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# **«Reading in Business English»**

Учебно-методическое пособие по деловому иностранному языку  
(английскому) для студентов II курса специальностей 1-25 01 13 «Экономика и  
управление туристской индустрией», 1-25 01 10 «Коммерческая деятельность»,  
1-25 01 14 «Товароведение и торговое предпринимательство»,  
1-25 01 16 «Экономика и управление на рынке недвижимости» дневной и  
заочной формы обучения факультета коммерции и туристской индустрии

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## Contents

<b>Unit 1. Management</b> .....	4
<b>Unit 2. Types and Forms of Organizations</b> .....	13
<b>Unit 3. Company Structure</b> .....	222
<b>Unit 4. Business Strategy</b> .....	288
<b>Unit 5. Stocks and Shares</b> .....	355
<b>Unit 6. Communications</b> .....	46
<b>Unit 7. Leadership Styles</b> .....	56
Appendix .....	66
References .....	666

# Unit 1

## Management

*Before you read the ten tips for effective kick-off meetings, take a few minutes to think about and discuss the following questions. Later, you can compare your answers with those offered in the article.*

- How can you help to choose the right people for a project?
- How useful is an external facilitator?
- How can you build relationships within the team?
- How can you clarify expectations within the team?
- How should you follow up a kick-off meeting?

### Making a start

Most people are involved in some kind of project at work – for example, for product development, organizational change or marketing strategies. Successful projects can be a vital mechanism for reaching corporate goals. In this article, we examine one important aspect of projects –the organization and running of a (two-day) kick-off meeting.

We will consider the case of an international project team made up of a project leader, sub-project leaders, and project team members who come from different national business units. We assume senior management has already agreed to the project and that a high-level sponsor has been specified.

Project success depends on having the right people, with the necessary experience, expertise and personalities. To get the right people, project leaders need to speak with the individuals nominated and the nominating managers, together and separately. These discussions should clarify expectations about goals, roles, expertise, levels of participation and lines of reporting.

This is an opportunity to check the mindset and level of engagement of the person nominated. It is also a chance to get commitment to the project from the business-unit manager, and to confirm that the team members who have been nominated have the competence for the job and will be given the necessary time away from their normal responsibilities.

One key decision is whether to involve an external facilitator, both in the planning of the agenda and at the kick-off meeting itself. Effective international facilitators or project coaches can easily pay for themselves by focusing team efforts and reducing inefficiency.

Using an external facilitator can have the following advantages: It frees up the project leader to take part more easily in the meeting. It brings external expertise into

the project at an early stage – for example, intercultural team-building skills or project-management expertise. It can increase the energy and output of the meeting.

Building relationships and developing trust is a long process. But the kick-off meeting is a good place to start the process. It may be a short person-by-person introduction of job functions and project expectations. Alternatively, much more time can be spent discovering each person's experience and expertise, mindset and working style, and learning about the daily life and culture in their business unit. Too often, this process is given insufficient time. As a result, there is no common understanding. A good way to start the process of building relationships is to organize a get-together and dinner on the evening before the first day of the kick-off. You should encourage conversation by asking people to mix and find out about each other's job, hobbies and business culture. At the end of the first day, include a fun input from an expert on international teamworking, with tips on how to collaborate effectively. And then, in the evening, you could organize an event that is fun and involves collaboration.

After the fun “get-to-knows”, the next stage is usually the more serious business of explaining what the project is all about. What is the “high-level vision”? This often takes the form of a presentation from the sponsor, who then leaves the project head to work on the details of project structure and milestones. Sponsors need to inspire team members to become project ambassadors who will communicate the project vision in their organization. Project teams could work in smaller groups to draft mission statements and slogans for the project. This allows for time to discuss the vision, and can also create a greater sense of ownership of the process, and thus increase commitment.

After the sponsor has left, the project leader will often make a presentation to clarify specific goals. It is important to focus the team early in the project on delivering financial targets. Secondly, it is vital to integrate the perspectives of the customers and other stakeholders into the project's targets. Thirdly, project leaders must discuss the possibility that the project's goals may change during its lifetime as new information arises. Teams have to balance the controlling and delivering of defined targets with an ability to think flexibly and to create new targets – within budget, of course.

After looking at the vision and goals, it is necessary to go into more detail by looking at the project structure, the organization into sub-projects (or “workstreams”) and the main tasks of each sub-project. This gives team members a holistic view of the project and enables them to think about deadlines, dependencies and risks.

Team members need to know exactly who will do what and who expects what from whom. So spend time defining roles explicitly. Otherwise, people may fail to take responsibility or they may blame others, which leads to conflict and inefficiency.

International projects often face both cost constraints (budget estimates are too low) and human-resource problems (there are not enough people). At the kick-off meeting, it is important to discuss openly the resources that are needed and available. In projects with too few resources, team members will often have huge and very frustrating workloads. This may lead to them wanting to leave the project, which creates the problem of finding replacements and bringing them up to speed.

Intelligent project leaders form very close relationships with the senior sponsors, who are the keys to unlocking budgets and providing more staff.

Towards the end of the kick-off, the meeting should take a look at communication. Communication planning is an important part of project management, and there are two dimensions to a kick-off: internal team communication and marketing to externals.

If you ask a project manager where things went wrong on a project, the question of communication is likely to be mentioned: “We used email too much”; “Meetings were not focused enough”; “The business didn’t understand the project”.

Take time to do training on how to speak, listen and write effectively across different cultures, whether national, corporate or departmental. This training can act as a platform for the project team to create communication rules for their work.

It is essential that people know what they have to do and by when. They also have to be motivated to do so. If not, the meeting has failed. Plan at least 90 minutes at the end of the kick-off to work through all the agreed actions, to specify what has to be done by when, and to deal with any open questions.

Don’t overestimate the success of a kick-off. The real work starts when the kick-off ends. Project leaders and members should look for every opportunity to communicate by phone (if not personally) in the following weeks. This may be to update each other on the project’s progress or just to pass on the details of a recipe discussed over dinner at the kick-off. Establish the habit of communicating often, about work and non-work matters – and not just by e-mail.

Project kick-off meetings need to balance the technical and human aspects of project management. Most projects underestimate the human element. Camillo Mazolla, an Italian businessman, has worked as an international project manager for many years. He says: “Social relationships are vital for reaching a result. So if you have everything but not the relationships, you will not obtain results. You are not in the army, where you have to do things, full stop. Bad relationships can compromise a good technical job. So, during the kickoff phase there’s always a kind of socializing part, a dinner, an event. The more developed it is, the better it is.”

***Task 1. What is a kick-off meeting?***

- a. A meeting to discuss who should leave a company.
- b. The first official meeting of a group of people who will be working together on a project.
- c. The last meeting at the end of a long-term project.

***Task 2. Look through the questions given before the text again. Would you extend your answers?***

***Task 3. Match the building blocks of a kick-off meeting with the accompanying questions to give a short summary of the main points of any kick-off meeting.***

1. Getting to know everyone:
2. Clarifying the vision:

3. Communicating the goals and benefits:
  4. Organizing the team and its tasks:
  5. Confirming budgets and resources:
  6. Beginning a communication plan:
  7. Specifying the next steps:
- a. What do we need to say, to whom, by when and how?
  - b. What is the big picture and what are we trying to do?
  - c. Who are we and how can we create a great team?
  - d. How is the project structured and who does what?
  - e. What should we do in the coming weeks to move the project forward?
  - f. What, specifically, do we need to achieve?
  - g. How much can we spend and how many people do we have?

**Task 4. Render the article according to the plan. (See App. 1, p. 64)**

**Task 5. Match each word with an appropriate definition or explanation.**

- |                |                    |                    |
|----------------|--------------------|--------------------|
| 1. Budget      | 6. Perspective     | 11. To specify     |
| 2. Duration    | 7. Stake-holder    | 12. To allocate    |
| 3. Facilitator | 8. Conflict        | 13. To delegate    |
| 4. Milestone   | 9. Human Resources | 14. To assume      |
| 5. Target      | 10. To focus       | 15. To collaborate |
|                |                    | 16. To nominate    |

- a) a time when a piece of work must be finished or something must be achieved
- b) an active disagreement between people with opposing opinions or principles
- c) a particular way of considering something
- d) the length of time that something lasts
- e) someone who helps a person or organization do something more easily or find the answer to a problem, by discussing things and suggesting ways of doing things
- f) a person or group of people who own a share in a business
- g) the department of an organization that deals with finding new employees, keeping records about all the organization's employees, and helping them with any problems
- h) a plan to show how much money a person or organization will earn and how much they will need or be able to spend
- i) a result, level, or situation that an organization or group wants or plans to achieve
- j) to accept something to be true without question or proof
- k) to give part of your work to someone else
- l) to work with someone else for a special purpose
- m) to try to look directly at an object so that you can see it more clearly
- n) to explain or describe something clearly and exactly
- o) to decide to use money, time, etc. for a particular purpose
- p) to officially suggest someone for an election, job, position or honour

**Task 6. Match an item on the left with an item on the right to make phrases and complete sentences with a whole phrase.**

- |                 |                 |
|-----------------|-----------------|
| 1. be the team  | a) estimate     |
| 2. be back on   | b) resources    |
| 3. allocate     | c) a start date |
| 4. set          | d) leader       |
| 5. make a rough | e) track        |

1. Juliana has little experience in this area. Is she ready to ...?
2. It's difficult to give a detailed breakdown of the costs, but I think we can ...
3. We've had a few problems but we should ... in a day or two.
4. We should know our budget next week. The senior management team is having a meeting on Monday to ... for all the planned projects.

- |                 |                      |
|-----------------|----------------------|
| 1. be kept in   | a) tasks             |
| 2. fall behind  | b) within the budget |
| 3. finish ahead | c) of schedule       |
| 4. delegate     | d) schedule          |
| 5. keep         | e) the loop          |

5. Phase 2 of the project is taking much longer than we thought. We're definitely going to ....
6. I won't be involved in the project on a day-to-day basis, but I would still like to ....
7. It's not vital that we stick exactly to the time plan – what really matters is the money side of things. We really have to ....
8. Everything's moving very quickly. Believe it or not I think we might even ....

- |                 |                  |
|-----------------|------------------|
| 1. find common  | a) a proposal    |
| 2. brief (v.)   | b) ground        |
| 3. draw up      | c) with our work |
| 4. put work out | d) team members  |
| 5. get on       | e) to tender     |

9. I'm sure we can .... with our competitors on the issue of internet privacy. We need to work together to do something about it.
10. Great! Contract is signed and the budget is in place. Now we can finally ....
11. We can't just offer this job to our usual subcontractor. EU legislation requires that we ....
12. On Monday morning there's a kick-off meeting to .... on the new project.

**Task 7. Complete the sentences with the prepositions below:**

- |         |         |         |
|---------|---------|---------|
| Back    | On (x2) | Up (x3) |
| Between | To (x2) |         |

1. Nicole is going to head ... the Paris team.



2. Henry, I'd like you to team ... with Maxime.
3. There is a lot of common ground ... us. I think we can reach an agreement.
4. Welcome ... the team. It's great to have you ... board.
5. We've fallen a little behind schedule – but no problem, I'm sure we can catch ...
6. We're ... schedule to finish the project at the end of May, just as we promised.
7. We can't change the plans. We've agreed the schedule with the client and now we should stick ... it.
8. There's been an unexpected problem. We're going to have to push ... The start date by a week.

