them and those that do not.

III. Answer the following questions:

1. What questions must the Personnel Department answer with matter to reward the workers?

2. What method is often used to group different jobs together into one of a series of pay bands?

3. What is a ‘complexity value’?

4. What are the differences between a ‘waged’ employee and a ‘salaried’ employee?

5. What are the features of the flat rate system?

6. What are the features of the time rate system?

7. What are the features of the merit rate system?

8. What are the features of the piece rate system?

9. When are bonuses awarded?

IV. Read and dramatize the following dialogue:

CONDUCTING A STAFF ASSESSMENT INTERVIEW

Mr Nolan: Fine, let's move on now to client relations. What do you see as your main task here?

Mrs Holliwell: Well, I've noted down three – maintaining a good relationship with clients, ensuring that office staff maintain good relations and, generally, presenting a good image of the company.

Mr Nolan: That sounds fine. How do you feel you've performed in this area?

Mrs Holliwell: Well, I think I manage all right, though... it's difficult to say.

Mr Nolan: Perhaps if you think of some actual incidents that took place it would help.

Mrs Holliwell: Hmm, let me think...

Mr Nolan: Any clients that you feel you've dealt with particularly well?

Mrs Holliwell: Yes, there was one a few weeks ago – an elderly gentleman – he'd come in to complain about not getting on a flight that he had a reservation for, but he'd arrived 10 minutes after the flight had closed. His seat had been given to a stand-by passenger. He was very angry, demanded to see you, threatened to sue us. Anyhow F managed to get him calmed down. He was quite friendly by the time he left. I felt quite pleased about that.

Mr Nolan: How did you manage to calm him down?

Mrs Holliwell: Oh, I just explained the regulations to him, why we had to follow them, and listened to him talking about his wonderful grandchildren for half an hour.

Mr Nolan: Do you get many people like that?

Mrs Holliwell: Occasionally, our office is quite near check-in.

Mr Nolan: I didn't realise you had to deal with that sort of thing. In fact that's probably a good indication of your success – the fact that I've never had to deal with any complaints like that myself. Obviously you're very good at handling them...Now, is there anything in this area you feel you could improve on?

Mrs Holliwell: Hmm...it's difficult to say.

Mr Nolan: Have there been any clients you feel you didn't handle well?

Mrs Holliwell: Well, that man who comes in from Searsons. I've never taken to him...though I'm always polite to him.

Mr Nolan: Yes, ahh...actually, Gladys, I think this is something we need .to talk about – not just Erickson, but several of our business clients... ahh… they... ahh... – they feel you haven't much time for them.

Mrs Holliwell: Do they? I don't understand that. I'm always polite to them...Several of them? Have they complained?

Mr Nolan: No, not in so many words but, indirectly, yes, they've conveyed this to me. Of course I don't doubt at all that you're polite to them, but do you... can you think of how they could have got this impression?

Mrs Holliwell: Well, I don't know, I'm really shocked to hear this.

Mr Nolan: Oh, don't take it like that. I'm sure there's a simple explanation. They usually wait in your office for a few minutes before coming to see me?

Mrs Holliwell: Yes, one of the secretaries gets them a cup of tea. I'm usually too busy myself to deal with them, but then there's nothing I need to talk to them about.

Mr Nolan: Well, perhaps if you were to give them a little more attention.

Mrs Holliwell: But if I'm in the middle of something urgent?

Mr Nolan: Well, they are important – especially those that we have cargo contracts with. Losing even a few of them would wipe out our profit margin. Though, of course, there's no question of losing them on that account, it's just that with your social skills you could do a lot to help us keep up good relations with them.

Mrs Holliwell: Well, certainly I'll do my best. It just hadn't occurred to me that what I did made much difference. But certainly, I'll be glad to do my bit.

Grammar revision

I. Read the following article about the use of the metric system (kilometres, metres, litres, etc.) in the Unites States. Put the verbs in brackets into the -ing form or the infinitive.

Drive down Spencer Road in St Peters, Missouri, and you will get a shock. Suddenly the speed limit changes from 35mph to 60. But take it easy! If you look closer, you will see a K in place of an M. These are kilometres you are dealing with.

Without warning, the St Peters city street department decided in May to …… (change) its road signs to metric units. Officials said that the Federal Highway Administration had announced that all road signs must become metric by September 1996. There was a public outcry, so the FHA decided to ask the public how they would react to ……. (use) the metric system. Of those asked, 88% objected to ……. (change) road signs to metric by 1996 – or ever. They were supported by over 170 members of

Congress, who said they would prefer to …….. (spend) the estimated $200 million on urgent repairs to roads and bridges.

Under this pressure, the FHA postponed introducing the changes indefinitely, giving a victory to the opponents of metrification. The vast majority of Americans would not like to …… (convert) to the metric system.

They are used to …….. (drink) Coke from 2-litre bottles, but they would not look forward to …….. (have) kilograms, kilometres, or degrees Celsius. As one person put it, ‘We Americans have put 12 men on the moon. This metric system is a French idea, and we have nothing to learn from a country that reads the number 99 as ‘four twenties and nineteen’.

Unit 12
HUMAN RESOURCE MANAGEMENT

Text A. Functions of Management

Management is the control and organizing of a business or other organization. Management also refers to the people who do this. Most of achievements in any society take place because groups of people get involved in joint effort. Almost everyone is, has been, or someday will be a manager, i.e. the person who coordinates human, informational, physical, and financial resources of an organization. In order to adequately perform their functions, managers need interpersonal, organizational, and technical skills.

Regardless of the specific job, most managers perform four basic functions:

1. Planning
2. Organizing
3. Directing
4. Controlling

Planning involves determining overall company objectives and deciding how these goals can best be achieved. Managers consider alternative plans before choosing a specific course of action at all managerial levels. Planning is listed as the first management function because the others depend on it. A key function of human resource management is to ensure there is the right number of employees of the right quality in the right place at the right time. Manpower planning seeks to ensure that:

- manpower requirements in the corporate plan are identified and carried out;
- manpower levels guarantee that production takes place;
- manpower quality leads to improved productivity;
- manpower costs which are controllable meet the budget targets.

Manpower planning requires managers to assess staffing needs for a number of years (normally up to five years) ahead. The medium- and long-term plans are continuous or ‘rolling’ in nature, being updated annually. The plan is often based on a ‘STEP’ analysis of the external influences on the firm:

- Social influences: e.g. increased numbers of women wishing to return to employment.
- Technological influences: e.g. new production processes requiring new skills.
- Economic influences: e.g. free movement of labour in the EU.
- Political influences: e.g. government training schemes.

Organizing, the second management function, is the process of putting the plan into action and the role of the manager is to establish an organisation which allows these objectives to be achieved. This involves alocating resources, especially human resources, so that the objectives can be attained; creating new positions and determining responsibilities. Specific examples include organising the different factors of production, and setting up line and staff organisation structures.

The third is the day-to-day direction and supervision of employees. In **directing,** managers guide, teach, and motivate people so that they reach their potential abilities and at the same time achieve the company goals set in the planning stage. Managers are required to co-ordinate staff and direct their work, for example through the process of delegation. Directing is the function most closely associated with motivating staff.

In the last management function, **controlling,** managers evaluate how well overall company objectives are being met. If there are any problems and objectives are not being met, then changes need to be made in the company's organizational, or managerial, structure. In making changes, managers might have to go back and replan, reorganize, and redirect. Effective managers achieve the goals of the company through a successful combination of planning, organizing, staffing, directing, and controlling. Exercise control is carried out in a variety of ways: examples include controlling financial resources and other assets, and comparing the firm's actual performance to its budget.

One of the most important tasks a manager performs is decision making. This may be defined as the process of choosing a course of action (when alternatives are available) to solve a problem.

The ability to implement the decision-making process is often determined by environmental factors rather than the steps in some 'ideal' model. Decisions are frequently influenced more by the environment and structure of the organization than by the method itself. The

process of decision making may, therefore, be examined in light of environmental factors.

A number of factors may alter the ideal decision-making process. The amount of flexibility within an organization and the available resources are often limiting factors. Another organizational factor is the importance of the decision being made in relation to other problems and responsibilities of management.

Three other factors also influence the decision-making process. They are: time, creativity, and risk. The amount of time available to make a decision for a given problem is often determined by the environment, not the management. The risk associated with a particular course of action may be lessened by use of a group rather than an individual. As a rule, groups come up with better solutions than individuals.

Vocabulary notes:

staffing – підбір і розстановка кадрів; укомплектовування штату;
exercise control – виконавчий контроль;
decision making – процес прийняття рішень;
course of action – курс дій;
to implement – виконувати;
creativity – творчість, креативність;
to lessen – зменшувати

Vocabulary exercises

I. Match each term with its definition:

1. management	a) a choice or option in decision making;
2. manager	b) a job within a company;
3. objective	c) direction and control of employees' activity;
4. alternative	d) a team of managers responsible for making company's decisions;
5. budget	e) secretary who provide special help to a manager;
6. supervision	f) a statement derived from an company's goals;
7. position	g) a person who is in the position to oversee the functions of a company;
8. Personal Assistant	h) a plan of forecast income and expenditure;

II. Answer the questions:

1. Give three definitions of management?
2. Why is planning the first management function?
3. What are the bases of the ‘STEP’ analysis of the external influences on the firm?
4. What are the other management functions?
5. How do managers achieve the goals of a company?
6. What skills must a manager have?
7. What is the decision making process?
8. What factors can influence the decision-making process?

III. Read and dramatize the following dialogue:

Anna is having lunch with her sister Barbara. Anna has just accepted a position as an Administrative Assistant. Her boss is an executive with a firm that manufactures heavy machinery used in construction.

Barbara: You’ve got a new job, Anna. My congratulations.

Anna: Thanks, Barbara.

Barbara: Tell me a few words about your boss. What does he do?

Anna: Well, he is one of the vice-presidents of the company, so he's rather important. He is an executive.

Barbara: Do you know the difference between an executive, a manager and an administrator?

Anna: I am afraid I can hardly tell you the difference, I think these words are interchangable and they really aren't different in many companies.

Barbara: What about your company?

Anna: In our company the top officers are called administrators. The next highest group – the vice-presidents, the heads of major departments and branch plant managers – are executives like my boss.

Barbara: Is that all?

Anna: The group below consists of managers, they are general managers and foremen.

Barbara: So I see that an organisation has a number of positions and some people have more authority than others.

Anna: You are right.

Barbara: But it would be interesting to know more about the functions of an executive like your boss.

Anna: I'd say he makes a lot of important decisions. He sets objectives, coordinates work, delegates authority, makes hiring, firing, evaluating and just general leading.

Barbara: It seems to be important.

Anna: It is important. It's evident that making careful decisions is the basis of good management.

Barbara: But do you work under much pressure?

Anna: Barbara, you know I am quite used to working under pressure from my last job. I am also accustomed to lots of paper work and red tape.

Barbara: Good for you.

Anna: And what's more important I feel that I can learn a lot because my boss is very competent.

Barbara: Good, I think we'd be in a hurry not to get late for the work.

IV. Translate the following sentences:

1. Існує думка, що менеджмент – це мистецтво виконувати конкретну роботу через конкретних людей.

2. Менеджер повинен вміти працювати з людьми, проявляючи свої організаційні і професійні здібності.

3. Основні функції будь-якого керівника – це планування, організація роботи, підбір і розстановка кадрів, безпосереднє керівництво людьми і контроль за виконанням роботи.

4. Підбір і розстановку кадрів можна розглядати як частину організаційної функції.

5. Керівники щоденно слідкують за роботою своїх підлеглих, вчать їх і намагаються мотивувати їх працювати краще.

6. Функція контролю залишається однією з найважливіших у роботі керівника.

7. Якщо виникають серйозні проблеми, інколи необхідно зробити зміни в організаційній структурі компанії.

Grammar revision

I. A customer came to a Mercedes showroom in a very old Fiat. There was an old lady in the back of the car. Look at some of the things the customer and the salesman said. **Then re-write the sentences in reported speech. (This is based on a true story.)**

1. The customer said, 'I'm thinking about buying a new car'. The customer said that *he was thinking about buying a new car.*

2. The salesman said, 'The new S 500 is very good value'. The salesman said that ……. .

3. The customer said, 'I bought a Mercedes in 1985 and I liked it a lot'. The customer said that …… .

4. The salesman said, 'You can take it for a test drive'.

5. The customer said, 'I don't have any identification ... … but the woman in the car is my grandmother'. The customer said that ……..…. .

6. The salesman said, 'That will be fine'. The salesman said that …….. .

7. Two hours later, the salesman said, 'Your grandson is taking a long time'. Later on, the salesman said to the woman that …… .

8. The woman said, 'He isn't my grandson ... ... He offered to drive me to the shops. I have never seen him before'. The woman said that …….. .

II. Read the report about what a candidate said at an interview. Change the words in italics into direct speech.

Miss Briggs said that she was very interested in working for us, and she explained that she had been working in the City for three years. When I asked her about her reasons for leaving, she said that she liked what she did but she wanted more responsibility. She seems well-qualified for the post, as she said that she had a degree in Economics and an MBA. As far as her terms of notice are concerned, she made it clear that she couldn't leave her job for another month. I decided to offer her the job, and she said consider our offer, and would let us have her decision soon.

1. She said, 'I am very interested in working for you'.

2. She said, '_____'.

3. She said, '_____'.

4. She said, ’_____’.
5. She said, ‘_____’.
6. She said, ‘_____’.

Text B. Motivation and Human Needs

When we examine motivation in a business context, we study why people behave the way they do at work. When an employee is given a task to do and it is not carried out satisfactorily, this failure may well be due to a lack of motivation, rather than a lack of ability.

Influences on motivation. Different theorists have different ideas on what makes a job ‘satisfying’. These are the main factors which influence the motivation of employees:

- pay levels;
- working hours;
- working environment;
- existence of fringe benefits;
- recognition of the importance of the work by others;
- nature of the tasks undertaken at work;
- degree of job security;
- promotion prospects;
- management styles;
- organisational culture.

Problems of poor motivation. Employees who are poorly motivated often score badly on at least one of these factors: an undemanding job, unpleasant working conditions and low pay, which are all common causes of poor motivation.

A lack of motivation – either limited to one area or department, or spread throughout the firm – causes employee dissatisfaction. This results in higher labour turnover, increased incidents of absenteeism and/or sickness, poor timekeeping, and more disputes between both formal and informal groups within the firm.

Motivation problems are not easily overcome. Organisations therefore try to avoid them arising in the first place. Here is policy statement extract: concern for employees.

- To provide a clean, safe, healthy and enjoyable working environment.
- To provide training and development for all employees to enable them to achieve the highest level of skills possible.
- To provide career opportunities which allow employees to develop to their full potential.
- To provide challenging and rewarding work. To pay for performance.

Approaches to overcoming poor motivation include:

- changing leadership styles – for example, moving towards a more democratic style;
- establishing teamwork to develop a team spirit and a sense of common purpose;
- improving the quantity and quality of communication, e.g. by reviewing the effectiveness of noticeboards, or through introducing a company newsletter;
- reviewing levels and methods of payment, possibly offering incentive payments or additional fringe benefits, and comparing financial rewards with those of similar organisations;
- introducing greater employee involvement, e.g. through setting up a suggestion scheme, quality circles, and other formal and informal groups;
- allowing job rotation and developing job enrichment;
- setting up training and staff development schemes.

The results of the personnel audit provide additional information for the firm's management to evaluate its policies.

Motivation theories. Motivation theory is concerned with the goals which people set, and the methods they use to achieve these goals. Many of the theorists in this area have also contributed thoughts on the suitability of organisational structures and management or leadership roles. There have been many theories put forward in an attempt to explain why people want to work. Here are the main of them.

An American psychologist, Abraham **Maslow**, identified a range of human needs which, he argued, people tried to satisfy. As one type of need became satisfied, another type of need would then present itself: these needs are in a 'hierarchy', i.e. an order of importance.

This shows us that Maslow believed that five groups of needs exist. The first, basic needs are to do with survival and include the need for clothing, warmth and shelter. In a business environment, people will want these basic needs to be met. Once the basic needs are satisfied, people's safety needs have to be met. A person will need to be safe from physical harm, whether at home or at work; a safe (i.e. secure) job is also a factor here. An individual's social needs are unimportant when basic and safety needs are not being met. Once these are met, however, people will want the companionship and friendship that comes from being part of a group, such as a group of workmates.

Once these three types of needs are being satisfied, the need to achieve something personal then arises. The final needs in the hierarchy are often called 'higher needs', since they arise when the 'lower needs' – basic, safety and social needs – are being achieved.

People may have ego needs to satisfy. These needs arise from a desire for self-esteem, linked to having a job and to making some sort of contribution to the community. The highest needs are the self-fulfilment ones. These involve some form of personal ambition: in the work context, this could refer to finding great job satisfaction through doing work that includes a lot of responsibility or which is highly creative and where there is a wide recognition of its quality and importance.

Maslow's theory highlights the importance of work to individuals and offers some explanation why unemployment is such a major problem for all societies where employment is regarded as 'the norm'. According to him – and to many other theorists -employers should recognise that there are a range of needs that work must meet and they should therefore provide their employees with jobs that are satisfying, in order for output to be at its most efficient.

Another American psychologist, Frederick **Herzberg**, identified what he called hygiene factors in work. These hygiene factors are the basic, essential factors such as acceptable working conditions (safety, cleanliness, adequate rest breaks, control of noise, etc) which form the foundation for having happy and well motivated employees. If they are ignored or neglected, these factors will cause morale and motivation to fall, leading to lower output and a discontented workforce. They need to be present but they do not, by themselves, motivate the employees.

The ‘motivators’ for employees, according to Herzberg, include recognition (having your efforts at work recognised), achievement (the feeling of ‘a job well done’), possible or actual advancement or promotion, and being given more responsibility. These are therefore the factors that employers need to take into account when they consider how best to motivate their employees.

Vocabulary notes:

undemanding job – невимоглива робота;
unpleasant working conditions – несприятливі умови праці;
career opportunities – кар’єрні можливості;
job rotation – ротація роботи;
job enrichment – покращення умов роботи;
self-esteem – самоповага; почуття власної гідності;
self-fulfilment – самодостатність;
hygiene factors – фактори гігієни

Vocabulary exercises

I. Match each term with its definition:

1. motivation	a) a particular way of being a leader;
2. ability	b) a good chance for improving the working position;
3. management style	c) a particular way managing;
4. opportunity	d) power to do things; cleverness;
5. leadership style	e) that which causes a person for better performance;
6. enrichment	f) the necessity of having something necessary;
7. human needs	g) a state of being richer in quality, mind, etc.

II. Match these sentence halves:

1. Different theorists have	a) some form of personal ambition.
2. A lack of motivation causes	b) from a desire for self-esteem.
3. Organisations therefore try	c) five groups of needs exist.
4. Motivation theory is concerned	d) are connected with survival.
5. Maslow believed that	e) to avoid motivation problems.
6. The basic needs	f) with the goals which people set.
7. Once the basic needs are satisfied,	g) the basic, essential factors.

8. Ego needs arise	h) employee dissatisfaction.
9. The highest needs involve	i) different ideas on what makes a job ‘satisfying’.
10. Hygiene factors are	j) people’s safety needs have to be met.

III. Change the words with their synonyms and complete the sentences:

a) alterations;	e) goal;
b) team;	f) achieved;
c) established;	g) position;
d) overall;	h) stages;

1. Plans are *set up*/ ……... in the first stage of the project.

2. Organizational goals are *attained/* ……. by successfully combining the functions of planning, organizing, staffing, directing and controlling.

3. During training for my present *job/* …… I took courses in accounting.

4. The organizing function may be divided into two *phases/* …….: determining positions and their associated duties and staffing those positions.

5. Managers should periodically check to see how well *general/* …… company goals are being met.

6. It is the *purpose/* ……. of an organization to ‘make common people do uncommon things’.

7. The risk of choosing a wrong course of action may be lessened by participation of a *group/* ...……. rather than an individual manager.

8. Plan are often subject to slight *changes/* …….. before implementation.

IV. Match the words with their synonyms:

1. managerial; 2. strategy; 3. be in charge of; 4. duty; 5. attain; 6. establish; 7. phase; 8. overall;

a) general; b) responsibility; c) achieve; d) stage; e) set up; f) be responsible for; g) course of action; h) organizational;

V. Read and dramatize the dialogue:

Arranging a meeting

A: How is the Draft Contract going?

B: Oh, I haven't finished it yet. Don't worry, it'll be ready on time.

A: Good. I've got a meeting with the lawyer tomorrow at 9. Could you come?

B: Just a moment. I'll look at my diary... Yes, that'll be OK. What are you going to discuss?

A: We're going to talk about packing.

B: Right, I'll certainly be there.

A: Great. Look, I'm going to lunch in half an hour. What about talking it over together first?

B: Sorry, I've got another appointment at lunch. We could meet later this afternoon, if you like?

A: OK, let's say 3 o'clock in my office.

B: Fine, I'll be there.

Grammar revision

I. Match the comments:

1. I'm just off to play golf	a) I thought you spoke Japanese.
2. Anna is working in London today.	b) I thought he'd already been on holiday.
3. These PCs are made in Taiwan.	c) I thought they were free.
4. John is moving to his new job next week.	d) I thought I saw her here this morning.
5. I will need an interpreter.	e) I didn't realize you played.
6. Peter is away on leave.	f) I had no idea he was leaving.
7. My boss needs more time to do the report.	g) I thought they were American.
8. We had to pay extra for phone calls.	h) I thought she had finished it.

II. Report the requests or commands using He asked me ... or He told me

1. 'Please come to dinner at 8.00'. *He asked me to come to dinner at 8.00.*

2. 'Send the letter immediately'.

3. 'Please don't mention the plans to anyone'.

4. ‘Please return the form as soon as possible’.

5. ‘Don’t put any calls through to my office’.

III. Read the situations, and underline the correct words.

1. At 10.00 this morning, Julia says to you, ‘Dr Bangermann is arriving this afternoon’. At 10.30 the same morning you say to your boss, ‘Julia said that Dr Bangermann was arriving this afternoon/that afternoon’.

2. The sales manager says to you, ‘I’ll show the visitors round the factory tomorrow’. Three weeks later, you say to your boss, ‘He said he would show the visitors round the factory the following day/tomorrow.’

3. A client calls from his office and says, ‘I’d like to hold the meeting here’.Later you speak to your boss in your own office and say, ‘He said he’d like to hold the meeting here/there’.

4. A customer rings to say, ‘We sent the cheque yesterday’. The same day you say to your boss, ‘When I spoke to him, he said that he had sent the cheque yesterday/the previous day’.

5. A client rings you at your office and says, ‘I’ll meet you there tomorrow’. The same day at your office you say to your boss, ‘He said he would meet me here/there tomorrow’.

Text C. Management Styles

The strength and effectiveness of a manager’s motivation is influenced by two linked factors: the management style adopted, and the culture of the organisation. McGregor identified two opposing attitudes towards the formal organisation of workers. He referred to the negative attitude as Theory X and to the positive attitude as Theory Y. Theory X links to the earlier work and emphasises the role of money as the main motivating factor. Theory Y recognises (like Herzberg) the importance of Maslow’s higher-order needs in motivating employees.

Theory X management assumes: 1. People inherently dislike work and will try to avoid it if possible. 2. Because of this, they must be coerced, controlled, directed and threatened in order to get suffi-

cient effort towards. 3. The average person wants to be controlled and directed, has little ambition, and seeks to avoid responsibility.

Theory Y management assumes: 1. Expending effort, at work is as natural as play or rest and the average person does not dislike work. 2. Employees can exercise their own control and direction, and are rewarded through their efforts made towards achieving the organisation's objectives. 3. The average person learns to both accept and seek responsibility, its avoidance coming from experience only.

Management styles

The quality of individual and group performance at work is influenced by factors such as the skills, training and attributes of the personnel, and the tasks which they have to carry out. A major influence on performance is the style of leadership or management adopted.

Democratic management. The manager guides and advises, but allows the group as a whole to make decisions. This style is associated more with the Human Relations theorists, notably McGregor's Theory Y approach. It is found in organisations which have efficient and open communication procedures, limited chains of command and routine delegation. Examples include many small firms where the emphasis is on communication and employee involvement.

Autocratic management. The manager might allow group involvement and suggestions, but makes the final decision. Concentrating decisions in the hands of senior management encourages a 'top-down', centralised structure influenced by the work of classical theorists and McGregor's Theory X. Examples include state-operated services such as the police and armed forces.

Laissez-faire management. The laissez-faire ('let it be') manager chooses not to interfere in the work of the group. This form of management can operate successfully if there are cohesive groups which are prepared to work together to achieve common objectives. It is, however, an approach which is usually regarded as unsuitable, because the manager is avoiding the specific functions of controlling and directing.

Another way of analysing management styles is to identify the extreme situations. Management in an organisation might be seen in terms of the following dimensions:

Autocratic	⟷	**Democratic**
Mechanistic (following fixed Procedures and routines)	⟷	**Organic** (‘growing’ as the organizational alters)
Entrepreneurial (proactive: using new situations and events)	⟷	**Conservative** (reaching as and when necessary)

The ‘best’ style of management will depend on factors such as the:

- level of management training;
- preferences of individual managers;
- degree of awareness of the different styles;
- culture of the organisation (see below);
- organisation’s size and complexity;
- stage of the organisation’s evolution.

Organisational cultures

A culture is created from various beliefs, ideals, norms and values. Each organisation has a culture, in much the same way that we represent different cultures. Its culture is expressed in the way that the people who make up the organisation act. This culture can also be seen in the organisation’s rules, procedures, structures and systems. R. Harrison has suggested four distinct organisational cultures:

1. Power culture

~ mainly associated with small entrepreneurial organisations;

~ relies on a central source of power;

~ has relatively few rules and procedures.