**Task 8. Choose the best alternative to complete each sentence.**

1. You must keep staff \_\_\_\_\_, especially when things are difficult.  
a) generated                      b) motivated                      c) frustrated                      d) electrified
2. Weigh up the \_\_\_\_\_ of each alternative before deciding.  
a) checks and balances              b) assets                      c) pros and cons                      d) profits
3. A good manager must be able to handle \_\_\_\_\_ situations.  
a) sensible                      b) impressive                      c) touching                      d) touchy
4. He decided to let things \_\_\_\_\_, so he dropped the subject until late.  
a) freeze                      b) ice over                      c) cool down                      d) flare up
5. She \_\_\_\_\_ creating a better atmosphere among the staff.  
a) set about                      b) set off                      c) set out                      d) set down
6. We need to have \_\_\_\_\_ arrangements in case things don't work out.  
a) container                      b) contingency                      c) consolidated                      d) consecutive
7. In a meeting you must stop people talking at \_\_\_\_\_ purposes.  
a) opposite                      b) angry                      c) cross                      d) opposing
8. Why doesn't he stick to the point? He's always going off \_\_\_\_\_.  
a) at an angle                      b) at a tangent                      c) by the way                      d) on the side.
9. It's always difficult when a team is working \_\_\_\_\_ a deadline.  
a) in                      b) at                      c) to                      d) opposite
10. Those who can't manage their time efficiently always have high stress \_\_\_\_\_.  
a) grades    b) standards                      c) performances                      d) levels
11. The more responsibilities she \_\_\_\_\_, the more mistakes she made.  
a) took off                      b) took on                      c) took down                      d) took out
12. I hope the project continues to run as \_\_\_\_\_ as it has so far.  
a) calmly                      b) confidently                      c) smoothly                      d) wisely
13. After \_\_\_\_\_ many unforeseen obstacles they just managed to meet their deadline.  
a) overtaking                      b) overcoming                      c) overwhelming                      d) overriding
14. What can we do to improve \_\_\_\_\_ in this department?  
a) morale                      b) mortality                      c) moral                      d) temperament

**Task 9. Read the text and complete it.**

**What is management?**

“Managing is the art of getting things done through and with people in formally organized groups. It is the art of creating an environment in which people can perform as individuals and yet co-operate towards the attainment of group goals”.

HAROLD KOONTZ

**Complete the text using these verbs:**

Analyse	Form	Select
Commercialise	Improve	Train
Communicate	Measure	Understand
Contribute	Perform	Use
Divide	Risk	Work out

You want me to explain what management is? Well, I guess I can manage that! Actually, management as we (1) it today is a fairly recent idea. Most economists in the eighteenth and nineteenth centuries, for example, wrote about factors of production such as land, labour and capital, and about supply and demand, as if these were impersonal and objective economic forces which left no room for human action. An exception was Jean-Baptiste Say, who invented the term "entrepreneur", the person who sees opportunities to (2) resources in more productive ways.

Entrepreneurs are people who are alert to so-far undiscovered profit opportunities. They perceive opportunities to (3) new technologies and products that will serve the market better than it is currently being served by their competitors. They are happy to (4) their own or other people's capital. They are frequently unconventional, innovative people. But entrepreneurship isn't the same as management, and most managers aren't entrepreneurs.

So, what's management? Well, it's essentially a matter of organizing people. Managers, especially senior managers, have to set objectives for their organization, and then (5) how to achieve them. This is true of the managers of business enterprises, government departments, educational institutions, and sports teams, although for government services, universities and so on we usually talk about administrators and administration rather than managers and management. Managers (6) the activities of the organization and the relations among them. They (7) the work into distinct activities and then into individual jobs. They (8) people to manage these activities and perform the jobs. And they often need to make the people responsible for performing individual jobs (9) effective teams.

Managers have to be good at communication and motivation. They need to (10) the organization's objectives to the people responsible for attaining them. They have to motivate their staff to work well, to be productive, and to (11) something to the organization. They make decisions about pay and promotion.

Managers also have to (12) the performance of their staff, and to ensure that the objectives and performance targets set for the whole organization and for individual employees are reached.

Furthermore, they have to (13) and develop their staff, so that their performance continues to (14).

Some managers obviously (15) these tasks better than others. Most achievements and failures in business are the achievements or failures of individual managers.

**Task 10. Before reading the text think over the following questions:**

1. What is Management?
2. What are the main responsibilities of a manager?
3. How to be a successful manager?

### **Levels of management**

Managers can be differentiated according to their level in the organization. Although large organizations typically have a number of levels of management, the most common view considers three basic levels: top, middle and first-line managers.

*Top managers.* Top managers make up relatively small group of executives who control the organization. Titles found in this group include president, vice president, and chief executive officer (CEO).

Top managers establish the organization's goals, overall strategy, and operating policies. They also officially represent the organization to the external environment by meeting with government officials, executives of other organization, and so forth. The job of a top manager is likely to be complex and varied. Top managers make decisions about such activities as acquiring other companies, investing in research and development (R&D), entering or abandoning various markets, and building new points and office facilities. They often work long hours and spend much of their time in meetings and on the telephone.

*Middle managers.* Middle management is probably the largest group of managers in most organizations. Common middle-management titles include plant manager, operations manager, and division head. Thus, the general manager of a Ford assembly plant in Detroit is a middle manager.

Middle managers are primarily responsible for implementing the policies and plans developed by top management and for supervising and coordinating the activities of lower-level managers. Plant managers, for example, handle inventory management, quality control, equipment failures, and minor union problems. They also coordinate the work of supervisors within the plant. In recent years, many organizations have thinned the ranks of middle managers since 1982, and Du Pont has made cuts of 15 percent. Still, middle managers are necessary to bridge the upper and lower levels of organization and to implement the strategies developed at the top. They can also be a significant source of information and productivity when given the autonomy to make decisions affecting their operating units.

*First-line managers.* First-line managers supervise and coordinate the activities of operating employees. Common titles for first-line managers are foreman,

supervisor, and office manager. These are often the first positions held by employees who enter management from the ranks of operating personnel. In contrast to top and middle managers, first line managers typically spend a large proportion of their time supervising the work of subordinates.

***Task 11. Answer the following questions:***

1. How many levels of management do large organizations typically have?
2. What are they?
3. What are the main responsibilities of Top Managers?
4. What is the difference between managers of top level and middle managers?
5. What do first-line managers do?
6. What does CEO stand for?

***Task 12. Complete the table below according to the information from the text.***

Level of Management	Job Titles	Responsibilities
1.		
2.		
3.		

## Unit 2

### Types and Forms of Organizations

*Read the following text about types and forms of organizations. Make sure you know the words given below.*

Agreement	Limited Company
Assets	LTD
Borrowing Power	Partnership
Expenses	PLC
Income Tax	Revenues
Joint Venture	Shareholder
Liabilities	Sole Proprietor

The three traditional forms of business are the sole proprietorship, the partnership, and the corporation. The sole proprietorship means going into business for oneself. All one needs is some knowledge about the business, start-up capital and knowledge of regulations. The partnership is an association of two or more people involved in business under a written partnership agreement. The corporation is the legal entity having a right to issue stock certificates. The people who own such stock certificates (or shares) are called stockholders/shareholders. They in fact own the corporation.

#### Sole Proprietorship

A sole proprietorship is a business owned and usually operated by a single individual. Its major characteristic is that the owner and the business are one and the same. In other words, the revenues, expenses, assets and liabilities of the sole proprietorship are the revenues, expenses, assets and liabilities of the owner. A sole proprietorship is also referred to as the proprietorship, single proprietorship, individual proprietorship, and individual enterprise.

A sole proprietorship is the oldest and most common form of ownership. Some examples include small retail stores, doctors' and lawyers' practices and restaurants.

A sole proprietorship is the earliest form to organize. The only legal requirements for starting such a business are a municipal license to operate a business and a registration license to ensure that two firms do not use the same name. The organization costs for these licenses are minimal.

A sole proprietorship can be dissolved as easily as it can be started. It can terminate on the death of the owner, when a creditor files for bankruptcy, or when the owner ceases doing business.

A sole proprietorship offers the owner freedom and flexibility in making decisions. Major policies can be changed according to the owner's wishes because

the firm doesn't operate under a rigid charter. Because there are no others to consult, the owner has absolute control over the use of the company's resources. As mentioned earlier, the financial condition of the firm is the same as the financial condition of the owner. Because of this situation the owner is legally liable for all debts of the company. If the assets of the firm cannot cover all the liabilities, the sole proprietor must pay these debts from his or her own pocket. Some proprietors try to protect themselves by selling assets such as their houses and cars to their spouses. A sole proprietorship, dependent on its size and provision for succession, may have difficulty in obtaining capital because lenders are leery of giving money to only one person who is pledged to repay. A proprietorship has a limited life, being terminated on the death, bankruptcy, insanity, imprisonment, retirement, or whim of the owner.

Pros:

- Easy to start and manage
- Inexpensive
- No separate tax returns, business gains and losses are reported in your personal income tax returns
- Flexible to manage, it gives you complete control
- Business expenses and losses are tax deductible

Cons:

- Unlimited personal liability for business debts and lawsuits
- Illness can endanger your business
- Difficult to find investors

### Partnerships

A partnership is an unincorporated enterprise owned by two or more individuals. A partnership agreement, oral or written, expresses the rights and obligations of each partner. For example, one partner may have the financial resources to start the business while the other partner may possess the management skills to operate the firm. There are three types of partnerships: general partnerships, limited partnerships, and joint ventures. The most common form is the general partnership, often used by lawyers, doctors, dentists, and chartered accountants. Partnerships, like sole proprietorships, are easy to start up. Registration details vary by province, but usually entail obtaining a license and registering the company name. Partners' interests can be protected by formulation of an "Agreement of Partnership". This agreement specifies all the details of the partnership.

Complementary management skills are a major advantage of partnerships. Consequently partnerships are stronger entity and can attract new employees more easily than proprietorships.

The stronger entity also makes it easier for partnerships to raise additional capital. Lenders are often more willing to advance money to partnerships because all of the partners are subject to unlimited financial liability.

The major disadvantage of partnerships is that partners, like sole proprietors, are legally liable for all debts of the firm. In partnerships, the unlimited liability is both

joint and personal. Partners are also legally responsible for actions of other partners. Partnerships are not as easy to dissolve as sole proprietorships.

Pros:

- Easy to set up
- The partners report their business share of gains and losses on their personal tax returns
- Partners have full authority of the business
- Business losses are tax deductible
- Partners can share the workload and contribute different ideas to the business
- More financial as well as intellectual resources for the business

Cons:

- Unlimited personal liability for general partners
- Each partner has full authority to commit the business to a contract
- It's difficult to remove an unproductive partner from the business
- The partnership ends if a business goes bankrupt
- Personal assets are at risk if the partner leaves, retires, or dies

### Limited companies

Limited companies, unlike proprietorships or partnerships, are created by law and are separate from the people who own and manage them. Limited companies are also referred to as corporations. In limited companies, ownership is represented by shares of stock. The owners, at an annual meeting, elect a board of directors which has the responsibility of appointing company officers and setting the enterprise's objectives.

Limited companies are the least risky from an owner's point of view. Corporations can raise larger amounts of capital than proprietorships or partnerships through the addition of new investors or through better borrowing power. Limited companies do not end with the death of owners.

It is more expensive and complicated to establish corporations than proprietorships or partnerships. A charter, which requires the services of a lawyer, must be obtained through provincial governments or the federal government. In addition to legal costs, a firm is charged incorporation fees for its charter by the authorizing government.

Limited companies are subject to federal and provincial income taxes. Dividends to shareholders are also taxed on an individual basis.

With diverse ownerships, corporations do not enjoy the secrecy that proprietorships and partnerships have. A company must send each shareholder an annual report detailing the financial condition of the firm.

Pros:

- Affords Limited Liability, the owners can only lose the amount invested in the company
- Formal Structure

- The organization enjoys pass-through taxation (you pay taxes on your personal income) but you can elect for the LLC to be taxed as a corporation.
  - Partners can divide profits not proportional to their investment in the company.
- Most LLCs choose to divide profits proportionally.

Cons:

- If in a partnership, a partner has the authority to bind the partnership to a contract.
- The LLC dissolves if a partner leaves the organization, retires, or dies.

**Task 1. Match the words in the left column with the definitions in the right column.**

- |                        |   |
|------------------------|---|
| 1. Sole Proprietorship | a) It is a business in which two or more companies have invested, with the intention of working together. |
| 2. Partnership         | b) It is the legal entity having a right to issue stock certificates.                                     |
| 3. General partnership | c) It is an association of two or more people involved in business under a written partnership agreement. |
| 4. Joint venture       | d) It is used by lawyers, doctors, dentists, and chartered accountants.                                   |
| 5. Limited company     | e) It means going into business for oneself.  |

**Task 2. Answer the following questions using the active vocabulary of the text.**

1. What are the three traditional forms of business?
2. What is a sole proprietorship?
3. What is the owner of the company legally liable for?
4. How do any proprietors try to protect themselves?
5. Why may a sole proprietorship have difficulty in obtaining capital?
6. What is a partnership?
7. What are three types of partnerships?
8. What is a major advantage of partnership?
9. Are all of the partners subject to unlimited financial liabilities?
10. What is a major disadvantage of partnership?
11. How are limited companies created?
12. Who is represented by shares of stock in limited companies?
13. Do limited companies end with the death of owners?
14. Is it more expensive and complicated to establish corporations? Why?
15. What must a company send each shareholder?

**Task 3. Read the text again and decide whether these statements are true (T) or false (F).**

1. The financial condition of the firm is the same as the financial condition of the owner.



2. The sole proprietor mustn't pay debts from his or her own pockets.
3. A sole proprietorship doesn't have any difficulty in obtaining capital.
4. A partnership is an unincorporated enterprise owned by two or more individuals.
5. There are three types of partnerships: general partnerships, limited partnerships and joint venture.
6. Complementary management skills are a minor advantage of partnerships.
7. In partnerships the limited liabilities are both joint and personal.
8. Limited companies are not created by law and are not separate from the people who own and manage them.
9. Limited companies end with the death of owners.
10. Limited companies are subject to federal and provincial income taxes.

***Task 4. Read the article and be ready to render it according to the plan. (See App.1)***

### **The Wild West of new business**

Part A  
by Vicki Sussens

When banks shy away and profit-oriented venture capitalists hold back, young, innovative companies are able to turn to the support of many individuals. VICKI SUSSENS throws light on a couple of examples.

They're young, they wear brightly coloured clothing to work and they call everyone by their first name. Felix Weth and his team in Berlin have started an online auction website called Fairnopoly. A play on the name Monopoly, it aims to be a fair business that is truly democratic, owned by small investors rather than venture capitalists and trading in sustainable, fair-trade goods. "In five years, we want to take on eBay and Amazon," says the determined young entrepreneur.

Idealistic? Maybe, but the public likes the idea. The team financed their business through Germany's biggest crowdfunding site, Startnext, raising €210,163 – double the amount they had hoped for.

In an article in The Independent, business journalist Margareta Pagano recently called crowdfunding "one of the most thrilling developments in finance for at least a couple of hundred years". The online method of raising funds not only provides young start-ups with the seed money that risk-shy banks and profit-hungry venture capitalists are not happy to give. It's also a good way to test an idea with consumers, because the public decides whether or not a project will be funded.

The model is simple. Someone wanting to crowdfund presents a business plan to the operators of a crowdfunding site (also called a 'platform'). They then decide whether the business has potential. If it does, it is introduced to the public online in as much detail as possible. Users give feedback and, if they like the project, become 'fans' by clicking a button marked 'become a fan'. The project must attract a minimum number of fans, and a funding minimum is set, below which the firm would not be able to finance itself. If these goals are not reached, funders' money is

returned and the project is withdrawn from the platform. Crowdfunding is, in effect, a free and effective form of pilot consumer research.

In their high-ceilinged, open-plan offices in the heart of Berlin, the Fairnopoly staff stand in small groups over computers, sit in deep discussions or talk animatedly on the phone. Their favourite ‘toy’, the table-football table, stands untouched. “We’re working very hard now,” says founder Weth, who, like most of the staff, is in his early 30s. Parties to celebrate the fundraising success are over and Fairnopoly has entered a serious phase. It has just gone online in a test stage, open only to members and fans. The pressure is huge because the time is growing between the end of the crowdfunding action in March and actually having something to show. Funders will want to see results.

There are two main kinds of crowdfunding for businesses. In its original form, which is still popular, sites such as Kickstarter, which pioneered crowdfunding, provide a platform for artists to get financial support for creative projects. Mostly, funders donate to a project they like. Sometimes, funders receive a small reward such as a free work of art or, in the case of a business, a product. The second form is ‘crowdinvesting’, also called ‘crowdequity’, whereby projects offer a return on investment.

Contributions, in all cases, can be as small as a few euros and are given an upper limit to keep the ‘crowd’ concept and prevent big investors from buying too much control. Fairnopoly chose crowdinvesting, limiting investments to €10,000 a person. The ‘crowd’ is fundamental to its business concept, which it calls a ‘cooperative 2.0’, the ‘2.0’ standing for the web. “The aim is to bring the crowd into the company and its product development through open sourcing,” says Weth. This means all users can have a say in how it operates, and anyone who works on the project receives shares in the firm.

There is a strong idealistic element to crowdfunding, which has been called ‘democratic financing’. Fairnopoly, for example, wants to promote responsible consumption, fair-trade goods and recycling. It also wants to use a percentage of each transaction to support organizations campaigning against corruption. “We wanted as many small investors as possible who believe in our concept of fair business and who will spread it,” says Weth.

## **The Wild West of new business**

Part B

by Vicki Sussens

A recent survey of Fairnopoly’s 1,000 funders found that the majority had chosen to invest because of the firm’s ideals and not for the return on investment. More than half said that keeping big investors out of Fairnopoly was “especially important” to them.

Over in London, Rob Symington and Dom Jackman have also used democratic financing to promote an ideal. Their start-up, an internet platform called Escape the City, helps people who feel stuck in corporate jobs to network and find more exciting ways to earn their living.

In 2010, they were both management consultants with Ernst & Young in London. At the time, Mike Howe, who joined the firm later, was an investment banker with Merrill Lynch in the City. One day, Symington wrote an email to Jackman saying, “I want to escape this job” — using an image of a computer escape key instead of the word escape. Jackman wrote back saying he thought there was a business idea in the escape concept. And so there was. In fact, the escape key would become the company logo.

The more they thought about it, the more they realized there were a great many talented, ambitious people who, like them, were disillusioned with their jobs. The two young men, then both in their late 20s, tested the idea with their huge number of friends on Facebook and started a blog to discuss the idea before developing a website users could subscribe to. They knew the best way to prove the business had potential was to develop a large community of members.

Howe joined in 2011 after moving to New York, and as membership grew to 50,000, the founders realized that the potential was even bigger than they had thought. So they escaped their own jobs to work full-time on Escape the City. But while they had business experience, they were not techies and the few freelance program developers they could afford to pay were not enough to run a large online community. So they turned to crowdfunding to raise the money they would need for full-time technical staff, choosing the British crowdfund site, Crowdcube. Instead of opening investment to the public, they restricted it to members on their mailing list, raising £600,000 in less than two weeks from 395 people. A prowling venture capital firm thought the idea was good and offered to finance the business, but the founders had chosen crowdfunding because it fitted better with their business concept. By raising funds through the corporate world, they felt they would have been selling out.

Crowdfunding is a logical development for a generation that is used to sharing their lives and building large networks of friends and followers online. “We’re far more comfortable using digital technologies to reach people than those who’ve been working for 20 years,” says Symington. He calls the internet “the Wild West” for starting businesses because the barriers to entry are so low.

Symington communicates with customers in a way his father, also a businessman, would find unimaginable. “We use Twitter, Facebook and email to talk to our clients in a very open and honest way. So, I’ll write a blog about the 27 things I have learned since starting this business. My father would never share this information with his customers.”

Two concepts are driving the young start-up movement, says Symington: “the lean start-up” and “permission marketing”. The lean start-up idea comes from a book of the same name by Eric Ries. In it, Ries says that, if you speak to potential customers often when you start your business, you avoid building something no one wants. “We’ve made mistakes when we followed our feelings rather than listening to our community,” says Symington.

The ‘permission marketing’ concept comes from another mentor, the New York entrepreneur Seth Godin, who wrote a book on the subject in 1999. “If I pay millions of dollars to interrupt your TV programme so that I can shout at you about my

products, you are soon going to stop listening,” explains Symington. “But if I say, ‘I’d like to send you ten opportunities to do something fantastic with your life, but you have to decide that you want to hear from me’, it is far stronger. It has nothing to do with technology; it’s just a simple way of communicating.”

Crowdfunding acts as a lifeline to young people entering their careers during a stagnant economy. “We started a business because the career paths our parents took look really unattractive,” says Symington.

And crowdfunding is growing. Globally, total funds raised through crowds grew by 81 per cent in 2012 compared to 2011. Over 500 platforms funded more than one million projects and raised \$2.7 billion, according to the 2013 Crowdfunding Industry Report by Massolution, a company that helps firms develop crowdsourcing business models. The report expects the 2013 figures to double again compared to 2012. This may be an underestimate. Crowdcube, the first site in the world to have raised over €10 million in total, reports that investment in its projects in the first six months of 2013 increased by 579 per cent compared to the first six months of 2012.

Most importantly, as Margareta Pagano wrote in *The Independent*, “if carefully nurtured, crowdfunding has the power to shift the balance away from the big financial institutions that wrecked the economy, and give it back to the small business owners and the small investor to help kick-start growth.”