2. Role culture

~ found in organisations structured by function and specialism;

~ relies heavily on rules and procedures.

3. Task culture

~ associated with matrix and project-based structures;

~ decentralised and flexible (team-based) organisations.

4. Person culture

~ typical of small professional organisations with minimal structures.

A culture which is unsuitable for a firm and its employees (e.g. where a merger or privatisation has occurred) will result in low motivational levels and conflict between management and employees. The work of McGregor highlights the potential problems when a group of employees has one set of beliefs or expectations, and managers have a different set. If employees have Theory X expectations and their managers expect Theory Y attitudes, the resultant delegation and involvement is likely to produce poor quality output and misdirection of effort. Managers who use Theory X approaches with groups who wish to operate on a Theory Y basis will find that output and morale will again be adversely affected.

Vocabulary notes:

management style – стиль управління;
democratic management – демократичне управління;
autocratic management – деспотичне управління;
group involvement – входження в групу;
laissez-faire management – невтручання управління;
to interfere – втручатися; перешкоджати;
cohesive groups – об'єднані групи;
common objectives – спільні цілі

Vocabulary exercises

I. Decide whether you agree with these statements.

1. Managers should encourage staff to spend time together outside work to develop a team spirit.

2. It's better to motivate workers as a team rather than trying to motivate them individually.

3. People perform better when they are relaxed than when they are under pressure.

4. Managers should select their team, tell them what they've got to do and then leave them alone to get on with it.

5. If a worker is demotivated, it's their manager's duty to try to re-motivate them.

II. Match these sentence halves:

1. Theory X links to	a) but allows the group to make decisions.
2. Theory Y recognizes	b) the final decision.
3. A major influence on performance	c) is the style of leadership or management adopted.
4. The manager guides and advises,	d) the earlier work and emphasises the role of money.
5. The manager makes	e) the importance of higher-order needs in motivating employees.
6. Laissez-faire management can	f) result in low motivational.
7. A culture is created from	g) operate successfully if there are cohesive groups.
8. Company culture is expressed	h) in the way people make up the organisation act.
9. The culture can be seen in	i) the organisation's rules, procedures, structures and systems.
10. Unsuitable culture can	j) various beliefs, ideals, norms and values.

III. Look through the survey results below. Do they include any of the motivators you discussed? Do any of the findings support or contradict your opinions? Which two or three of these would be most likely to encourage you to work harder at your job?

What motivates you to work harder?

Greater financial reward	41%
A greater sense of 'team spirit' at work	26%
Working with people who work hard	23%
The chance of promotion	22%
Getting more encouragement from your boss	20%
Feeling that you, as an individual, are making a valuable contribution to your organization	19%
Feeling that you are making a valuable contribution to society	18%
Having a boss who works hard	17%
Working for a successful company	17%
Being given more responsibility	16%

Having a more challenging job	16%
Having a greater sense of belonging to the organization you work for	12%
Being self-employed	11%
A stronger sense of working for your country	9%
None of these	3%

IV. The writer of this text has problems managing his time at work. Read and decide which things he spends most time doing. Choose from this list.

making phone calls; receiving phone calls; traveling; attending meetings; waiting for people; computer problems; business lunches; talking with colleagues;

The message on my memo pad asks me to call Jim Kelvin, so I pick up the phone. ‘I’m afraid his line’s engaged. Will you hold?’ ‘Yes. I’ll hold.’ Then I get that awful music for the sixth time this week. Two minutes later it’s, ‘I’m sorry – his line’s still engaged’. So I give up. Does he spend his whole life on the telephone?

I try to sit down and do some paperwork. ‘Can I come in?’ It’s John, Manchester United’s number one supporter. ‘Did you see the match last night?’ No, I didn’t, so he does an action replay of all the goals, there in my office, using my memo pad as a ball.

Half an hour later, and I just have time to type a report before the meeting. Three sentences from the end and – ding! Blank screen. ‘Sorry about that. Problems with the central server.’ Why do I never remember to press the ‘save’ button at the end of each paragraph?

Time for the planning meeting with our Managing Director, Mr Rawlson. Six chairs round the table, but the one at the end of the table isn’t occupied. Twenty minutes later,’Sorry I’m late. Let’s get started.’ Then, fifteen minutes after that, ‘Sorry to interrupt you Mr Rawlson. but there’s an urgent phone call for you.’ ‘OK. Please continue without me.’ We can’t, because he has all the answers – all we have are questions. So we talk about the Manchester United game until he comes back.

Grammar revision

I. A headhunter took you out to dinner last night. Now a colleague is asking you about what you said. Answer his questions using reported speech.

1. ‘What personal details did you give him about yourself?’ *I told him I was married and that I lived in London.*

2. ‘What did you tell him about the company?’
3. ‘What did you say your responsibilities were?’
4. ‘What did you tell him about the salary you would need?’
5. ‘What did he tell you about the new company?’
6. ‘What did he tell you about the new job?’
7. ‘So in the end what did you say to him?’

II. Respond with surprise to the following comments.

1. A They are discontinuing this model at the end of the year. B Really? I thought *it was selling well.*

1. A It’s my fortieth birthday next week. B Really? I had no idea ……. .

3. A You will have to wait about three months for delivery. B Really? I didn’t realize …….. .

4. A I’ve just seen Mr Takashi in reception. B Really? I thought …….. .

5. A The bill for dinner came to £145 each. B Really? I had no idea ……. .

III. Complete the sentences using ask or tell + infinitive.

1. They were late paying the bill, so I phoned and *told them to pay at once.*

2. I was too busy to see Jane, so I ……. .
3. I could see that he had had too much to drink, so I ……. .
4. Peter said he was going to the bank, so I …… .
5. The machine they sold us was faulty, so I ……. .
6. I wanted the mechanic to tell me how much the repairs would cost, so I …….. .

Unit 13
COMMUNICATION IN COMPANY

Text A. Methods of Communication

The purpose of communication is to transmit information. Managers need to be aware of the nature of communication and of the special skills required when communicating information.

An organisation deals with various groups of people, who are either based internally (employees and managers) or externally (customers, shareholders, suppliers, central and local government). Internal and external communication takes place using oral, written and electronic means.

Oral communication. This method is most appropriate for transmitting basic, low-volume information quickly. Face-to-face oral communication is the most common form and it can be either formal or informal in nature. The use of the telephone is the principal alternative to face-to-face contact.

Oral communication has the advantage over written forms of being a two-way process which is quick and flexible – comments and phrases used can be queried by the parties – and it also has immediate impact, but it does not provide a written record of what was said or decided.

Three popular formal oral communication methods are meetings, interviews and presentations.

- Meetings follow formal procedures, the order of business being determined by an agenda. Since the main drawback of oral communication is its lack of permanence, written minutes are kept of decisions made. Examples of formal meetings include a company's annual general meeting (AGM) and board meetings. Meetings can also be informal: for example, some quality circle meetings do not have formal agendas, and minutes are not taken.
- Interviews are another formal method of oral communication. They are widely used in selection procedures and in grievance or disciplinary procedures.
- Presentations are sometimes used in formal situations, for example for a press conference or a training session. They provide

structured information, but often need supporting written or diagrammatic material to assist retention of the message.

Non-verbal communication is also important in both formal and informal social situations. It includes the use of facial expression, tone of voice, gestures, body contact, physical appearance and physical proximity. The communicator must ensure that any non-verbal signals support the oral message, rather than contradict it.

Written communication. Written communication is widely used when high-volume and/or technical information must be transmitted. It has traditionally been used when the speed of delivery is not important, but the development and popularity of facsimile transmission (fax) machines now allows instantaneous transmission of written information to take place. Written communication is appropriate where a formal long-term record of the detail is required, or where such a record is to be used in a future transaction or communication.

• Memoranda (memos) are the main internal written forms for an organisation, for example being used by departmental heads to communicate with their staff: they are informal and summary in nature.

• Business letters are the main external and formal method of communication: they are also used internally, for example to make a formal statement to an employee.

• Manuals are used to make written summaries of technical specifications and procedures: an example is the budget manual.

• Reports are used to provide written details of activities such as research, or the financial performance of a company (e.g. the Annual Report).

Reports can be analytical (analyzing the information available) and informational (providing necessary information), formal (following an established form or convention),: factual (containing information obtained through instigation). Reports are made for the benefit of others – supplying the readers or the audience with the information they need in a form they can understand. Each report must serve at least one of the following purposes:

1. to inform

~ Circulate new ideas;

~ Inform others of work done or progress made;

~ Provide update on the progress of the project.

2. to instruct

~ Tell others how to put new ideas into practice;

~ Explain how a new system will operate;

3. to influence

~ Sell your ideas and persuade the reader or the audience to make a decision;

~ Recommend a course of action;

~ Reveal the benefits of the start up of a new project;

4. to interpret

~ Assess a situation;

~ Draw up conclusions;

~ Analyze the performance of the company;

5. to interest

~ Use the presentation to appeal to a wide audience;

~ Summarize the findings.

The typical structure of a written report is as follows:

Preliminary Sections: Preface or Foreword; Acknowledgements; Table of contents; Summary;

Main part of the report: Introduction; Body of the report; Conclusions; Recommendations;

Supplementing material: Appendices; Bibliography; Glossary; Indices;

It is desirable to include into a report different illustrations such as tables, charts, graphs, photographs, and line drawings.

Scientific Style. The research process aims at facts and other informal discovering and interpretation. The purpose of a research prose is to analyze and interpret information while making valid conclusions based upon the research.

The scientific writing style is called expository writing – that is, it explains arid clarifies information. The reliability of sources and the careful documentation is important, but its effectiveness depends on how well ideas are communicated. While writing, you should avoid excessive technical detail or jargon. When you are writing a research paper a report, abstracts, it is as if you are having a conversation with your reader.

Vocabulary notes:

to transmit information – передавати інформацію;
agenda – порядок денний;
annual general meeting (AGM) – щорічний звіт акціонерів;
report – доповідь; звіт;
assess a situation – оцінювати ситуацію;
draw up conclusions – формувати висновки;
summarize the findings – узагальнювати результати;
preface / foreword – передмова;
table of contents – зміст;
acknowledgement – подяка; визнання;
introduction – вступна частина;
body of the report – основна частина;
conclusion – висновок;
recommendation – рекомендація;
appendix – додаток;
glossary – словник; глосарій

Vocabulary exercises

I. Match each term with its definition:

1. foreword	a) a writing in which the author thanks all the people who have assisted him;
2. acknowledgements	b) an introduction by the author;
3. introduction	c) an alphabetical list printed at the back of article;
4. conclusion	d) extra information placed after the end of the main text;
5. recommendation	e) advice or suggestion;
6. appendix	f) result of knowing that other things are true;
7. glossary	g) the list of words and expressions and the special meaning they have;
8. index	h) the first part of a talk in which the writer tells what the rest of the talk is about;

II Match the words with their synonyms:

1. foreword;	4. assess;	7. clarify;
2. summarize;	5. reveal;	
3. tell;	6. addendum;	
a) inform;	d) appendix;	g) find out;
b) evaluate;	e) resume;	
c) figure;	f) make clear;	

III. Translate the following sentences into Ukrainian:

1. The report intended to review the vast amount of information.
2. One more point may perhaps be mentioned in detail.
3. An attempt was made to review the vast amount of new facts obtained in this field.
4. Great mass of fact and theory is to be taken into account.
5. The method was proved to be of considerable commercial value.
6. We expect the last two alternatives to be the most satisfactory.
7. The principle followed here has received wide attention.
8. Much attention was paid to the data reported.
9. The results are likely to be effective.
10. Many earlier data cannot be regarded as being precise.
11. In each section below will be found comments on the use of the method.
12. The accuracy of definitions depends upon the terms being carefully formulated.

IV. Translate the following sentences into English:

1. Мета доповіді – надати читачу чи слухачу потрібну інформацію.
2. Форма доповіді має бути доступною для розуміння.
3. Доповіді бувають аналітичними, інформаційними, офіційними або заснованими на фактах.
4. В ряді випадків треба проінформувати читача про роботу, що була зроблена.
5. В інших випадках Ви пояснюєте, яким чином можна втілити нові ідеї в життя.

6. Одне із найважливіших завдань будь-якої доповіді – це вплинути на процес прийняття рішення.

7. При підготовці доповіді необхідно аналізувати інформацію.

8. Додаткові матеріали складаються з додатків, бібліографії, глосаріїв тощо.

9. Мета наукових матеріалів – аналізувати і інтерпретувати факти і робити висновки, спираючись на дослідження.

10. При написанні звіту або статті Ви ніби повільно ведете розмову з читачем.