It won’t be the first time that feisty, young start-ups have successfully disrupted tired, old business models.

***Task 5. Write the key words and expressions from the article next to their definitions.***

**Student A (Part A)**

1. people who put their money into a new business in order to make a profit;
2. people who invest their money in a new business that may or may not be successful;
3. items that have been sourced from developing countries for which a proper price has been paid so that the producer is not exploited;
4. someone who uses their own or other people’s money to start a new business;
5. cash that is used for starting a business or project;
6. the possibility to develop or achieve something in the future;
7. to give money to help someone or something;
8. amounts of money that people give in order to achieve something or to help make it successful;
9. dishonest or illegal behaviour by officials or people in positions of power, especially when they accept money in exchange for doing things for others.

**Student B (Part B)**

1. disappointed because you have discovered that someone or something is not as good as you had believed;
2. people who start a business or company;
3. people who know a lot about technology or computers, especially as their job;
4. moving around something in a quiet way, especially because you intend to do something bad or take advantage of someone / something;

5. doing something that shows you no longer have the same moral principles that you used to have;
6. an experienced person who helps someone who has less experience, especially in their job;
7. when the country's trade system does not grow;
8. computer systems and the programs that can be used with them;
9. looked after, cared for, and helped to develop.

## Unit 3

### Company Structure

***Read the following text and complete the tasks below.***

Companies utilize organization structure to create their business hierarchies. Each company determines the staffing levels that it needs to operate efficiently, and organization structures play an important role in this determination. In addition to delineating company levels, organizational structures assign clear roles to departments and individuals to provide them with a sense of purpose and responsibility. While organizational structures can be unique to different companies, there are several distinct and commonly used types of organizational structures.

#### *Functional Structure*

Functional structure provides organization according to a job's (or an individual's) purpose within the organization. Functional organizations are most easily recognized by departments that focus on a single function or goal. For instance, an organization with a marketing department, a human resources department, a research and development department and so forth, operates according to functional organization. The functional structure provides employees, as well as their appropriate departments, with a clear objective and purpose for their work. In other words, employees within a marketing department know that their job is marketing and, as a result, those employees can focus on improving their marketing work and even specialize in a specific area of marketing. On the other hand, functional structure can create divisions between departments if a conflict develops between departments.

#### *Divisional Structure*

Divisional structure operates as a more decentralized version of the functional structure, in that the functions still exist within the organization, but the functions have been separated by product or region. In other words, the divisional structure decentralizes the organization into different units, each of which has its own functional department. For example, an organization might be divided into five regions across the United States. Each of those divisions will have its own marketing department, human resources department, and research and development department. Divisional structure can also occur at the product level if a company chooses to divide itself by the types of products in which it specializes or at the market level if a company addresses distinct markets separately.

#### *Matrix Structure*

Matrix structures were developed to create the best of both worlds, so to speak, and combine elements of the functional structure and the divisional structure. The matrix structure creates teams for organizational projects that need to be completed and, in creating teams, draws together the most qualified employees for the project from various areas of the organization. Instead of utilizing only department heads,

which would be common in the functional and divisional structures, the matrix structure focuses more on project heads or managers who oversee a diverse group of individuals from different parts of a company. The matrix structure can become confusing, though, due to the greater level of decentralization, because it is not always clear who is in the leadership role in a group. A matrix structure is considered most effective for companies that operate internationally or across a wide range of geographical area.

**What Are the Tasks of Organizational Structure?** An organizational structure is a formal system of job duties and hierarchy. It defines the responsibilities of each position and the relationships between them. An effective structure controls and coordinates the business' resources and motivates employees to achieve its goals. When developing your structure, consider the five responsibilities of an organizational structure.

- **Distribute Authority.** Organizational structure establishes a chain of command determining each position's responsibilities and relationships to others. Authority can be centralized, where managers or supervisors make the majority of decisions, or decentralized, which includes many positions in the decision-making process.

- **Determine the Span of Control.** How many employees each manager supervises is also part of an organizational structure. The span of control can vary greatly between organizations, even between different levels of the same organization. A narrow span of control means managers only supervise a few employees while those who manage a large number of employees wield a wide span of control.

- **Organizational Height.** An important characteristic of organizational structure is its height, the amount of layers from bottom to top. Tall organizations have many layers, with each working like a cog in a complex machine. They tend to have a narrow span of control. Flat organizations, which usually have a wide span of control, have few layers and are capable of adapting quickly.

- **Line or Staff Structure.** Determining and highlighting line and staff positions is part of an organizational structure. Line positions are those directly involved in the organization's primary purpose. In a manufacturing company, for example, line positions participate in the production of its goods. Staff positions, such as marketing, provide support to the line positions. While some organizations are comprised exclusively of line positions, most use both line and staff positions.

- **Create Departments.** As organizations grow, it becomes necessary to divide tasks and responsibilities. This process, known as departmentalizing, can be carried out in a variety of ways. Departments can be created based on function, product, geographic location, or even by customer. The list of departments below is typical for many businesses – each one corresponds to a business function. Companies also have other departments related to their own particular business activity.

***Task 1. Answer the questions.***

1. What types of company are there? How do they differ?
2. What are the types of organizational structures?
3. What are responsibilities of an organizational structure?

**Task 2. Here is some vocabulary we can use when we are talking about working for a company.**

*In charge* – Being the person who has control of or is responsible for someone or something. "I will be in charge of this department while Mr.J is away."

*Responsible* – To have control and authority over something or someone and the duty of taking care of it or them. "This department is responsible for online sales."

*Concerned* – Involved in something or affected by it. "All their jobs are concerned with computer."

*Specialize* – To spend most of your time doing one type of business. "You should hire a lawyer who specializes in divorce cases."

*Focus* – To concentrate on something and that is important instead of other things. "In today's meeting we will focus on the advertising budget."

*Take care* – To look after someone or something. "Don't worry. I'll take care of the project."

*Sort out* – To find a solution to a problem. "It took a long time for me to sort out these files."

*Liaise* – To speak to people in other organizations in order to exchange information with them. "Our sales team liaises with the suppliers to ensure speedy delivery."

*Invest* – To put money, effort, time etc. into something to make a profit or get an advantage. "We are willing to invest \$10million in this project."

*Resign* – To give up a job or position by telling your employer that you are leaving. "She resigned from the company because she found a better paying job."

**Now choose the correct prepositions to complete the sentences.**

1. I'm in charge \_\_\_ customer accounts.
2. We are responsible \_\_\_ invoicing.
3. Her job is concerned \_\_\_ marketing.
4. This department specializes \_\_\_ the Korean market.
5. The company is focusing \_\_\_ international growth.
6. Are you taking care \_\_\_ this customer?
7. We need to sort \_\_\_ this problem. We must solve this problem.
8. Let's liaise \_\_\_ Tim and work together on this project.
9. This is a good time to invest \_\_\_ the company.
10. He resigned \_\_\_ his position as CEO.

**Task 3. Match up the departments to what they do.**

1. Human Resources
2. Marketing
3. Research and Development
4. I.T.
5. Maintenance Sales
6. Customer Service



7. Finance
8. Dispatch Department
9. Production Department

- a) Responsible for taking care of customer needs
- b) Responsible for selling the product / service
- c) Responsible for making the product
- d) Responsible for how a product / service is advertised and promoted
- e) Responsible for hiring new staff
- f) Responsible for the company's computers and network
- g) Responsible for the office / building
- h) Responsible for discovering new knowledge about the product, improving it and creating new products
- j) Responsible for the delivery of orders
- i) Responsible for payments, bills and expenses

***Task 4. Choose the correct word.***

1. My brother is a plumber. He's autonomous / self-employed.
2. The people who own a private company might include the founder of the company, some family members, and perhaps a few business associates / companions.
3. In a public company anybody can buy the actions / shares.
4. A public company is listed / posted on a stock exchange.
5. Our railways were recently privatized. I think the service was better before, when they were a public company / state-owned enterprise.
6. The Purchasing Department is responsible for buying parts and raw materials / making the final product.
7. If you have a complaint, please contact Consumer Services / Customer Services.
8. All recruitment and selection is done by our Human Relations / Human Resources Department.
9. Innovation is the key to our success and we have recently expanded the Research and Design / Research and Development Department.
10. In the Legal Department we have three lawyers / advocates trained in commercial law.
11. It's the CEO's job to control / run the company.
12. Our Business Development Officer is responsible for / the responsible for finding new business opportunities.
13. I can't take that decision. It will have to be referred to higher people / more senior people.
14. That decision will have to be taken at a higher level / a more superior level.
15. In the department there are six Sales Representatives and their line director / line manager.
16. The Sales Department has to liaise / liaison closely with Marketing.

17. She is part of / makes part of a team of designers.
18. I am the Financial Controller, and I relate directly / report directly to the Finance Director.
19. The bank lends you / borrows you money.
20. You lend money / borrow money from the bank.
21. So 'lend' is temporary giving / taking.
22. And 'borrow' is temporary giving / taking.
23. The bank gives you a lend / a loan.

**Task 5. Complete sentence b) with one word. The meaning must be the same as in sentence a).**

1. a) How are we going to distribute our product?  
b) What distribution \_\_\_\_\_ are we going to use?
2. a) She was the founder of the business.  
b) She set \_\_\_\_\_ the business.
3. a) The company is growing strongly.  
b) The company has strong \_\_\_\_\_.
4. a) This year the company will make neither a profit nor a loss.  
b) This year the company will break \_\_\_\_\_.
5. a) Who supplies them?  
b) Who are their \_\_\_\_\_?
6. a) A lot of people know their brand name.  
b) Their brand name is very well-\_\_\_\_\_ .
7. a) They're an established business and they make a profit.  
b) They're an established, \_\_\_\_\_ business.
8. a) The company is going to be listed on the stock exchange.  
b) The company is going to go \_\_\_\_\_.
9. a) Why did the business fail?  
b) Why did they go \_\_\_\_\_ of business?
10. a) Their customers were late in paying them so they couldn't pay their bills.  
b) Their customers were late in paying them so they had cash \_\_\_ problems.

**Task 6. Sentences 1 to 9 make up a short text about different ways in which companies can be structured. Complete each sentence, by taking a middle part from the second box and an end from the third box.**

Box 1

1. Most organizations have a hierarchical or pyramidal structure,
2. A clear line or chain of command runs down the hierarchy,
3. Some people in an organization have an assistant who helps them;
4. Yet the activities of most large organizations are too elaborate
5. Large companies manufacturing a wide range of products, e.g. General Motors,
6. Businesses that cannot be divided into autonomous divisions with their own markets
7. An inevitable problem with hierarchies is that people at lower levels
8. One solution to this problem is matrix management, in which people report to more than one superior:
9. Another, more recent, idea is to have a network of flexible groups or teams,

Box 2

- a. are normally decentralized into separate operating divisions,
- b. are unable to make important decisions, but are obliged to pass on responsibility to their boss,
- c. can simulate decentralization, setting up divisions that use
- d. instead of the traditional departments, which are often at war with each other;
- e. so that all employees know who their superior or boss is, to whom they report,
- f. e.g. a brand manager with an idea can deal directly with
- g. this is an example of a staff position: its holder has no line authority,
- h. to be organized in a single hierarchy, and require functional organization,
- i. with a single person or a group of people at the top,

Box 3

- j. and an increasing number of people below them at each successive level.
- k. and is not integrated into the chain of command.
- l. and who their immediate subordinates are, to whom they can give instructions
- m. each with its own engineering, production and sales departments.
- n. internally determined transfer prices when dealing with each other
- o. the appropriate managers in the finance, manufacturing and sales departments.
- p. they are formed to carry out a project, after which they are dissolved and their members reassigned.
- q. unless responsibilities have been explicitly delegated.
- r. usually with production or operations, finance, marketing and personnel departments.

## Unit 4

### Business Strategy

*Before you read the article discuss these questions.*

1. What are the secrets of a) successful marriage; b) successful merger?
2. In what ways are a marriage and a business merger similar?

#### Making a corporate marriage work

FEBRUARY 6, 2005 by: Stefan Stern

The deal has been signed, the analysts have been charmed and the press conference is over. But before placing an extra order for tomorrow's newspapers, the wise chief executive will remember that the hardest part of a merger or acquisition is just about to start.

Bringing two companies together is an enormous task, as executives at Procter & Gamble and Gillette, the consumer goods giants that announced a deal last month, will now be discovering. There are grand, big-picture questions that need to be resolved, such as the new group's strategy and direction. There are also administrative, logistical and technical challenges. Will new contracts of employment be required? Where should the headquarters of the combined operation be located? How can the companies' information technology systems be integrated?

"It takes a certain humility to make a merger work," says Charles Hampden-Turner, co-author of *Building Cross-cultural Competence*. "It doesn't follow that your company is a better one simply because it has taken another company over. It just means that you've got more money and have been prepared to pay," he says. "You should be ready to sit down and learn from the acquired business. There may be expertise there that needs to be respected."

Work on bringing the partners together should start well before the deal becomes public knowledge. Ravi Chanmugam, a partner at Accenture, the management consultancy, says: "In essence, there should not be separate M&A and post-merger integration processes, but a holistic approach to the deal, from strategy to target identification and valuation to integration."

But how can executives start planning integration without the news leaking out? Some use a so-called "clean room", where trusted counter-parties to a deal can meet and discuss future plans confidentially. Computer manufacturers Hewlett-Packard and Compaq, for example, adopted this approach in their \$25bn (£13.3bn) merger in 2002.

Speed is of the essence. Roger Pudney of the UK's Ashridge business school says: "There is often a tendency for companies to relax once the deal is signed, but this is precisely the point at which speed of implementation becomes crucial."

Successful M&A companies stress the importance of quick wins as a way of demonstrating that the new combination is already producing added value."

HP and Compaq ran a series of "Fast Start" seminars for their staff as soon as the deal was announced, to provide reassurance and a sense of direction - seminars that had been planned in advance in the clean room. Offering employees detailed information is essential at the early stage. An internal human resources website set up for HP and Compaq staff received 2m hits on the day the merger was unveiled.

Managers will inevitably be occupied with practical, administrative changes, such as establishing new terms and conditions and pushing through any redundancies. Yet dealing with the cultural issues in a merger is more subtle and challenging. And when things go wrong in this context they can go wrong very quickly. Witnesses to board meetings of the newly-merged Carnaud Metal Box in 1989, for instance, recalled that French and British directors at times refused even to speak to each other.

Michelle Bligh, a professor at Claremont Graduate University, California, has suggested measures leaders should take to avoid the worst consequences of mergers.

After studying a merger of health organisations in the US, Prof Bligh advised leaders to avoid taking a dictatorial, top-down approach or micro-managing the transition. They need to respond as the new situation demands, she says, and must "help followers negotiate, modify and even manipulate cultural similarities and differences in the post-merger environment".

Prof Bligh identifies a few simple ground rules. Managers should recognise cultural differences between the companies, for example, by learning about the history of the new partner. They should give employees reasons why change is necessary, and find practical ways of communicating. As one manager told her: "When you sit down and start showing employees the nitty-gritty, you get buy-in a lot quicker."

Symbolism matters too. "Instead of making great speeches," Dr Hampden-Turner suggests, "why not start acting differently and providing a lead that way? Words are too easy, but actions will be noticed." Even apparently mundane gestures can count. Discussing employees' new working conditions and being visible on the "shop floor", for example, may reassure staff that management has an interest in their well-being. One manager in Prof Bligh's study said: "We have to start with the little things: they really matter to people."

Nevertheless, the post-merger period can be a draining, emotionally-charged time for staff. Reflecting on her experience of the healthcare merger, a nurse said: "The emotions were so strong, I would rather have my skin peeled off than go through that again." Counselling services or an employee assistance programme can provide a useful outlet for tensions among staff.

How do the most successful acquirers handle the process of merger integration? General Electric, the US engineering conglomerate, has made more than 400 acquisitions in the past 20 years. But it is still learning how to make these deals work better. When GE bought Amersham, the UK bioscience company, in 2003 for \$9bn, it made a big effort to reassure the acquired business that it would not be steam-rolled.

Steve Bolze, now president and chief executive of GE Healthcare Technologies International, led the integration team on the deal. "This is the first major GE business to be headquartered outside the US," he says. "That sends a strong signal to the employees."

The deal was also based on robust business principles. "We had very clear revenue and cost-saving targets in year one," he adds, "and we carried out six months' planning between the announcement and the close of the deal, with people from both companies on the steering committee. We beat our specific integration targets, managing over \$100m of synergies in 2004."

Talk of a revival in merger and acquisitions activity is on the rise. Investment bankers and management consultants are once again seeking out potential deals and making flattering noises as they lead candidates to the altar. But marriages succeed or fail in the years following the wedding. Even before the hangover has worn off, the hard work has to begin.

**Task 1. Read the article and complete the guidelines for a successful merger. Find at least three DOs and three DON'Ts**

1. Prepare early before the merger is announced publicly
2. 3333

**Task 2. Match the experts quoted in the article to their opinions about mergers.**

Michelle Bligh	Respect the other company even if your company is stronger.
Charles Humpden-Turner	You need to pay special attention to the different ways that companies do things.
Roger Pudney	You need to act quickly in the post-merger period.

**Task 3. Complete the definition with the most suitable answer.**

1. *Big-picture* questions are:
  - a) very important    b) very difficult    c) very expensive
2. *Ground rules* are:
  - a) complicated rules    b) strict rules    c) basic rules
3. The *nitty-gritty* is:
  - a) problems    b) details    c) advantages
4. *Buy-in* is:
  - a) acceptance    b) disagreement    c) enthusiasm
5. *Shop-floor* is:
  - a) where the goods are stored    b) where the goods are made    c) where the goods are delivered
6. *Steam-rollered* is:
  - a) invited to do something    b) paid to do something    c) forced to do something

**Task 4. Answer the following questions.**

1. Have you ever been steam-rollered into something? What was it? How did you feel?
2. Do you know any shop-floor workers? How do they feel about their jobs?
3. If you have a problem to solve are you better at seeing big-picture or are you better at the nitty-gritty?
4. What are the ground rules at your favorite sport? Explain them to your partner.
5. How can you get employees to buy in to a new company policy, e.g. a strict new dress code following a takeover?
6. What do you think are the most difficult problems following a takeover for a) management? b) employees?

**Task 5. Match up these words with the definitions below.**

*backward integration*  
*horizontal integration*  
*a raid*  
*synergy*

*to diversify*  
*(diversification)*  
*to innovate*  
*(innovation)*

*a takeover bid*  
*vertical integration*  
*forward integration*  
*to merge (a merger)*

1. Designing new products and bringing them to the market
2. To expand into new fields
3. To unite, combine, amalgamate, integrate or join together
4. Buying another company's shares on the stock exchange, hoping to persuade enough other shareholders to sell to take control of the company
5. A public offer to a company's shareholders to buy their shares, at a particular price during a particular period, so as to acquire a company
6. To merge with or take over other firms producing the same type of goods or services
7. Joining with firms in other stages of the production or sale of a product
8. A merger with or the acquisition of one's suppliers
9. A merger with or the acquisition of one's marketing outlets
10. Combined production that is greater than the sum of the separate parts

**Task 6. Read the 15 sentences below and classify them under the following three headings. (One sentence probably falls under two categories.)**

- |   |
|---|
| A. Arguments in favor of mergers or takeovers             |
| B. Arguments against mergers or takeovers                 |
| C. The advantages of a raid as compared to a takeover bid |

1. After a hostile takeover, the former top executives will leave or be replaced, so all that remains is the capital equipment.
2. A larger company will have a stronger position on the market.
3. Conglomerates may become unmanageable and fail to achieve synergy.

4. Contrary to a common belief, a company's optimum market share is rarely very large.
5. Diversification dilutes a company's shared values (such as quality, service, innovation, and so on).
6. Entering new markets with new brands is generally slow, risky and expensive.
7. In many countries, if all the shareholders agree to sell, the bidder is obliged to buy 100 % of the shares and cannot stop at 50 % plus one.
8. Individual companies might be more efficient if they didn't have to deal with a conglomerate's central management.
9. Innovation is expensive and risky, and sometimes more expensive than acquiring or merging with other successful innovative firms.
10. In this case, it is not necessary to pay more than the existing market price.
11. It may permit the rationalization and optimization of the use of production facilities and invested capital, and enable economies of scale.
12. One can attempt to buy a large quantity of shares through several brokers as soon as the market opens, before speculators notice the rising price and join in.
13. Success comes from having a long-term competitive advantage, i.e., producing a cheaper or better product than those of competitors, or focusing on a narrow market segment.
14. This is a way for a company to reduce competition.
15. Traditionally, the best companies have always beaten their competitors rather than buying them.

***Task 7. Render the article according to the plan. (See App.1)***

***Task 8. Read the following text.***

### **Leveraged buyouts**

One indication that the people who warn against takeovers might be right is the existence of leveraged buyouts.

In the 1960s, a big wave of takeovers in the US created conglomerates – collections of unrelated businesses combined into a single corporate structure. It later became clear that many of these conglomerates consisted of too many companies and not enough synergy. After the recession of the early 1980s, there were many large companies on the US stock market with good earnings but low stock prices. Their assets were worth more than the companies' market value.

Such conglomerates were clearly not maximizing stockholder value. The individual companies might have been more efficient if liberated from central management. Consequently, raiders were able to borrow money, buy badly-managed, inefficient and underpriced corporations, and then restructure them, split them up, and resell them at a profit.

Conventional financial theory argues that stock markets are efficient, meaning that all relevant information about companies is built into their share prices. Raiders in the 1980s discovered that this was quite simply untrue. Although the market could



understand data concerning companies' earnings, it was highly inefficient in valuing assets, including land, buildings and pension funds. Asset-stripping— selling off the assets of poorly performing or under-valued companies – proved to be highly lucrative.

Theoretically, there was little risk of making a loss with a buyout, as the debts incurred were guaranteed by the companies' assets. The ideal targets for such buyouts were companies with huge cash reserves that enabled the buyer to pay the interest on the debt, or companies with successful subsidiaries that could be sold to repay the principal, or companies in fields that are not sensitive to a recession, such as food and tobacco.