V. Read and translate examples of Brief Reports:

DIRECTOR'S REPORT

Sixty-fourth annual report of the directors of Ford Motor Company Limited

The directors submit the annual report and accounts for the year ended 31 December 2009 for Ford Motor Company Limited and the group, which comprises Ford Motor Company Limited and its subsidiary undertakings.

Principal activities

The principal activities in which the group is engaged are the manufacture and sale of motor vehicles, together with associated and other finance operations.

Disposal of activities

On 21 May 2009, the Company sold its shares in A. C. Cars Limited.

Share capital

During 2009, 330 million ordinary stock units were issued for cash at par to broaden the capital base of the Company.

Directors

During the year under review, Mr. I. G. McAllister was appointed Chairman and Chief Executive on 1 January and Mr. B. J. Coughlan resigned as a director of the Company on 1 December. Since the year end, Mr. L. L. Halstead and Mr. L. R. Ross resigned as directors of the company on 1 January 2010 and Mr. B. L. Blythe and Mr. J. W. Hough-ham resigned as directors of the Company on 31 January 2010 and 1 March 2010 respectively. The directors express their appreciation of

the valuable contribution each has made to the Company and the Ford organisation during his period of service.

Dividend

The directors recommend that no dividend be paid in respect of 2009 (2001 nil).

Donations

Money given by the group for charitable purposes in the UK during the year amounted to £140,559(2008 £224,000).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand as auditors to the Company will be put to the annual general meeting.

By order of the Board.

Company Secretary

7 April 2010

AUDITOR'S REPORT

Report of the auditors to the members of Ford Motor Company Limited

We have audited the accounts in accordance with Auditing Standards. In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 2009 and of the losses of the company and the group and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors London, 8 April 2010

Grammar revision

I. Put either too or enough in the correct space in each sentence. Put a dash (-) in the other space.

1. We need new premises. This building isn't – big *enough* .

2. We've changed our insurers because we felt the premiums we were paying were …… high …….. .

3. He's not a very good manager – he doesn't communicate his ideas ……. clearly …….. .

4. It’s never ……. early ….. to start contributing to a pension.

5. You’d better fax them the information. If you post it, it will arrive …… late …… .

6. You needn’t re-write the report. It’s …….. good …… .

II. The publicity manager of a book distribution company is commenting on the first draft of this year's catalogue. Fill in the blanks with too much, too many, too few, or too little.

1. There are *too many* sections. They make the catalogue confusing.

2. There are …… printing errors. These must be corrected.

3. There is ……. space given to new titles. They should have a whole page.

4. There is ……. information about each title. It needs to be shorter.

5. There are ……. different text styles. We have to make it look simpler.

6. There are …… entries in the index. This needs to be much shorter.

III. Combine the following sentences using too and enough.

1. The exhibition was too far away. We couldn’t attend it. *The exhibition was too far away for us to attend.*

2. Your products are too expensive. We can’t stock them.

3. This contract is too complicated. I can’t understand it.

4. My fax wasn’t clear enough. He couldn’t read it.

5. Your quotation wasn’t low enough. We couldn’t accept it.

6. The project was too risky. They couldn’t go ahead with it.

Text B. Presenting Information

The way that information is presented diagrammatically or numerically can be almost as important as the content represented by the information. Information which is presented satisfactorily uses an appropriate

- display, using correct columns or a correct scale;
- level of detail;

- method of presentation for: the information; the user(s);
- series of labels which describe the sources; heading; axes; units being used.

Tables

The purpose of tabulation is to group and organise data so that they become manageable and capable of being understood. Tally charts are used to count the frequency of items occurring within each group. The number of items per group can then be recorded in a table consisting of labelled rows and columns.

Tables are effective in displaying summarised information accurately and concisely, although they are not as visually stimulating as pictorial forms of presentation and they do not always display trends clearly.

Graphs

These are diagrams plotting values as points, which are then joined together to form a continuous line. They are easy to construct and can show clearly any trends. Graphs can be used effectively in displaying seasonal trends.

- **Semi-logarithmic graphs:** whereas ordinary graphs summarise the absolute changes which have taken place, these semi-logarithmic graphs show the percentage or proportional rates of change which have occurred.
- **Lorenz curve graphs:** these show the equality or otherwise of two distributions. They illustrate the level of inequality in the way that a figure is shared between two competing ends: for example, the Lorenz curve graph is often used to display inequalities in wealth or income.
- **Z charts:** these are really three graphs in one, containing lines which show monthly data, cumulative data, and a moving annual total. The name derives from the shape of the graph, which looks like the letter Z.

Pie charts

These consist of circles divided into segments. The circle represents the whole population, the segments representing the parts which make up this whole. The 360 degrees of the circle is therefore

divided in proportion to the figures making the total. Pie (and bar) charts are popularly used in company reports to summarise trading and other financial information. A Pie chart is effective in showing how a total is made up, but is an unsuitable display method if there are too many segments. It has been traditionally difficult to construct, but most computer spreadsheet packages can now generate pie charts quickly and easily. A pie chart being used to break down a total.

Bar charts

In a simple bar chart the figures being compared are represented by bars. The height of each bar reflects the relative size of the figure it represents.

A component or 'stacked' bar chart is constructed by first drawing a bar to represent the total population, and then dividing it into its component elements. It enables totals to be compared and also shows clearly how these totals are made up from their components.

A compound (or multiple) bar chart is used where the component figures need to be compared. Each component has its own bar, the bars for each time period being drawn side by side. The relative size of each component is shown and can be compared, although the overall total cannot always easily be seen.

Pictograms

These are simple diagrams using pictures or symbols to represent numbers. Their purpose is to give a quick and basic idea of relative size, for purposes of comparison. An alternative approach is to have one symbol or picture for each organisation, time period, etc. The size of each symbol represents the size of the amount being illustrated.

Although pictograms provide a quick and basic summary of the situation, they fail to show fractions accurately, and they can often give a false impression of size (especially when the width of a symbol is increased as its height increases).

Index numbers

These are used when it becomes necessary to compare information from different time periods. A common base – the base year –

is established and figures from this base year are given the value 100. Other years' figures are then expressed against this base value. Index numbers therefore make comparison of different years' figures more meaningful. Index numbers are used to measure changes in price, quantity and value.

Vocabulary notes:

label – ярлик, етикетка;
axis(axes) – вісь(вісі);
graph – графік;
semi-logarithmic graph – напівлогарифмічний графік;
Lorenz curve graphs – графік кривої Лоренса;
Z chart – 'Z'- діаграма;
pie chart – круговий діаграма;
bar chart – діаграма, зображена за допомогою колонок; гістограма;
pictograms – кольорова діаграма з використанням символів; піктограма;
index number – порядковий номер

Vocabulary exercises

I. Match each term with its definition:

1. Tables	a) the figures being compared are represented by bars;
2. Semi-logarithmic graphs	b) these are really three graphs in one;
3. Lorenz curve graphs	c) diagrams using symbols to represent numbers;
4. Z charts	d) show the percentage or proportional rates of change;
5. Pie charts	e) consist of circles divided into segments;
6. Simple bar chart	f) display summarised information accurately;
7. A compound bar chart	g) the component figures need to be compared;
8. Pictograms	h) show the equality or otherwise of two distributions;

II. Complete the following sentences:

1. The way that information is presented diagrammatically or numerically can be …….. by the information.

2. The purpose of tabulation is …… capable of being understood.

3. Tables are effective in displaying …….. .

4. Graphs are easy to ……..… and can ……... any trends.

5. The semi-logarithmic graphs show …..... which have occurred.

6. Lorenz curve graphs show …….. .

7. Z charts are really three graphs in one, containing …….. annual total.

8. Pie charts consist of ……..… into segments.

9. In a simple bar chart the figures ……. by bars.

10. A compound (or multiple) bar chart is used ……. to be compared.

11. Pictograms are simple diagrams using ……. to represent numbers.

12. Index numbers are used …… from different time periods.

III. The words on the right are the opposites of the words on the left, but the letters are scrambled. Unscramble the letters and match the opposites. The first one is done for you.

stressful	NEXARGIL (*relaxing)*	expensive	PHACE
noisy	TIQUE	sociable	BEALUSICON
boring	EGERINSTINT	good	DAB
efficient	FINEFINETIC	difficult	SAYE

IV. Read and dramatize the following dialogue:

Discussing an action taken

Mr Nolan: Good morning, ladies and gentlemen. I'm afraid I've some unpleasant news for you. In spite of my recommendations the company has decided to replace the 757s with Tristars, and they're going to put them on from June, not October, so we've got problems.

Voices: Starting in June!

Surely they could've done something else.

That'll mean about twice as many check-in staff from six to nine.

Yeh, and most of them'll have nothing to do from nine to twelve.

A: Couldn't they have put the Tristar on at a different time – during the summer anyway?

Mr Nolan: Apparently not.

B: Why not? Couldn't it have been scheduled around 10 o'clock? That would've made things a lot easier.

Mr Nolan: Well that wasn't one of the alternatives they gave. I presume they had a good reason for not including it.

B: They may have had. They may not have had. It could certainly have been suggested to them ... and why weren't we consulted about this?

Mr Nolan: I had all the information that was needed.

B: With respect, Mr Nolan, you obviously hadn't. Nor did you consult us about it, in spite of the undertaking you gave 5 months ago. If you'll excuse me, I don't see any point in taking any further part in this meeting.

Grammar revision

I. Fill in the blanks by putting the adjectives into the correct form.

Sony has produced the Minidisc, and Philips has backed the Digital Compact Cassette (DCC).According to Sony, the Minidisc will appeal to a *wider* (wide) range of consumers than DCC. The minidiscs themselves are …….. (small) and ……. (portable) than DCCs, and the players are ……. (easy) to carry around. Sony claims that its sales figures are much …….. (good) than Philips', and that it will win the war. Philips points out that Sony's sales of Minidisc players refer to units shipped, not actual sales, and that the real sales figure is much …….. (low).Philips, which has spent £65m in developing DCCs, says that the sound quality of Minidiscs is not as …….. (good) as DCCs, and that DCC players, which are ……. (large) and …… (sophisticated) than Sony's, will sell to …….. (serious) customers. According to Philips, there is room for both products. Its spokesperson said, 'The Minidisc will appeal to people who want a tiny, expensive Walkman to show off, and DCC will sell to …….. (quality-conscious) consumers. The minidisc is a much …… (sexy) idea, sure, but DCC is much …….. (sensible).'

II. Re-write the sentences using the present perfect and a superlative.

1. I have never been to such a long meeting. *That was the longest meeting I have ever been to.*

2. I have never heard such a boring presentation. That was ……..

3. I have never dealt with such difficult customers. They are ……..…

4. We have never produced a product as good as this. This is ……

5. I have never used a program as simple as this. This is ……

III. Read the information and write sentences using the words in brackets.

1. In 1991, British Telecom made profits of $3,557 million. It is (no.2/profitable company/world) *the second most profitable company in the world.*

2. Yoshiaki Tsutsumi deals in land, railroads, and resorts, and has a personal fortune of $10 billion. He is (no.2/rich/person/world)

3. Exxon had sales of $103,242 million in 1991.It is (no.3/large/industrial corporation/world)

4. Eviran Haub from Germany owns supermarkets, and is worth $6.9 billion. He is (no.4/wealthy/person/world)

Unit 14
SUCCESSFUL NEGOTIATION

Text A. Emphasis on Negotiation

Have you ever wondered why some people seem to be able to get what they want while others don't? Some people seem to have the knack of influencing people in such a way as to make it easy for them to cooperate. This is the skill of negotiating and it's growing in importance in the business world.

Against the background of the 'leaner' or 'fitter' business, job roles are open to much wider interpretation, there is much tighter control on costs and you are more likely to come into direct contact with both customers and suppliers. Even internally, there is a greater need to negotiate with colleagues to achieve the desired standards and outcomes. This has led to an increase in the demand for information about how to negotiate more effectively.

Many people approach business negotiations with feelings of trepidation. The stakes can be high -especially if you get it wrong! You may worry about being tied into contracts that will cost you dear in the longer term. Especially if you are inexperienced, you may come off badly in dealings with a professional negotiator. You could be pressurized into an agreement that does not meet your needs and that you will not be able to get out of.

Successful negotiation is an important communication skill, and only by mastering it can you increase your chances of gaining the outcomes that you want in your business life. Whether it is negotiating your salary or a large contract with a customer or supplier, the guidelines are the same.

- You should reach the agreement that most nearly meets both your requirements.
- Whatever the outcome of the discussion, you should have conducted the process in a professional way that reflects well on you – and your company, if you are representing them.

- You should have laid a good foundation for any future dealings that you may need to have with the other person.

Although negotiations can take place in a vast variety of situations – in everyday life, at work, between individuals or teams of people – there are really only four possible outcomes, which are defined according to whether either or both parties achieves a satisfactory result. The effective negotiator should always be aiming to achieve a WIN: WIN outcome, where both sides have an expectation of a successful outcome, they are more likely to make the effort to find reasonable solution. Of course, this usually means that neither side will get everything they want but the areas on which they decide to compromise are viewed as being less important that finding some middle ground. Ideally the outcome will be one that offers advantages to both sides.