Takeovers using borrowed money are called 'leveraged buyouts' or 'LBOs'. Leverage means having a large proportion of debt compared to equity capital. (Where a company is bought by its existing managers, we talk of a management buyout or MBO.) Much of the money for LBOs was provided by the American investment bank Drexel Burnham Lambert, where Michael Millken was able to convince investors that the high returns on debt issued by risky enterprises more than compensated for their riskiness, as the rate of default was lower than might be expected. He created a huge and liquid market of up to 300 billion dollars for 'junk bonds'. (Millken was later arrested and charged with 98 different felonies, including a lot of insider dealing, and Drexel Burnham Lambert went bankrupt in 1990.)

Raiders and their supporters argue that the permanent threat of takeovers is a challenge to company managers and directors to do their jobs better, and that well-run businesses that are not undervalued are at little risk. The threat of raids forces companies to put capital to productive use. Fat or lazy companies that fail to do this will be taken over by raiders who will use assets more efficiently, cut costs, and increase shareholder value. On the other hand, the permanent threat of a takeover or a buyout is clearly a disincentive to long-term capital investment, as a company will lose its investment if a raider tries to break it up as soon as its share price falls below expectations.

LBOs, however, seem to be largely an American phenomenon. German and Japanese managers and financiers, for example, seem to consider companies as places where people work, rather than as assets to be bought and sold. Hostile takeovers and buyouts are almost unknown in these two countries, where business tends to concentrate on long-term goals rather than seek instant stock market profits.

Workers in these companies are considered to be at least as important as shareholders. The idea of a Japanese manager restructuring a company, laying off a large number of workers, and getting a huge pay rise (as frequently happens in Britain and the US), is unthinkable. Lay-offs in Japan are instead a cause for shame for which managers are expected to apologize.

**Task 9. Complete the following sentences, which summarize the text above.**

1. The fact that many large conglomerates' assets were worth more than their stock market valuation demonstrated that . . .
2. Raiders bought conglomerates in order to . . .
3. Raiders showed that the stock market did not . . .

4. Raiders were particularly interested in . . .
5. Investors were prepared to lend money to finance LBOs because . . .
6. Raiders argue that the possibility of a buyout . . .

***Task 10. Add appropriate words to these sentences.***

1. Leverage means using a high proportion of \_\_\_\_\_ money.
2. LBOs are often \_\_\_\_\_ by junk bonds.
3. The people who try LBOs compare the value of a company's assets with its \_\_\_\_\_
4. The profit in an LBO often comes from \_\_\_\_\_
5. LBOs have led to several \_\_\_\_\_ being split up.

***Task 11. Read the text one more time and underline the arguments for and against leveraged buyouts.***

## Unit 5

### Stocks and Shares

**Task 1. Discuss the meaning of these 4 quotations.**

1. "Money may not buy happiness, but I'd rather cry in a Jaguar than on a bus."

Francoise Sagan.

2. "Every day is a bunk account and time is our currency. No one is rich, no one is poor, we've got 24 hours each."

Christofer Rice

3. "One must be poor to know the luxury of giving."

George Eliot.

4. "Always borrow money from a pessimist, he never expects to get it back".

Oscar Wilde

**Task 2. Answer these questions.**

1. What is money?
2. What is your attitude to money?
3. What is your favorite way of spending money?
4. Do you think it is necessary to put money aside?
5. How do you usually pay for things you buy?
6. Can you consider yourself as a big money spender, a successful investor or a person who is careful with money?
7. Would you like to take a credit? Why?
8. Does the lack of money spoil your mood seriously?
9. Do you always know how much money you have got in your pocket?
10. What should people do to be good money spenders?
11. Can the lack of money ruin the family life?
12. What would you do if you won a lot of money?
13. If a man is short of money at the moment, should a woman pay for him?

**Task 3. Match the word and its definition.**

- |              |                      |
|--------------|----------------------|
| 1. A.T.M.    | 9. Transaction       |
| 2. Banknote  | 10. Speculation      |
| 3. Coin      | 11. Legal tender     |
| 4. Inflation | 12. Exchange rate    |
| 5. Cashier   | 13. Foreign exchange |
| 6. Cash      | 14. Hard currency    |
| 7. Loss      | 15. Investment       |
| 8. Dept      | 16. Soft currency    |

17. Black market  
18. Wallet

19. Pocket money  
20. Salary

- a) The actual money paid.
- b) A person who deals with transactions in a bank or a shop.
- c) A piece of paper money.
- d) Transaction of international monetary business, as between governments or businesses of different countries.
- e) Currency that will probably fall in value and is not readily accepted.
- f) Engagement in risky business transactions on the chance of quick or considerable profit.
- g) The activity involving two parties or things that reciprocally affect or influence each other.
- h) Money for incidental or minor expenses.
- i) A piece of metal money.
- j) Property or another possession acquired for future financial return or benefit.
- k) The money in general use or circulation in any country.
- l) Money etc owed by one person to another.
- m) A flat pocket-sized folding case, usually made of leather, for holding paper money, cards, or photographs.
- n) The rate at which one currency can be exchanged for another.
- o) Fixed compensation for services, paid to a person on a regular basis.
- p) Illegal traffic in officially controlled commodities such as foreign currency.
- q) The harm or suffering caused by losing or being lost.
- r) A process when the prices go up and people aren't able to buy anything.
- s) Currency that will probably not fall in value and is readily accepted.
- t) Cash dispenser.

***Task 4. Read this text and do the tasks given below.***

### **Money**

Money is any object or record that is generally accepted as payment for goods and services and repayment of debts in a given socio-economic context or country. Money acts as a standard measure and common denomination of trade. The history of money begins around 2500 years ago with the first minting of coinage in about the seventh to sixth century BC. Since ancient times people have swapped items of value either in the exchange of gifts or else in markets where a commonly shared system of tokens is more convenient. The word "money" is believed to originate from a temple of Hera, located on Capitoline, one of Rome's seven hills. In the ancient world Hera was often associated with money. Money is historically an emergent market phenomenon establishing the commodity money, but nearly all contemporary money systems are based on fiat money. Fiat money derives its value by being declared by a government to be legal tender; that is, it must be accepted as a form of payment within the boundaries of the country, for "all debts, public and private". Fiat money

or fiat currency is money whose value is not derived from any intrinsic value or guarantee that it can be converted into a valuable commodity (such as gold). Instead, it has value only by government order (fiat). Usually, the government declares the fiat currency (typically notes and coins from a central bank, such as the Federal Reserve System in the U.S.) to be legal tender, making it unlawful to not accept the fiat currency as a means of repayment for all debts, public and private. The money supply of a country consists of currency (banknotes and coins) and bank money (the balance held in checking accounts and savings accounts). The money supply is the amount of financial instruments within a specific economy available for purchasing goods or services. Since the money supply consists of various financial instruments (usually currency, demand deposits and various other types of deposits), the amount of money in an economy is measured by adding together these financial instruments creating a monetary aggregate. Modern monetary theory distinguishes among different ways to measure the money supply, reflected in different types of monetary aggregates, using a categorization system that focuses on the liquidity of the financial instrument used as money. Market liquidity describes how easily an item can be traded for another item, or into the common currency within an economy. Money is the most liquid asset because it is universally recognized and accepted as the common currency. In this way, money gives consumers the freedom to trade goods and services easily without having to barter.

Liquid financial instruments are easily tradable and have low transaction costs. There should be no (or minimal) spread between the prices to buy and sell the instrument being used as money.

The main functions of money are distinguished as: a medium of exchange; a unit of account; a store of value; and, occasionally in the past, a standard of deferred payment. Any kind of object or secure verifiable record that fulfills these functions can be considered money.

When money is used to intermediate the exchange of goods and services, it is performing a function as a medium of exchange. It thereby avoids the inefficiencies of a barter system, such as the 'double coincidence of wants' problem.

A unit of account is a standard numerical unit of measurement of the market value of goods, services, and other transactions. Also known as a "measure" or "standard" of relative worth and deferred payment, a unit of account is a necessary prerequisite for the formulation of commercial agreements that involve debt. To function as a 'unit of account', whatever is being used as money must be:

1) Divisible into smaller units without loss of value; precious metals can be coined from bars, or melted down into bars again.

2) Fungible: that is, one unit or piece must be perceived as equivalent to any other, which is why diamonds, works of art or real estate are not suitable as money.

3) A specific weight, or measure, or size to be verifiably countable. For instance, coins are often milled with a special edge, so that any removal of material from the coin (lowering its commodity value) will be easy to detect.

To act as a store of value, money must be able to be reliably saved, stored and retrieved – and be predictably usable as a medium of exchange when it is retrieved. The value of the money must also remain stable over time. Some have argued that

inflation, by reducing the value of money, diminishes the ability of the money to function as a store of value. Money acts as a standard measure and common denomination of trade. It is thus a basis for quoting and bargaining of prices. It is necessary for developing efficient accounting systems. But its most important usage is as a method for comparing the values of dissimilar objects.

There are several kinds of money varying in liability and strength. The society has modified the money at different times and in this way several types of money are introduced. When there was ample availability of metals, metal money came into existence later it was substituted by the paper money. At different times, several commodities were used as the medium of exchange.

So, it can be said that according to the needs and availability of means, the kinds of money has changed. Some of the major types of money are:

#### 1. Commodity Money:

Whenever any commodity is used for the exchange purpose, the commodity becomes equivalent to the money and is called commodity money. There are certain types of commodity, which are used as the commodity money. Among these, there are several precious metals like gold, silver, copper and many more. Again, in many parts of the world, seashells (also known as cowrie shells), tobacco and many other items were in use as a type of money & medium of exchange.

#### 2. Fiat Money:

The word fiat means the "command of the sovereign". It is the type of money that is issued by the command of the sovereign. The paper money is generally called as the fiat money. This type of money forms a monetary standard. It has been made mandatory by law to accept the fiat money, as an exchange medium, whenever it is offered to anyone.

#### 3. Fiduciary Money:

Today's monetary system is highly fiduciary. Whenever, any bank assures the customers to pay in different types of money and when the customer can sell the promise or transfer it to somebody else, it is called the fiduciary money. Fiduciary money is generally paid in gold, silver or paper money. There are cheques and bank notes, which are the examples of fiduciary money because both are some kind of token which are used as money and carry the same value.

#### 4. Commercial Bank Money:

Commercial Bank money or demand deposits are claims against financial institutions that can be used for the purchase of goods and services. A demand deposit account is an account from which funds can be withdrawn at any time by cheque or cash withdrawal without giving the bank or financial institution any prior notice. Banks have the legal obligation to return funds held in demand deposits immediately upon demand (or 'at call'). Demand deposit withdrawals can be performed in person, via cheques or bank drafts, using automatic teller machines (ATMs), or through online banking.

**Task 5. Find the correct answer.**

1. What is money?

- a) Money is any object or record that is generally accepted as payment for goods and services and repayment of debts in a virtual reality.
- b) Money is any object or record that is generally accepted as payment for goods and services and repayment of debts in a given socio-economic context or country.
- c) Money is any object or record that is generally accepted as payment for goods and services and repayment of debts in the world.

2. When did the history of money begin?

- a) It began 500 years ago.
- b) It began in the 17th century.
- c) It began 2500 years ago.

3. What is modern money based on?

- a) It is based on the money supply.
- b) It is based on the fiat money.
- c) It is based on the exchange rate.

4. Where did the word “money” come from?

- a) It is believed to originate from a temple of Mars.
- b) It is believed to originate from a temple of Hera.
- c) It is believed to originate from a temple of Apollo.

5. What is special about the liquid financial instruments?

- a) They are easily tradable and have high transaction costs.
- b) They are easily tradable and have unbelievable transaction costs.
- c) They are easily tradable and have low transaction costs.

6. What is important to take into consideration if money acts a store of value?

- a) It should be reliably saved, stored and changeable.
- b) It should be reliably saved, stored and retrieved.
- c) It should be reliably saved, stored and unreliable.

7. What is the fiat money?

- a) These are coins.
- b) The paper money is generally called as the fiat money.
- c) These are goods.

8. What is the second name of the commercial bank money?

- a) They are called demand deposits.
- b) They are called deposit copies.
- c) They are called conditional deposits.

**Task 6. True or False?**

1. A unit of account is a standard numerical unit of measurement of the market value of goods, services, and other transactions.
2. The word fiat means the "second-in-command".
3. Today's monetary system is unpredictable and quite unreliable.
4. Commercial Bank money are claims against financial institutions that can be used for the purchase of goods and services.
5. Banks have the legal obligation to return funds held in demand deposits immediately upon demand.
6. Whenever any commodity is used for the exchange purpose, the commodity becomes equivalent to the money and is called fiat money.
7. The value of the money must also remain unstable over time.
8. Money is historically an emergent market phenomenon establishing the commodity money.
9. In many parts of the world, seashells (also known as cowrie shells), tobacco and many other items were in use as a type of money & medium of exchange.
10. There are several kinds of money varying in liability and length.

**Task 7. Can you describe the main functions of money? Name the main types of money and their role.**

**Task 8. Fill each space in the sentences below with the correct form of the word.**

*1. Pay*

- a) To buy this truck I made a monthly ... of 300 for two years.
- b) Please make your cheque ... to Jane Brown.
- c) A person, financial institution or business to whom you make some type of payment to is a ...

*2. Receive*

- a) She works as ... at a hotel in Wales.
- b) Ask for ... when you buy something.
- c) I made several suggestions but the management was not ...

*3. Stable*

- a) The exchange rate is going up and down. It is very ... at the moment.
- b) In the beginning of the 21st century the trade was not stable at all. It was a time of great ...
- c) To ... the prices, we used a variety of methods.

*4. False*

- a) She was accused of ... the financial accounts.
- b) The ... of his arguments was clear to all the cashiers.
- c) It is a ... to say he did it.

*5. Manage*

- a) Talks between workers and ... have broken down and a strike seems unavoidable.
- b) The client was very rude and they found him ...
- c) To improve his organizing abilities he's taking a course in ... skills.



## 6. *Economy*

- a) We're spending too much. We must ...
- b) The car uses a lot of petrol. It's terribly ...
- c) The Minister of Finance is responsible for ...

### ***Task 9. Put in the missing prepositions.***

1. People worry ... losing their jobs in the nearest future.
2. The Central Banks and Finance ministers are trying to decide whether to inject more money .. the financial markets.
3. You should be careful when you are getting money ... an ATM, because someone might be behind you planning to rob you.
4. Whenever any commodity is used for the exchange purpose, the commodity becomes equivalent ... the money and is called commodity money.
5. Some have argued that inflation, ... reducing the value of money, diminishes the ability of the money to function as a store of value.
6. Many countries are now ... an economic recession.
7. Fiat money derives its value ... being declared by a government to be legal tender.
8. Apart from the credit crunch, there are other signs ... a downturn, such as rising inflation and an increased cost of living.
9. These job losses / job cuts / redundancies mean that there will be more claimants ... unemployment benefit.
10. The word "money" is believed to originate ... a temple of Hera.

### ***Task 10. Match the money collocations with the correct definitions.***

- |                       |                      |
|-----------------------|----------------------|
| 1. To earn money      | 14. To inherit money |
| 2. To raise money     | 15. To owe money     |
| 3. To donate money    |                      |
| 4. To steal money     |                      |
| 5. To win money       |                      |
| 6. To find money      |                      |
| 7. To lose money      |                      |
| 8. To spend money     |                      |
| 9. To save money      |                      |
| 10. To lend money     |                      |
| 11. To borrow money   |                      |
| 12. To withdraw money |                      |
| 13. To waste money    |                      |

- |  |   |
|--|---|
| a) To receive money from somebody who has died.  | h) To keep money for future use.                    |
| b) To take money out of a bank account.          | i) Not to have money anymore.                       |
| c) To use money on something you don't need.     | j) To give/pay money for something.                 |
| d) To buy e.g. shares in a company.              | k) To ask for money from somebody.                  |
| e) To give somebody money that they must return. | l) To have to pay somebody the money they gave you. |
| f) To get money from people for a purpose.       | m) To get money by working.                         |
| g) To give money to an organization.             | n) To take money from somebody without permission.  |
|  | o) To get money in the lottery, quiz show etc.      |
|  | p) To get money from somebody that you must return. |
|  | q) To discover by chance.                           |

**Task 11. If you have money to invest, what are the advantages and disadvantages of:**

- putting it under the mattress
- buying a lottery ticket
- taking it all to Las Vegas or Monte Carlo
- depositing it in a bank
- buying gold
- buying a painting (Van Gogh, etc.)
- investing in property or real estate
- buying bonds
- buying stocks and shares
- investing in a hedge fund
- giving it away?

**Task 12. Answer the following questions:**

1. Why do people form limited companies?
2. Why do companies issue shares?
3. Why do people buy the shares?

Individuals, and groups of people doing business as a partnership, have unlimited liability for debts, unless they form a limited company. If the business does badly and cannot pay its debts, any creditor can have it declared bankrupt. The unsuccessful business people may have to sell nearly all their possessions in order to pay their debts. This is why most people doing business form limited companies. A limited company is a legal entity separate from its owners, and is only liable for the amount of capital that has been invested in it. If a limited company goes bankrupt, it is wound up and its assets are liquidated (i.e. sold) to pay the debts. If the assets don't cover the liabilities or the debts, they remain unpaid. The creditors simply do not get all their money back.

Most companies begin as private limited companies. Their owners have to put the capital themselves, or borrow from friends or a bank, perhaps a bank specializing in venture capital. The founders have to write a Memorandum of Association (GB) or a Certificate of Incorporation (US), which states the company's name, its purpose, its registered office or premises, and the amount of authorized share capital. They also write Articles of Association (GB) or Bylaws (US), which set out the duties or directories and the rights of shareholders (GB) or stockholders (US). They send these documents to the registrar of companies.

A successful, growing company can apply to stock exchange to become a public limited company (GB) or a listed company (US). Newer and smallest usually join "over-the-counter" markets such as the Unlisted Securities Market in London or NASDAQ in New York. Very successful businesses can apply to be quoted or listed (i.e. to have their shares traded) on major stock exchanges. Publicly quoted companies have to fulfill a large number of requirements, including sending their shareholders an independently-audited report every year, containing the year's trading results and a statement of their financial position.

The act of issuing shares (GB) or stocks (US) for the first time is known as floating a company (making flotation). Companies generally use an investment bank to underwrite the issue, i.e. to guarantee to purchase all the securities at an agreed price on a certain day, if they cannot be sold to the public.

Companies wishing to raise more money for expansion can sometimes issue new share, which are normally offered first to existing shareholders at less than their market price. This is known as a rights issue. Companies sometimes also choose to capitalize part of their profit, i.e. turn it into capital, by issuing new shares to shareholders instead of paying dividends. This is known as bonus issue.

Buying a share gives its holder part of the ownership of a company. Shares generally entitle their owners to vote at a company's Annual General Meeting (GB) or Annual Meeting of Stockholders (US), and to receive a proportion of distributed profits in a form of a dividend- or to receive part of the company's residual value if it goes into liquidation. Shareholders can sell their shares on the secondary market at any time, but the market price of a share- the price quoted at any given time on the stock exchange, which reflects (more or less) how well or badly the company is doing- may differ radically from its nominal value.

***Task 13. Write questions that could produce the following answers.***

1. They have to and their shareholders report the end of every financial year, including independently audited financial statements, and hold annual general meeting.
2. A market for young or small companies which do not want to have their shares traded on a major stock exchanges.
3. It issues new shares offering them to existing shareholders first.
4. It's when a company chooses to issue new shares to existing shareholders rather than pay them a dividend.
5. They are generally entitled to write a companies' General Meetings and to receive a dividend if the company makes a profit.

**Task 14. Find words in the text which mean the following:**

1. having responsibility or an obligation to do something, e.g. to pay a debt
2. a person or organization to whom money is owed ( for goods and services rendered or as repayment of a loan)
3. to be insolvent : unable to pay debts
4. everything of value owned by a business that can be used to produce goods, pay liabilities, and so on
5. to sell all the possessions of a bankrupt business
6. to provide money for a company or other project
7. money invested in a possibly risky new business
8. the people who begin a new company
9. the place in which a company does business: an office, shop, workshop, factory, warehouse and so on
10. to guarantee to buy an entire new share issue, if no one else wants it
11. a proportion of the annual profits of a limited company, pay to shareholders.

**Task 15. Match the following words and definitions.**

*mutual fund*  
*market maker*  
*defensive stock*  
*stockbroker*

*portfolio*  
*insider share-dealing*  
*growth stock*

*institutional investor*  
*blue chip*

1. A company that spreads investors' capital over a variety of securities
2. An investor's selection of securities
3. A person who can advise investors and buy and sell shares for them
4. A stock in a large company or corporation that is considered to be a secure investment
5. A stock – in an industry not much affected by cyclical trends – that offers a good return but only a limited chance to rise or decline in price
6. A stock – which usually has a high purchasing price and a low current rate of return – that is expected to appreciate in capital value
7. A wholesaler in stocks and shares who deals with brokers
8. Financial organizations such as pension funds and insurance companies which own most of the shares of all leading companies(over 60% and rising)
9. The use of information not known to the public to make a profit out of buying and selling shares

**Task 16. There is a logical connection among three of the four words in each of the following groups. Which is the odd one out, and why?**

1. Annual report- external auditors- financial statements- stockbroker
2. Blue chip- defensive stock- growth stock- rights issue
3. Bonus issue- dividend- over-the-counter - shareholder

4. Debt- equity- share- stock
5. Face value- market value- nominal value - par value
6. Float - liquidation- share issue- underwriter
7. Institutional investor- insurance company - liabilities- pension fund
8. Mutual fund - portfolio- risk - underwriter

## Unit 6

### Communications

**Task 1. Discuss the following with your partner.**

1. What are some ways people greet each other in formal and informal situations?
2. What are some things foreigners might accidentally do that are offensive in your culture?
3. What are the advantages and disadvantages of a multinational company adapting its management methods to the local culture in each country in which it operates?
4. To what extent is the culture of your country similar enough to those of neighbouring countries to have the same management techniques? Or do they have very different attitudes to work, hierarchy, organization and so on? If so, what are these differences?