Today's business environment is much more geared towards working together for mutual benefit. You will hear terms such as 'partnership' and 'strategic alliance' being used to describe the relationships between customers and their suppliers.

The current emphasis on quality issues means that cost can no longer be the sole criterion for a deal. You must also consider the need to build relationships that can continue for a long time – with both parties feeling satisfied, where problems can be sorted out amicably and where future negotiations can be conducted in an atmosphere of mutual interest and support.

Modern businesses are prepared to take a much longer-term view and to apply a cost/benefit analysis to the outcome of any agreement. What may initially appear to be a low-cost deal can turn out to be expensive in the longer term if both parties do not have a vested interest in maintaining the relationship.

Any successful business must recognize that true profit is built through repeat business – long-term beneficial relationships between the customer and supplier. Constantly searching for new customers (or suppliers) is both time-consuming and costly.

Any negotiation should therefore start with both parties recognizing the potential benefits to their respective businesses of establishing a working partnership.

Partnerships and strategic alliances are based on joint interests, and both parties should stand to gain some advantage from reaching agreement and following through with the commitments made. This means that benefits accrued from the relationship can be shared.

The difference between a good and bad negotiator, whether in business or in daily life, is that the former has thought about what they are doing, has prepared thoroughly, and has taken the time to think through the situation from the other person's point of view. They have considered what factors could hinder the process and tried to think of ways around problem areas.

When you are fully prepared, you are able to negotiate from a position of strength. You will feel, and appear to be, more confident and assertive in your dealing with others. If you go into a situation believing that there is a high chance of success, this enables you to deal with other people in a positive way. The ineffective negotiator enters the negotiations unprepared, appears less organized and less confident, and so is less likely to achieve the outcome they desire.

Vocabulary notes:

negotiation – переговори;
feelings of trepidation – відчуття тривоги;
outcome – результат;
expectation – очікування;
mutual benefit – взаємна вигода;
long-term beneficial relationships – довгострокові взаємовигідні відносини;
commitment – зобов'язання;
to hinder – заважати, перешкоджати

Vocabulary exercises

I. Here is a dialogue between a hotel manager and a guest. Put the sentences in the right order, numbering them from 1 to 8.

a) I'm sorry to hear that, sir. What seems to be the problem?
b) Good morning.
c) No, I didn't. That's why I wanted to speak to you.
d) Yes, that's fine.
e) Good morning, sir. Did you sleep well?

f) There was a lot of noise in the street outside my window last night. Could you find me another room on the other side of the building?

g) All right, sir. I'll send someone to transfer your luggage to the new room.

h) I'll just see what we've got available. Yes, we've got a single room with bath, overlooking the garden. Does that suit you?

II. Here are some complaints. What is it in each case?

e.g. 'It's wrong. It says here that we had three bottles of wine, but we only had two.' *It = the bill (in the restaurant or wine bar)*

1. 'It makes a strange noise every time I accelerate or turn a corner.'

2. 'You told me I could use it in any machine, but the first time I tried to take some money out, the machine ate it.'

3. 'I'm sorry, but the date on it is wrong. I said I wanted to travel on the 15th, but here it's got the 16th written on it.'

4. 'It's not very comfortable. I had a really bad back when I got up in the morning.'

5. 'It doesn't have a very big memory. I can't load more than one program on it.'

6. 'It's too dark and it's not big enough to put a desk in.'

III. Match each term with its definition:

1. negotiation	a) an arrangement or understanding made by persons, business companies;
2. expectation	b) discussing and arranging business affairs;
3. relationship	c) the state of being related or connected;
4. outcome	d) the result or consequences of an action;
5. agreement	e) the act of insisting on one's rights or claims;
6. assertion	f) a state of mind in which one expects or looks forward to something;

IV. Think of companies or people that you would like to do business with (both in your personal and business life). Discuss the questions:

1. Why do you deal with them?

2. What do they do that makes you feel comfortable with the relationship?

3. How do they demonstrate that they understand your needs?

4. How do they resolve problems?

5. What would make you look for an alternative partner?

IV. Read and dramatize the following dialogue:

Negotiating

B: I'm afraid your listed prices are above what our budget allows.

V: Look, we'd like to be able to show an Office Coppier in actual use in an office, to one or two special customers. If you agree to do that I'll consider reducing it by 5%.

B: You mean use it as a demonstration model?

V: That's right.

B: I personally wouldn't mind, but the general manager would object to outsiders coming in.

V: Yes, I could understand that, but they'd be from large organisations, potential customers of your airline. It would do your own marketing no harm.

B: Perhaps I could persuade him, but you'd have to do better than 5 %.

V: Well, we could make it 7,5%.

B*:* The trouble is, the general manager isn't very interested in marketing. He's only concerned about his own budget. If you make it 10%, I might be able to persuade him.

V: Ahh, I'm afraid that's really more than I could allow

B*:* That's a pity ... what discount will you give me on five electronic typewriters?

V: We don't give any discount on those. They're the latest models.

B: I'm surprised to hear that. At the rate technology is advancing, these models will be out of date in 6 months' time. You mean you expect people to pay the listed price for them?

V: Of course, they're the latest models, but since you're purchasing five of them, we'll give you a 5 % discount.

B*:* Yes, but will you guarantee they'll be the latest models in 6 months' time?

V: I'm afraid you'll have to wait 6 months for those.

B: I don't want to wait 6 months ... nor do I want to pay the full price now for something that will soon be superseded. What decent discount will you give me?

V: What do you have in mind?

B: Twenty per cent would be reasonable.

V: Oh, I couldn't possibly give you that. I'd be selling them at a loss.

B: You'll have a bigger loss if you don't sell them soon.

V: I've no worries about that ... but look, I'm prepared to compromise. If you settle for a 7,5 % discount on the OCR, I'll agree to 10 % on the typewriters.

B: Ten per cent is not much on the typewriters, but I'd be happy to accept 10 % on the OCR.

V: You drive a hard bargain ... OK if we can show it in operation to one or two clients, I'll give you 10% on the OCR.

B: Mmm, that's fine with me.

V: So, can I take it then we've agreed on 10% for both the OCR and the typewriters?

B: Ah, I didn't agree to 10% on the typewriters.

V: But you said ...

B: No! No! I said 10% wasn't much on the typewriters. However, I'm prepared to accept it ... if you give me a reasonable trade in deal on our old ones.

Grammar revision

I. Look at the sales brief describing a desktop business accessory, the CTRX 501. Write sentences about the CTRX 501, describing what each feature does and its benefits for the customer.

Features	Selling points
Phone	has a 60 number memory you can use it without picking up the handset answering machine can store up to 100 messages you can call it from another phone
Photocopier	prints at different resolutions you can use it to copy A4 documents
Fax	has an automatic sheet feeder, you can program it

1. It’s got a phone that has a 60 number memory.
2. It’s got a phone that you can use without picking up the handset.
3. It’s got an answering machine …… .
4. It’s got an answering machine …….. .
5. It’s got a photocopier ……. .
6. It’s got a photocopier …….. .
7. It’s got a fax …….. .
8. It’s got a fax …….. .

In which of the above sentences can you leave out the word **that?**

I. Finish each sentence using one of the pieces of information in the box. Join the two parts with *whose*.

Her department was doing well. / Their car had broken down. / Its key competitors are Sony and Sanyo. / Their CVs were very good. / Her mother tongue must be English. / Its headquarters are in Helsinki.

1. We drew up a short-list of candidates *whose CVs were very good.*
2. We are looking for a secretary …… .
3. Nokia is a large Finnish company …… .
4. I gave a lift to a couple of colleagues …… .
5. Casio is a Japanese electronics company ……. .
6. They promoted one of the managers …….. .

III. Complete the sentences with *who, whom,* or *which*.

1. The salesperson to whom you spoke was correct in saying that goods must be returned to the store from *which* they were purchased.
2. I was ordering some supplies on the phone, and then the person ……. I was talking to suddenly hung up.
3. The profit we make from the sales depends on the country in ……. we are operating.
4. I can give you the name of an accountant …… I deal with.
5. The client from …… we have received this complaint wishes us to take action immediately.
6. The hotel has a large conference hall in …… presentations and exhibitions can be held.

Text B. Internal and External Negotiations

Negotiations with colleagues and line managers or between departments or divisions can be the most difficult kind. The fact that you know so much about the person you are dealing with can be a hindrance rather than a help, because it is difficult to set aside the history of the relationship and concentrate on the real issues.

You will need to take particular care not to let your personal situation get in the way of the business to be done. Whether you like or dislike the other person can influence your perceptions of fairness and justice, and how hard you push on issues might be influenced by the fact that you will almost certainly need to have dealings with the other person in the future – you may even have to see them on a daily basis.

There is also a danger that, since you know the other person, you can take too much for granted and assume common understanding of issues and concerns without fully investigating what might lie behind a particular request or decision. It is vital that you look beyond the immediate situation and consider the wider implications of any agreement.

Guidelines for dealing with colleagues:

- Don’t let your colleagues feel you are taking them for granted – give them the same respect that you would show to anyone outside your organization.
- Put your key requests in writing before you hold a meeting. If you give them time to consider your needs, they will probably be more cooperative, and will have time to think about their own interests, too.
- Try to avoid asking for yes/no decisions immediately- most people respond badly when put under pressure.
- Consider what you might be able to do for them in return – if you can’t think of anything, ask if there is anything that they want or need to make their work easier.
- Make the effort to deal with colleagues face to face – it can be too easy to pick up the phone or send an e-mail. Most people still prefer the personal touch.
- If it’s you that wants something from them, make the effort to see them on their ‘home patch’.

Negotiations with customer

Whether you are trying to win over new customers or retain existing ones, negotiating with them can be tricky. The customer is usually in a position of power during the negotiation, because you want their business. You need to balance meeting their needs with the benefits of the deal to you.

Negotiations with a potential new customer provide you with an opportunity to show them that you can meet their needs and that you will be easy to do business with.

During the negotiation, you should aim to demonstrate that:

- you understand their situation;
- you want to help them achieve their objectives;
- time spent with you will be pleasant and productive, and will not add to their troubles;
- they can share their concerns and problems with you in an open way;
- you are bringing 'added value' to the deal – perhaps by offering them something that other similar suppliers will not;
- any problems that arise will be dealt with swiftly and effectively.

Once a deal is done, it is a good idea to call your customer from time to time to check that everything is going smoothly. This will avoid the customer forming the impression that you have put more effort into securing his business than into fulfilling the agreement.

With customers who have been with you for some time, you still need to stress how much you value their business and the relationship you have with them. It is easy to take a long-standing customer for granted, and to assume that they will always continue to place their business with you. Never forget that they have a choice.

However, there are several points in your favour if you have been with a customer for a long time, and it is important that your customer should recognize these intangible benefits in any ongoing negotiations.

- Both parties have an investment in the relationship.
- You understand each other's business.

Changing suppliers would cost your customer time and money

At some point in any business relationship, all customers wonder if they could get their supply from another source, perhaps at a lower cost. They may even tell you that they plan to talk to alternative suppliers. What the customer is saying, in effect, is that they wish to review your agreement with a view to renegotiating certain aspects of it.

The temptation at this point is to offer the customer a discount in order to keep their business (sometimes referred to as 'low-balling'). This is the wrong thing to do for two reasons.

- The first and obvious reason is that you will be making less money on the deal.
- The second is that your customer may interpret this as proof that you have been charging them too much in the past.

Arrange a meeting with your customer to talk about any concerns they have with the current arrangement. Usually when a customer starts to complain about the price there is an underlying issue which has started them thinking about it, and a discussion will give you the opportunity to find out what this is.

- Reassure the customer that your costs are indeed reasonable for the quality of the product or service you provide.
- If they are quoting lower prices from alternative suppliers, make sure that they are comparing like with like. A deal that looks similar on the surface may have hidden costs that they have not fully considered.
- Stress the value of the fact that you understand the way they work and that the cost of having to establish that level of understanding with someone new.
- Consider offering a discount but only in exchange for some alteration in the arrangement – bulk or regular orders, adjustments to specification or shorter payment terms, for example.

Negotiations with suppliers

As a customer, you may find yourself in the situation of negotiating with several suppliers at once as you look around for the best deal.

You should be looking not only for a supplier who can meet your requirements, but one with whom you will feel comfortable. If

you don’t like and get on with them during the negotiation, you are unlikely to enjoy doing business with them in the future. It is up to the supplier to convince you that they are willing to help you meet your needs.

When you are looking for a new supplier it can be very helpful to both sides if you draw up an initial briefing document that outlines your requirements. There are several advantages to providing prospective suppliers with such a brief.

~ Suppliers who are unable or unwilling to meet your requirements will exclude themselves.

~ Those suppliers who pitch for your business will be well prepared, will have thought about the questions you might have and should have prepared suitable documentation to help you make your decision. All of this will save you time.

~ By having prospective suppliers answer your brief point by point, you will be in a position to compare like with like when looking at their proposals, instead of finding that none of them has supplied the information you need.

Just as a supplier can start to take his customers for grained, there is a danger that, as a customer, you can become too comfortable with a particular supplier and so fail to regularly review and update the arrangement.

Even if there are no obvious problems, it is still necessary to assess the contract from time to time. With long-standing suppliers you need to hold regular review meetings to ensure that both sides are up to date with requirements and to identify any potential problem areas.

You probably already do this in your private life. If you have savings, for example, you probably check from time to time to see whether you are getting the best interest rate available. Often this does not involve changing financial institution, but rather shifting your money from one kind of savings account to another.

The same can apply to dealings with your suppliers at work. By regularly reviewing your business agreement, you can request changes in their terms or their procedures that will deliver benefits for you.

Vocabulary notes:

hindrance – перешкода;
perception – сприйняття;
implications of any agreement – наслідки будь-якої угоди;
to be tricky – бути непередбачуваним;
to share the concerns – поділяти стурбованість;
temptation – спокуса;
to exclude – виключати;
to pitch for the business –передавати для бізнесу;
to shift money – перекласти гроші

Vocabulary exercises

I. Answer the questions:

1. Why can negotiations with colleagues and line managers or between departments be the most difficult kind?
2. What are the main guidelines for dealing with colleagues?
3. Why can negotiations with new customers be tricky?
4. What aims do you have during the negotiations with customers?
5. Why is it important to call your customer from time to time to check that everything is going smoothly?
6. What right things must you do in arranging a meeting with your customer to talk about any concerns they have with the current arrangement?
7. What wrong things can you do in arranging a meeting with your customer?
8. What are the main principles of choosing the suppliers for the company?
9. Why is it very useful to both sides if you draw up an initial briefing document that outlines your requirements?
10. Why is it still necessary to assess the contract from time to time?

II. Complete the dialogue using these expressions. Be careful: there are more expressions than gaps.

Were you happy	Did you enjoy	I apologize	That's because
exactly happened	I'm afraid	look into the matter	is your problem
That's why	what to say	accept my sincerest	terribly sorry

A Burlington Hall Hotel. Ursula Donovan speaking.

B Good afternoon, Mrs Donovan. This is Jeff Sanderson of Turnkey Solutions. I'm calling about the conference we had in your hotel last week.

A Ah yes, Mr Sanderson ……. with the facilities and the service?

B With the facilities, yes, but we didn't really appreciate the service, particularly from the night porter ……. I'm calling.

A Oh dear. I'm ……. about that. What …… ?

B Well, a lot of our delegates went into town on the last night, and when they came back to the hotel at about midnight the night porter was asleep.

A Yes …… he sometimes falls asleep on the job. He's 63 years old, you know. I hope your delegates didn't have to ring for a long time.

B Well, yes they did. But that's not all. When your porter woke up, he told them to go away and that they were too late to come in. In the end they had to check into another hotel for the night.

A Mr Sanderson, I really don't know ……. I'll …… immediately and then call you back. But for now, please …….. apologies.

III. Here are four complaints. Look at the language used and decide if they are in the style of a business letter (L) or of a telephone conversation (T).

1. Your last delivery arrived three days late, and our clients were extremely dissatisfied.

2. In addition to the above problem, there was nobody to meet our representative Mr Borge when he arrived at the airport.

3. I would be grateful if you could give this matter your immediate attention.

4. It's really not good enough. We give you a lot of business and we expect quicker service when we've got a problem with one of your machines.

IV. Read and dramatize the following dialogue:

Consulting Staff

Mr Nolan: Well, let's get on with solving the problem. We need six additional staff, three permanent and three temporary and that's going to be difficult at this time of the year. Has anyone any suggestions about how we can find them?

A: We should be able to get our usual three temporary staff. Why don't we try to manage with them in the meantime and get good permanent staff before October.

Mr Nolan: You mean with people doing overtime! What does everyone else think of that?

C: It might be all right in Reservations, but it would be impossible for Check-in and Baggage Handling.

A: What about taking on three students for the summer as well as the usual temporaries. Those students are quite bright. They'd learn quickly.

Mr Nolan: That's a possibility. Any other views on that?

D: I certainly wouldn't be happy about that. I've had enough experience of trying to train summer workers. And you know what Check-in's going to be like at nine in the morning. Couldn't we manage to get three experienced people instead?

Mr Holan: We'll certainly try but it'll be difficult and we'll need to have contingency arrangments in case we don't. Bill, you haven't been saying much. Have you any suggestions? *E:* I've just been thinking. We could approach Jetair.

Mr Nolan: Jetair?

E: The people who do holiday charters. Two of their planes have just been grounded by the Civil Aviation Authority.

Mr Nolan: Really! That's worth investigating. They'd probably be glad to be relieved of a few people. Yes ... does anyone see any problems there? Yes, Jo.

D: It could cause some union problems, couldn't it?

Mr Nolan: How do you mean?

D: Well, they might lose out on their redundancy payments.

Mr Nolan: No, no, that wouldn't be a problem.

D: It could be. If we offered them a job they mightn't be entitled to redundancy pay.

Mr Nolan: There shouldn't be a problem there ...I think. Anyhow I'd better check it out with Legal Affairs, just in case ... Any other suggestions ... No? ... OK- We've now several proposals that we need to check out as quickly as possible. Bill and John, could you investigate these, and let me know what options we have.

Grammar revision.

I. Re-write the sentences without relative pronouns, putting the prepositions at the end of the relative clause.

1. I was talking to a man. He is the head of AT&T. *The man I was talking to is the head of AT&T.*

2. You were looking for an invoice. Peter has found it. Peter has found the …… .

3. I deal with customers. Most of them are very pleasant. Most of the ..…...

4. We wanted to stay in a hotel. It was fully booked. The hotel …… .

5. She works for a company. It has a very good reputation. The company ..... .

6. We went to a restaurant. It wasn't very good. The restaurant …… .

II. Complete the following sentences about yourself and your future activity, using relative clauses.

1. I work for a company that manufactures components for aircraft.
2. I have a boss ……. .
3. I am in a department …….. .
4. In my work, I deal with people …… .
5. I sometimes have to do things …….. .
6. I prefer to work with people ……. .
7. I dislike working with people ……. .
8. In my spare time, I like to do things …… .

III. Re-write the following sentences using *where*.

I've got the details of the hotel that you'll be staying in. *I've got the details of the hotel where you'll be staying.*

1. Would you like to visit the factory that we make the cars in?
2. I recently went back to the town I used to work in.
3. Ivrea is the town in which Olivetti has its headquarters.
4. Is this the building that they filmed the Coke advertisement in?

Text C. Creating Structure of Successful Negotiation

Your preparation, if you have done it thoroughly, will provide you with a **comprehensive agenda** – a list of areas that need to be covered for you to get the deal you require. You will also have recognized why these things are important to you and so will be able to communicate your needs in a clear, convincing and confident manner.

Once you have drawn up your own agenda, it is a good idea to set it out in writing and give the other party a copy in advance of the meeting. If you are doing this, you may also wish to indicate what is not on the agenda: issues that you feel are outside the scope of the negotiation.

The point of sending the agenda to the other party is not to take control of the discussions, but to allow them to contribute. Emphasize that the agenda is still a draft at this stage and that they can add items to it. Inviting their input in this way means that you can create a climate of agreement even before the discussions begin.

While it may seem very formal, an agenda can help to give your discussions a structure. Setting out your concerns will help the other party to think through theirs, if they haven't done so already. Once you have agreed the key areas where agreement need be reached, you are in a better position to set the pace of the discussion.

When you are preparing your agenda, aim to place items that you think will be easy to agree at the top of the list. There are two advantages to this. The first is that it gets everybody into the right frame of mind – one of mutual agreement. If you place contentious items at the beginning, you can develop a negative atmosphere in which all points will be contested.

The second advantage is that, as the negotiation progresses, the more areas of agreement that are established, the more willing people will be to compromise on the more contentious points. Because they have already invested time and energy in the discussion, their emotional need to resolve conflict increases.

After opening the discussion in a professional, structured way, you are now ready to enter the next phase – one of **exploration**. During this phase, possibilities are identified and discussed, and you need to create an atmosphere where both sides feel free to be open and honest. This, however, may take some effort to achieve. You need to be able to differentiate between three things:

- needs – those things that people feel they cannot do without;
- wants – those things that people would prefer to have;
- interests – the reasons that may lie behind wants and needs.

Each time a want or need is identified, you should explore the situation by asking for more information. Needs and wants are what people first talk about. They are taking up a position by identifying what they think the final outcome should include. It can sound like a non-negotiable list.

If you only talk about needs and wants, you may find it very difficult to negotiate because the two sides may seem to have little in common. The important thing to remember at this stage is that wants are often only opening salvos and should be treated in this light. Exploration will help you to understand why the other person is asking for something and to make sense of what might at first appear to be unreasonable demands.

Once you understand what lies behind the other person's demands, you will be able to suggest alternatives that will address their requirements.

By showing the other person that you understand their position, you can reduce their resistance to your alternative suggestions. In addition, they will be more ready to make concessions to you. You are now in a position to move to the **middle ground**.

Once you have both uncovered the interests that lie behind your opening positions and have clearly stated what your own interests are, you can move to a stage of bidding and proposing. In order to reach a WIN:WIN outcome, both sides will need to be prepared to compromise.

At this stage it should be clear that you are only exploring possibilities -neither side is required to give a firm commitment. As you explore the possibilities, it is important to be clear in your mind what the variables in the deal are. These are aspects of the deal that can change. You will have identified most of these in the preparation stages – they could include price and certain aspects of the specification, for instance. However, you may uncover more variables in the exploratory stage, either because the other side proves to be more flexible than you had expected, or because they introduce a new possibility.

During the stage of trading and bartering to reach the middle ground, it is wise to ensure that whenever you agree to a concession in the other person's favour, you get something back in return. It is well known that people tend to place little or no value on things they feel that they got for nothing. This means that if you give things away too easily, the other person may fail to appreciate the true cost of the concession to you.

Although you do not want to involve a customer or supplier in your own business too deeply, it is as well to ensure that the other people understand that there is some kind of cost. For example, you may ask for slightly earlier payment in return.

The exchange does not need to be of equal value – what is important is that both sides have shown flexibility in order to keep the discussion in balance.

You are now in a position to start **closing the deal**. You have covered all the issues and explored the possibilities, and are broadly in agreement. You will have been taking notes of points agreed throughout the discussion. The close should be a question of confirming the specifics.

On each point it can be helpful to go through a process of restating what the want or need was and to summarize what was finally agreed. Keep checking that the other party is satisfied with the summary. Look for non-verbal signals as well as what is said.

The act of writing down each point agreed can act as a positive reinforcement of the negotiation process. It shows the other party that the discussion has moved into a new phase, away from exploration and towards resolution. After the discussion, you should type up your handwritten notes and send a copy to the other party as confirmation.

If you are not negotiating face-to-face at this stage, it is even more important to let the other party see the current agreement in writing rather than just going over it on the phone. Seeing the agreement in writing may prompt some final questions that are best dealt with at this stage. Prevention is always better than cure.

When the end is in sight, you may be tempted to push for commitment. However, it is important to avoid doing this prematurely. A satisfactory agreement that has been thoroughly explored to the mutual satisfaction of both parties may take more time, but it will usually

produce better and more workable outcomes that are more likely to stand the test of time.

Just as you structured the discussion itself, so the final agreement will benefit from having a definite format. The following checklist should help you make sure you've covered everything.

1. Make a complete list of issues from both sides.

2. Prepare a draft framework for agreement – stress that it is only a framework at this stage. The draft should mention areas which still need to be agreed, leaving the details to be completed – for example, 'Invoice and payment deadlines to follow'.

3. Firm up the agreement by tackling any outstanding details. For example, 'We will invoice by the 27th of each month and you will ensure payment within 30 days'.

4. Record each point as it is agreed.

Ensure that you set down a process for reviewing the agreement. Will you need to meet on a regular basis to improve the deal in the light of operational experience? What would be a suitable review period? Is the agreement designed to cover only a stated period of time? Agree a procedure for dealing with complaints or problems that arise.

Vocabulary notes:

comprehensive agenda – детальна повістка дня;

to set the pace of the discussion – задати темп дискусії;

mutual agreement – взаємна згода;

to explore the situation – вивчати ситуацію;

to make concession – йти на поступки;

a stage of bidding and proposing – етап домовленостей та пропозицій;

prematurely – передчасно;

a draft framework for agreement – проект угоди

Vocabulary exercises

I. Match each term with its definition:

1. needs	a) that which is given after a disagreement or difference of opinion;
2. wants	b) that part of structure that gives it its shape or support;
3. interests	c) a list of things to be settled at a business meeting;

4. concession d) those things that people feel they cannot do without;
5. agenda e) the reasons that may lie behind wants and needs;
6. framework f) those things that people would prefer to have;

II. Complete the following sentences:

1. Your preparation will provide you with a …….. – a list of areas that need to be covered for you to get the deal you require.

2. Once you have drawn up your own agenda, it is a good idea …… a copy in advance of the meeting.

3. The point of sending the agenda to the other party is …….. , but to allow them to contribute.

4. During the phase of exploration, possibilities are identified and discussed, and you need …….. .

5. Each time a want or need is identified, you should ……. .

6. Exploration will help you to understand ……. to be unreasonable demands.

7. As you explore the possibilities, it is important …… in the deal are.

8. The exchange does not need to be of equal value – what is ……. the discussion in balance.

9. On each point it can be helpful to go through a process of …….. what was finally agreed.

10. After the discussion, you should …….. as confirmation.

II. You and your partner are going to have four telephone conversations (A-D) Use your own vocabulary and prepare what you are going to say.

CONVERSATION A:

Person A: You want to speak to Mr Harmer in the Personnel Department of Lakefield's. Call Lakefield's. Don't leave a message. Say you'll call back later.

Person B: You are the switchboard operator at Lakefield's. Mr Harmer's line is engaged. Ask the caller if he or she wants to hold on.

CONVERSATION B:

Person A: You are the switchboard operator at Lakefield's. Mrs Walters is having lunch. Take a message if necessary.

Person B: You want to speak to Mrs Walters in the Sales Department of Lakefield's. Leave her a message to say you will call again at 2 p.m.

CONVERSATION C:

Person A: You want to speak to Mr Harmer in the Personnel Department of Lakefield's. If he's not there, leave a message to ask him to call you back.

Person B: You are the switchboard operator at Lakefield's. Mr Harmer is on another line. Ask the caller if he wants to hold on.

CONVERSATION D:

Person A: You are Mr Harmer. Call back Person A to see what he or she wants.

Person B: Mr Harmer calls you. Tell him his car is parked in front of your garage. Can he move it, please?

III. Look at the two lists of words below. Put the words into pairs (one word from each list) and match them with the definitions (a-j). The first one is done for you.

List A: research / personal / market / boarding / traveller's / managing / bank / application / personnel / passport;

List B: card / control / director / form / development / manager / share / holiday / cheques / assistant;

a The Chief Executive of a company. *managing director*

b The person in charge of recruitment, training, careers, etc.

c You need this to get on a plane.

d The percentage of sales you have, compared to your competitors' sales.

e An executive's secretary.

f You go through here when you arrive in a foreign country.

g You send this with your curriculum vitae.

h A day off work in a particular country.

i A safe way of taking money abroad.

j The department which looks for and tests new products: ……. and ……. .

Grammar revision

I. Complete the sentences using *with* or *that* and the phrases in the box.

has a better view / a colour monitor / a bit more experience / has a lot of mistakes / a matching tie / has all the latest information / a £2000 credit limit / a sense of humour

1. I've got a new credit card *with a £2000 credit limit.*
2. I'll send you a brochure ……. .
3. Have you got a computer …….. ?
4. We're looking for someone ……. .
5. I'd prefer a room ……. .
6. We've received an invoice …….. .
7. He's bought a Gucci shirt …… .
8. I wish I had a boss …… .

II. Re-write these sentences using *what*.

1. He was selling something. I wasn't interested in it. *I wasn't interested in what he was selling.*
2. You asked me to do something. I have done it. I have done ……. .
3. You want a computer to do some things. This computer can do them. This computer …….. .
4. You need something. We can deliver it tomorrow. We can …….. .
5. I'm sorry, you said something. I didn't hear it. I'm sorry, I didn't …… .

III. Join the following sentences together using relative clauses and the relative pronoun in brackets.

1. The new accounts program is working very well. It cost a great deal of money, (which)

The new accounts program, which cost a great deal of money, is working very well.

2. The Oriental Hotel is said to be the best in the world. Many famous people have stayed in it. (where)
3. Richard Branson runs the airline Virgin Atlantic. He has now sold his record company to Sony, (who)

4. Glaxo is the biggest drug producer in Europe. Its products include Zantac. (whose)

5. Their new range of cosmetics will be launched next month. They have spent £10 million on it. (on which)

6. I am writing with reference to my client to Mr Warburg. I have discussed your proposal with him. (with whom)

IV. Correct the mistakes in the following sentences.

1. Yesterday I spoke to your director, that seemed to be very pleasant.

2. The room where we held the meeting in was a little too small.

3. Brazil which is the world's largest exporter of coffee has high inflation.

4. The negotiators finally reached a formula on what everyone could agree.

5. I found it difficult to hear that the speaker was talking about.

6. Tim Lang only joined the company six months ago is going to be promoted.

7. The Rover group its name has been changed several times is now part of BMW.

8. I suggest we have a meeting in Romsey Street, which we rent a few offices.

Unit 15
SOME CURRENT ECONOMIC PROBLEMS

Text A. Unemployment

Unemployment has been a major economic problem in many countries for many years. The unemployment rate measures the percentage of the total civilian labour force that are currently unemployed. The civilian labour force consists of all civilians (non-military personnel), 16 years of age or older, who are willing to work and are not incarcerated. The number of people unemployed determined according to certain criteria. In the U.S., an unemployed person is a member of the civilian labour force who is currently available for work and who has worked less than one hour per week for pay or profit. Furthermore, an unemployed worker must have been actively searching for work during the past month. Workers who are not actively searching for work, referred to as discouraged workers, are not considered a part of the civilian labour force and therefore are not counted among the unemployed.

There are different types of unemployment which affect the different groups found in the population, the various industries which make up the economy, and the various regions of the country:

~ Frictional unemployment is temporary and voluntary, occurring when people change jobs. It represents the time spent looking for the new job. Frictional unemployment is the term used to describe unemployment that results from difficulties in matching qualified workers with new jobs. Many qualified workers seeking work are not able to find new jobs right away, usually because of a lack of complete information about new job openings. While it is likely that qualified workers will soon be matched with new jobs, these workers are considered frictionally unemployed during the time that they spend searching for their new jobs.

~ Structural unemployment happens when there is a long-term change in demand or supply: for example, when a product or a skill becomes out-of-date or unfashionable. Structural unemployment results from structural changes in the economy that cause workers to lose jobs.

The same structural changes also prevent these workers from obtaining new jobs. Structurally unemployed workers are not qualified for the new job openings that are available, mainly because they lack the education or training needed for the new jobs. Consequently, the structurally unemployed tend to be out of work for long periods of time, usually until they learn the skills needed for the new jobs or until they decide to relocate. Structural unemployment has affected whole industries of the world, such as iron and steel, textiles and cars. Thus, companies become uncompetitive, with a resulting fall-off in some industries.

~ Cyclical unemployment, now often referred to as 'demanded' unemployment, arises from a general lack of demand for goods.

~ Seasonal unemployment occurs in industries such as tourism and agriculture, where the seasonal nature of the work leads to people become unemployed at certain points during the year.

~ Technological unemployment arises from the fact that, in most areas of work, it is becoming possible to substitute machines for producing, for example, the use of robots on production lines to replace welders or other workers.

Groups unemployed. Although no one is immune from the risk of being unemployed, certain groups of individuals stand a higher chance of becoming unemployed.

Younger and older workers coming onto the labour market face problems in both getting jobs (younger workers are less expensive to be made redundant). Older workers aged 50 or over for example, also find it relatively difficult to get other jobs and they want to retrain for other work. People with temporary jobs also must retrain either at the beginning or the end of their working lives.

Unskilled workers and workers having out-of-date skills. Most jobs in the newer industries are for skilled or semi-skilled workers: people made redundant from the older industries and so unskilled workers, and workers having out-of-date skills may possess skills that are no longer required by these newer industries.

Ethnic minorities and women. In 2008, The Department of Employment Labour Force Survey calculated that 11 per cent of white workers were unemployed, compared with over 20 per cent black, 18 per cent Indian and 24 per cent Pakistani/Bangladeshi by ethnic

origin. White applicants for jobs have similar qualifications, evidence suggests that applicant stands a greater chance of being employed due to the existence prejudice against non-whites. Various Acts have been passed in order to stop discrimination taking place.

Although there has been a growth in part-time work and the employed workers in some areas of the economy, sexual discrimination against women in some areas appears to exist. Governments have also passed Acts to prevent sexual discrimination.

Industries and regions. It is known that jobs have been lost in the primary and secondary periods of deindustrialisation has taken place: factories have closed down and many fields of industry nowadays makes a lower contribution to the general output of the economy. The service sector of the economy has grown and. Increased its importance as a provider of work.

Unemployment varies from region to region. Even in the less-affected regions such as south-east England, there will be pockets of relatively high unemployment. The areas such as Northern Ireland and the north-east of England have been suffering of structural unemployment.

Vocabulary notes:

to incarcerate – ув'язнювати;

discouraged worker – робітник, який втратив надію отримати роботу;

frictional unemployment – фрикційне безробіття, тимчасова незайнятість;

temporary – тимчасовий;

voluntary – добровільний;

structural unemployment – структурне безробіття;

cyclical unemployment – циклічне безробіття;

seasonal unemployment – сезонне безробіття;

technological unemployment – технологічне безробіття

Vocabulary exercises

I. Match each term with its definition:

1. unemployment	a) it is becoming possible to substitute machines for producing;

2. frictional unemployment	b) arises from a general lack of demand for goods;
3. structural unemployment	c) people become unemployed at certain points during the year;
4. cyclical unemployment	d) temporary and voluntary, occurring when people change jobs;
5. seasonal unemployment	e) happens when there is a long-term change in demand or supply;
6. technological unemployment	f) the number of people without work;
7. unemployment rate	g) the percentage of the total labour force that are unemployed;

II. Complete the following sentences:

1. The civilian labour force consists of …….. and are not incarcerated.

2. Workers who are not actively searching for work, referred to as …….. .

3. There are different types of unemployment which affect …… and the various regions of the country.

4. Frictional unemployment is the term used to describe …… .

5. Many qualified workers seeking work are not able to find …….. because of a lack of complete information about new job openings.

6. Structural unemployment results from ……. to lose jobs.

7. The structurally unemployed tend to be ……. usually until they learn the skills needed for the new jobs or until they decide to relocate.

8. Cyclical unemployment, now often referred to ……. lack of demand for goods.

9. Seasonal unemployment occurs in industries such as ……, where the seasonal nature of the work leads to …….. at certain points during the year.

10. Technological unemployment arises ……. it is becoming possible to substitute machines for producing, for example, …… .

III. Complete the sentences with a suitable word from the list:

a) recession; b) resume; c) appraisal; d) customer; e) redundant; f) regularly; g) hectic; h) unsociable; i) efficient; j) experience;

1. Someone who loses their job is made …….. .

2. Unemployment has grown since the economic …….. of the early 90s.

3. You should exercise …….. not just from time to time.

4. A person in their forties has more …… than a recent graduate.

5. Modern life is very …… . Everyone is very busy and under pressure all the time.

6. Factory workers who work during the night have very …… hours, so it is hard for them to meet other people.

7. German industry is famous for being very …… .

8. Many companies put the ….. first. She or he is 'always right'.

9. Annual …… is common in most large companies, so that an employee's performance can be judged.

10. In the US, a curriculum vitae is called a …….. .

IV. An employee of the company left to join another company. Read the dialogue below and complete his sentences:

A: I had to leave in the end. It was terrible!

B: Why?

A: Well, for example, if there was work to finish we had to …… . We couldn't even …….. to say we would be late. I had a ……. but I had to shave it off and my wife left because she wanted to …… but she couldn't. If a customer called you had to …… the order within 24 hours, and at the end of every month we had to …….. . The money was not very good because every year the company ……. which were impossible to reach. I hope this place is better.

B: Yes, I'm sure you'll like it here at TTF.

IV. Read and dramatize the following dialogue:

Ukrimport chose to authorize Mr Chaban, a senior engineer of the Ukrainian Trade Delegation in the UK, to settle the matter. After some preliminaries the businessmen came to the point.

Chaban: Can I see the modified pump units?

Dodd: Yes, certainly. We have a few units ready for our French customers. We are now planning the final touch to the machines. Tomorrow we'll start packing them.

Chaban: I am lucky to have come here today.

Dodd: Oh, we are very glad to have you with us. Here is a pair of safety glasses and a helmet for you. Shall we go straight to the workshop?

Chaban: Fine. Which way is it?

Dodd: This way, please. Watch the steps.

(After the workshop the businessmen are back in Mr Dodd's office.)

Dodd: Oh, Mr Chaban, you are back. Are you happy with wha- you've seen here?

Chaban: Oh, yes. I consider your workshop technically very advanced. I wish I could see the whole plant.

Dodd: And what do you think of the modified pump you've seen?

Chaban: The modifications seem reasonable. I don't think our tomers will object to them.

Dodd: That's very encouraging. We'll send you a draft amen- dment for signature in a day or so.

Chaban: Good. I'll sign it as soon as I get approval for it. Good bye and thank you for your hospitality.

Dodd: Good bye. It's been very nice to meet you.

(Some time later Mr Chaban sent the following letter to the British firm.)

Grammar revision

I. Complete the dialogue. Fill in the blanks with a or an.

A: I had …… appraisal with the Personnel Manager the other day, and ...

B: Oh really? How did it go?

A: Fine. We were talking about qualifications and career develop- ment, and she said to me that I should consider doing … course in Business Administration.

B: That’s not …… bad idea. You’ve already got … university degree, haven’t you?

A: Yes, and I'm doing … evening course in Accounting, but that takes up about … hour a week.

B: That sounds like … waste of time to me. What you need to do is … MBA at … institution like Insead, so that you end up with … decent qualification.

II. Fill in the blanks with a, an, or no article.

1. I like to go abroad about three times … year.
2. Have you met my brother? He's … dentist too.
3. I'm thinking about buying … new car. What would you recommend?
4. The Lloyds Bank Review is published four times … year.
5. … computer software is not as expensive as you may think.
6. The government has urged businesses not to give … pay rises above inflation.
7. How long have you been in … engineering?
8. I go to meetings in London twice … month.

III. Read the following newspaper extract. Fill in the blanks with a or the.

Coca-Cola has launched … £4 million TV advertising campaign – one of … biggest ever seen in Britain – in what will be seen as … direct attack on supermarkets' own-brand colas. … six-week campaign, which opened last night, is part of an attempt to boost … size of the £6 billion … year soft drinks market. The advertisements will be aimed mainly at … young, but middle-aged drinkers will also be targeted. … drinks giant denied that … new advertisements are … response to … 'cola wars' that raged in supermarkets in … summer, but admitted that there was room for improving sales.

Text B. Black Economy

Illegal or semilegal goods and services, ranging from endangered animals and foreign currencies to prostitution and drugs, are traded every day on the world's black markets. They will spring up wherever a good or service is prohibited or severely controlled. In some countries, black markets are tolerated with little or no police inter-

ference. In countries where currencies are artificially controlled, the black market rates usually indicate the true market price. When the official rate has nothing to do with the real value of a currency, people start trading outside the official market. In Brazil, this was tolerated to the point that the black market rates were published as parallel exchange rates in the newspapers. The black economy consists of those underground transactions that, because of their illegality, go unreported.

The world economy is also full of semilegal or 'gray market' activities such as transfers and deposits of legally earned but undeclared funds that have to be hidden from the authorities at home. For example, normally law-abiding Italian, French, and Latin American citizens have often transferred money to bank accounts abroad during periods of domestic economic instability and exchange restrictions.

Tax haven

A tax haven is a country, often a small island nation with little local industry, where income and profits are not taxed or are taxed at a very low rate. The purpose of a tax haven is not to facilitate illegal international activities but to provide a low-tax environment to otherwise overlooked economic centers. The most popular tax havens are found on islands in the Caribbean and the Pacific, or in small countries in Europe and Central America.

Many small states, such as the Cayman Islands or the Isle of Man, require little or no taxes from the foreigners who come there to set up operations. Just as many U.S. companies choose to register their headquarters in Delaware to take advantage of lower taxes and favorable legal requirements, many international companies set up subsidiaries on small islands like those of the Netherlands Antilles to benefit from favorable international regulations and tax rates.

A lot of companies from Europe and North America have also used subsidiaries in the Netherlands Antilles to issue bonds in the Eurobond market. A bond is basically an IOU, a piece of paper giving the holder the right to receive a specific amount of money at a specific time. The borrower, or issuer, of a bond has two obligations. First, the issuer has to pay back the original amount borrowed, called the principal. Second, the borrower needs to pay interest periodically, to reward those who buy the bond as an investment. These interest

payments are also called coupons in reference to the little pieces of paper attached to bonds before the electronic markets made such paper transactions unnecessary. Bearer bonds are the ultimate transferable security. Most international securities are issued in bearer form. There is no name on the bond and no registration. The holder of a bearer bond has the right to receive the full value of the bond at maturity, in addition to all interest payments.

During the cold war, the Soviet Union was reluctant to put too much of its U.S. dollar reserves under the control of the authorities in the United States. It turned instead to European banks to keep these dollars abroad, and those reserves became known as Eurodollars. Today, any currency held abroad, even outside Europe, is called a Eurocurrency.

In the 1970s, a huge market developed for Eurocurrencies when Arab oil producers, following the example of the Soviet Union, began keeping a large part of their newly earned petrodollars in Europe. This flood of foreign capital needed to be invested, so banks began issuing U.S. dollar bonds, outside the control and regulations of the United States government. These were called Eurobonds because they were issued outside of the country of their currency. The Eurobond market grew enormously during the 1980s. Companies and governments from around the world began issuing many of their securities in the Eurobond market, often at less cost than in their home markets. Offshore operations have allowed many companies to raise funds in the international capital markets with a minimum of regulations and taxes.

Some individuals also prefer the anonymity of setting up companies in tax havens. They can then choose whether or not to report the income booked through these offshore companies to their home country. Even though this is illegal in their home country, it is not necessary illegal in the tax haven itself.

Although tax havens do attract some illegal operations, such as money laundering, most activity in the world’s tax haven fully complies with international laws and regulations.

The formation of a shadow economy, where grey money transfers need to be kept hidden even though they are legal, has opened the door to a wide variety of abuses. But different laws in different countries can hinder authorities from tracking down and prosecuting criminals

who make their living in the interlinked global economy: Tax evasion, for example, is severely punished in the United States, but it is considered a civil rather than a criminal offense in Switzerland. An American living in Switzerland who is accused of U.S. tax evasion would not normally be extradited.

A large amount of illegally earned money finds its way into the gray economy, where it is hidden among the large quantities of legal money on the world economy that require a certain amount of secrecy. The volume of gray money transfers, estimated to be over $1 trillion per year, more than the GDP of most countries, is so big that regulators cannot monitor it all. The 'black' money gets lost in the sea of gray money transfers.

Vocabulary notes:

black market –чорний ринок;
black economy – тіньова економіка;
gray market – сірий ринок;
tax haven – територія з дуже низькими податковими ставками;
Eurobond market – ринок єврооблігацій;
IOU (I owe you) – боргова розписка;
borrower – позичальник;
issuer – емітент; особа, яка випускає облігації;
principal – сума основного боргу;
coupon – доход від цінних паперів, фіксований відсоток;
bearer bond – облігація на пред'явника;
at maturity – по настанню строку погашення;
interest payment – виплата відсотків;
offshore operation – офшорна операція;
offshore company – офшорна компанія;
money laundering – відмивання грошей;
tax evasion – ухилення від сплати податків

Vocabulary exercises

I. Match each term with its definition:

1. black market — a) a country, where profits are not taxed or are taxed at a very low rate;

2. gray market	b) a paper giving a holder the right to receive an amount of money at a specific time;
3. tax haven	c) where illegal or semilegal goods and services are sprung up;
4. bearer bonds	d) are the ultimate transferable security;
5. IOU	e) any currency held abroad, even outside Europe;
6. principal	f) it does not report the income booked through to their home country;
7. Eurocurrency	g) transfers and deposits that are hidden from the authorities at home;
8. offshore company	h) the original amount borrowed that the issuer has to pay back;

II. Answer the following questions:

1. What goods and services are traded every day on the world's black markets?
2. What are 'gray market' activities?
3. What is a tax haven?
4. What is the purpose of a tax haven?
5. Where are the most popular tax havens found?
6. What is IOU?
7. What rights has the holder of a bearer bond?
8. What illegal operations do tax havens attract?
9. What are offshore companies?
10. What is the volume of gray money transfers?

III. Complete the following sentences:

1. In some countries, black markets are …… .
2. The black economy consists of ……, go unreported.
3. The world economy is also full of semilegal or 'gray market' activities such as …… .
4. A tax haven is ……, often a small island nation with little local industry, where …… .
5. The most popular tax havens are found …… .
6. A bond is basically an IOU, a piece of paper giving ……. at a specific time.

7. The interest payments are also called …….. transactions unnecessary.

8. The holder of a bearer bond has the right ……., in addition to all interest payments.

9. Offshore operations have allowed …… in the international capital markets with …… .

10. Some individuals also prefer the ……. in tax havens.

11. A large amount of illegally earned money finds its way into …… where it is hidden among the large quantities of legal money.

12. The volume of gray money transfers, estimated to be ……., is so big that regulators cannot monitor it all.

IV. Read and dramatize the following dialogue:

At the Customs

The customs officer: Your passports, please.

Traveller: Here you are.

The customs officer: Your passport and visa are in order.

Traveller: Could you tell me which channel to go through?

The customs officer: If you've got anything to declare, you go through the red channel.

Traveller: How do you know if I have things to declare?

The customs officer: Are you staying in Britain for more than six months?

Traveller: No. Two months. I'm here on invitation.

The customs officer: The amount of goods you can bring in without duty depends on where you bought them. You can have 200 cigarettes, 1 litre of spirits, 2 litres of wine and presents worth 29 pounds, if you bought them in a duty free shop or on the plane or in a country not in the EU.

Traveller: Oh!

The customs officer: If you bought them in an EU country, you can have 300 cigarettes, 1 and a half litres of spirits, 4 litres of wine and presents worth a hundred and twenty pounds.

Traveller: Right. I have 1 litre of whisky and 2 litres of wine. I don't have any presents, that means I don't have anything to declare.

The customs officer: That's right. You can go through the green channel.

Traveller: I've got 100 cigarettes and a bottle of vodka. I bought it on the plane. But I bought a camera in the EU which costs 200 pounds. It's a present for my uncle.

The customs officer: You must go through the red channel.

Traveller: Thank you.

Grammar revision

фй the words from the line.

much / many / a lot of / a little / a few

A: How are things in Madrid?

B: We're nearly ready. We didn't have ….. trouble finding a suitable office. There seem to be ….. empty places at the moment.

A: How ….. work will you need to do on the building?

B: Nothing really. We only need to do ….. painting and decorating and it will be fine.

A: How ….. people are going to be working there?

B: About twenty. We've filled most of the jobs, so it'll only take ….. weeks to find the other people we need. We haven't appointed a sales manager yet, but there has been ….. interest in the job, so we'll get someone soon.

A: How ….. time do you think you will spend there?

B: At the beginning, I'll have to spend ….. time over there, so I have rented an apartment. But I'm hoping that it will only go on for ….. months, and then the office will be able to look after itself.

II. Choose a word from line A and one from line B to complete the sentences.

A surprisingly badly commercially well totally terribly

B qualified quickly designed viable good illegal

1. She has a PhD and an MBA so she's certainly very *well qualified.*
2. The results at the end of the year were ……., and certainly much better than we had thought.
3. The bank decided that the project was not …….., so they refused to given them a loan.
4. Insider dealing is …… – if they catch you, you could go to prison.

5. The engine on the XR86 was very ……., and the car soon gained a reputation for unreliability.

6. He spoke ……., so I couldn't really understand what he was saying.

I. Choose either an adjective or an adverb from the words in italics.

1. Their new offices in the city look very *impressive / impressively.*
2. It's a pity that airline food never tastes as *good/well* as it looks.
3. He reacted *calm/calmly* when I told him the bad news.
4. The new perfume from Dior smells very *expensive!expensively.*
5. We stopped ordering from them, because a lot of their products were *bad/badly* designed.
6. They've changed the clocks, so now it gets *dark/darkly* at about 3.00 in the afternoon.
7. Waiter, could you bring us some more milk – this tastes *sour/sourly.*
8. Your new secretary seems very *competent/competently.*
9. Most policy decisions are taken at head office, but day to day decisions are taken *local/locally.*
10. When I spoke to Jeremy, he didn't sound *confident/confidently* about meeting this year's targets.

IV.Complete the sentences with either well or good.

1. Did you have a ……. flight?
2. I've been learning English for three years, so I speak it quite ……. .
3. He's on sick leave at the moment, but it won't be long before he's …… enough to return to work.
4. The magazine gave their latest fridge-freezers a very …… review.
5. I think it would be a …… idea to discuss this at next week's meeting.
6. Jane and I are old friends. We know each other very ……. . The new computer system seems to be working …… .

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Навчальне видання

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комп'ютерна верстка *І. П. Мітяй*

Здано до друку ____.2014 Формат 60×84/16.
Папір офсетний № 1. Гарнітура «Times New Roman».
Ум. друк. арк. 14.2. Друк. арк. 15.3
Наклад 300 прим. Замовлення № 440.

Підготовлено до друку Видавничо-інформаційним центром
Національного університету ДПС України
08200, вул. К. Маркса, 31, м. Ірпінь, Київська обл., Україна

Свідоцтво про внесення суб'єкта видавничої справи
до державного реєстру видавців, виготівників і
розповсюджувачів видавничої продукції
Серія ДК № 4336 від 12.06.2012 р.