**Task 2. Match the words with the definitions.**

- |                  |                   |
|------------------|-------------------|
| 1. collectivist  | 7. logic          |
| 2. improvise     | 8. connections    |
| 3. compromise    | 9. lose face      |
| 4. interrupt     | 10. eye contact   |
| 5. confrontation | 11. globalization |
| 6. intuition     | 12. status        |
- 
- a) an invented word combining worldwide and regional concerns
  - b) thought based on reason and judgement rather than feeling and emotions
  - c) a face-to-face disagreement or argument
  - d) reducing demands or changing opinions in order to agree
  - e) understanding or knowing without consciously using reason
  - f) people of influence or importance with whom you are associated
  - g) to do something when necessary without having already planned it
  - h) respect, prestige or importance given to someone
  - i) believing that the group is more important than the individual
  - j) to be humiliated or disrespected in public
  - k) to cut into someone else's turn to speak
  - l) looking directly at the people you are talking listening to

### ***Task 3. Read the article.***

## **Communication Skills for Business Across Cultures**

If your company deals with international clients communication skills are invaluable to avoid translation or cultural differences. A gesture or phrase that is fairly common or positive for us could be seen as rude or impolite to other cultures; this is why it's important to improve on communication skills.

### ***Disagreement Requires Tact***

For example, in western culture a respectful disagreement with a manager or boss is for the most part encouraged or welcome if you can back it up with a valid point however in other cultures an outright disagreement is considered inappropriate and rude. Which is why it's doubly important to have good communication skills when expressing disagreement since it will take subtle tact and suggestion in order to effectively communicate; some western cultures will not even pick up on a disagreement expressed if they don't understand it's considered impolite to disagree outright in other cultures.

### ***When Business Links Aren't Enough***

When it comes to western culture business relationships are merely business, it's important to them to keep them professional. However, in other cultures it is expected that business and personal relationships are intertwined. Communication skills and techniques go far beyond the bounds of simple business; it's often considered impolite to immediately begin work without inquiring about health or family for many cultures. We may think we're professional, but for many cultures business etiquette is not enough.

### ***Addressing Authority***

Key communication skills level the playing field when it comes to the all-important addressing of authority. In western culture we may be comfortable calling our boss by their first name if we have a good repertoire with them, but this is not true for all cultures. When in doubt always properly address a client or potential partner formally. Keep in mind that while most western cultures have someone's first name first and surname second, other cultures prefer to do this in reverse. Also nicknames may be common in the immediate workplace but it's expected that formal addressing continues much longer than in other cultures than in western cultures.

### ***Nonverbal Communication***

Finally, skills for effective communication are not limited to verbal speech alone; there are many nonverbal gestures that need to be mastered before we attempt them. For example, our "thumbs up" is a positive sign of agreement or confidence, but it would be considered incredibly offensive to certain cultures. While we all know it's important to maintain eye contact, depending on the situation this could be incredibly offensive. Standing close to someone, sitting down first at a meeting, reading a business card in front of the person presenting it and even using your left hand to give something is all gestures that are could be construed as negative so keep this in mind. All is not lost however; researchers have found that a genuine smile is

universally understood to be positive; one does not need communication skills to show a good old fashioned free smile.

*Business Across Cultures: Etiquette at Work*

The unspoken but assumed behavior that conveys politeness is strongly based on culture. One of the easiest ways to inadvertently cause offense is either to violate a cultural taboo or to fail to follow one of society's rules of polite behavior.

Whether for Indonesian business men travelling in the West or for foreign professionals working in Indonesia, it is important that you take the time to learn about and follow the assumed rules of politeness. Many foreign professionals in cross cultural training programs comment that they thought that politeness was universal. Meaning that, if you act politely based on your own understanding of what is polite, people in other cultures will understand the attempt. Generally the foreign professional should also take the time to learn about the specific cultural ideas of politeness that do vary between cultures. In Indonesian business, there are a few specific rules that foreign professionals should be sure to know about and follow. Perhaps the most important of these is the giving of refreshments in meetings.

Taken as an example, Indonesian society considers the giving of refreshments to guests as a very important display of respect and politeness. If you are the host of a meeting with a Bapak, you should make sure that some refreshment is offered. If you are the guest you will most probably be offered tea or coffee. It is normally advisable to accept even if you are not thirsty. A guest should wait for the host to indicate that it is permissible to drink. Quite often there may be a delay between being served and being asked to drink.

Being invited to drink can even indicate that the business portion of the meeting is over. Be patient and follow your host's lead. If you really are thirsty, ask permission to start drinking. This custom is modified during the fasting month of Ramadan.

Most foreign professionals already know that the left hand is considered unclean in many countries. That is also true in Indonesia. Never hand anything to another person using your left hand. If this makes the action somewhat cumbersome by having to change hands, take the time to do it anyway. Dress in the office should be formal. There can be problems in multicultural offices because the foreign professionals wore blue jeans and T-shirts. The Indonesian co-workers perceived this as informal and disrespectful on the part of the expatriate. How, they asked, can the foreign professionals expect respect when they look like tourists?

The giving of gifts is quite common in Indonesian society as it reflects the communal nature of traditional life. Souvenirs or small food items are usually given to co-workers when a manager returns from a long trip. This also translates to bringing small gifts when visiting someone's house and even giving mementos of special training or business trips.

There are a few differences in the use of hands and feet for indicating actions or getting attention. The proper way to call someone is to use one of the Indonesian words Pak, Mas, Bu, Mbak and make a scooping motion toward you with your hand, fingers facing down. Crooking the index finger as is common in the West is not polite here. Also, be observant of where you position your feet. Exposing the sole of your



shoe can be impolite as is pointing with your foot to indicate an object. Shoes should be removed when entering mosques or, usually, when entering someone's home. If you are unsure, ask.

Lastly, foreign professionals should keep in mind the importance of status in Indonesian society. In Indonesia everyone has status, but that status is situational. A low-level employee in your office may have very high status in his home community either through leadership ability or religious training. Try to understand the different situations that arise in day to day office activity and modify your personal behavior to meet those situations appropriately.

#### *Across Cultures Communicating Business Globally*

Global business benefits may include allowing firms to increase their profitability in ways not available to purely domestic enterprises. Firms operating internationally are able to realize location economies. Location economies are value creation activity in the optimal location, using lower-cost locations reduces overall costs and product differentiation for super pricing and creating a Global web for value creation. Why does the Le Mans car continue to be sold even though it was considered in the U.S. as a low rating vehicle?

Because of location economies and cost the car was a great production for GM. In Germany the car was made cheap but the gain for GM was great. If we look at Hyundai cars we use to say it was a piece of junk but the company use of location economies created a continuous gain. In Korea the Hyundai factory made outstanding cars but for the U.S. they were made with just enough quality to create a gain and start a name. Longtime goal had to be the focus of Hyundai for the U.S. market in which they have succeeded. Global business also benefits the use of cheap labor. We all wonder why a business moves to overseas and the answer is “cheap labor” which is part of product and skills localization.

Because of low employment rates and lack of trades a country like Mexico has skilled workers that will work twice as hard and half the pay of Americans. A globalized business will relocate or expand to reap the benefits to maximize productivity. Large businesses normally get a big tax break from the country it setups in. Can we call this type of business strategy a greedy business? No, it's just business. Global business refers to the exploit of other country resources to include labor rate, tax cuts and etc. Whereas international business is to expand your product to other countries they can use your product over their own.

There are some advantage and disadvantage with global business strategies:

Advantages:

- Facilitate entry into foreign markets.
- Enable partners to share fixed costs and risks associated with new products and processes.
- Facilitate transfer of complementary skills between companies.
- Help establish technological standards.

Disadvantages:

- Risk of giving away technological know-how.
- Risk of opening local market access to foreign alliance partner.

- Risk of not getting anything in return

When dealing in the realms of global and international business communicating across cultures will place a major role. Cross culture communication simply deal with getting to know the culture of the country you will be dealing with. The first step in a successful cross culture communication is to familiarize yourself with that culture work norms, address terms and attitudes toward time. Most countries have different culture background therefore it is best to study ones culture. Though it is impossible to fully understand all the intricacies of other societies, it is worth learning at least the basics - how to greet and address others, how to dress, how to handle business cards, personal space, eye contact, and punctuality to name a few. First impressions are always important so showing cultural respect when greeting others is essential. In many western countries a handshake is the preferred greeting, but even differences exist there. In Germany a firm, brief handshake with good eye contact is expected at introductions and departures while in Italy handshakes can be warm and spirited in business meetings. And in both countries it is customary to shake hands with everyone in the group upon entering and leaving, avoiding general group salutations. Some cultures, such as the French, may kiss one another when greeting at work, but it is best to refrain from the behavior unless they initialize it, extending your hand instead. The Japanese often shake hands with westerners as a sign of respect and appreciate when westerners bow out of respect to their culture. Chinese may bow or shake hands. In respect to the different cultures that you may face it is operative that we master this communication barrier and overcome it.

***Task 4. Answer the questions.***

1. What are the main rules of doing business across cultures?
2. Why is it important to follow these rules?
3. What are the benefits of global business?
4. What risks are considered to be the disadvantages of global business?

***Task 5. Talk about your experience of working in cross-cultural teams.***

Was it easy? What was the most difficult thing? “When in Rome, do as the Romans do”. But is it possible to change your behavior or personality?

***Task 6. Talk about your experience of working in cross-cultural teams. Part two.***

Do you take part in meeting in English with native speakers? Do you find the native speakers tend to dominate or do they make allowances for the tact that some participants are speaking a foreign language?

***Task 7. What nationalities do you tend to associate with the following characteristics?***

1. They insist on sticking to a strict agenda.
2. They can't see any further than next month's sales figures.
3. They like to get to know you before they do business with you.
4. They're generally pretty disorganized.
5. They avoid confrontation at all costs.

6. It takes a while to win them over.
7. They keep changing their minds.
8. They say what they mean and they mean what they say.
9. They seem to argue for the sake of arguing.
10. They tend to dominate the meeting.
11. They see meetings as an opportunity to exchange information and share ideas.
12. They see meetings as an opportunity to get things moving.

***Task 8. Read the text and be ready to render it according to the plan. (See App.1)***

### **Boardroom culture clash**

An Unpredictable Affair. Try to put pressure on a Japanese in a negotiation and you will meet with stony silence. Hold an informal fact-finding meeting with a German and you can expect a battery of searching questions.

Disagree with the French on even a minor point and they will take great pleasure in engaging in spirited verbal combat. Doing business across culture can be an unpredictable affair.

Cultural Awareness. Most of us prefer to do business with people we like. And it should come as no surprise that people we like tend to be like us. So whilst we may dispute the accuracy of cultural stereotypes, it is generally agreed that good business relationships are built on cultural awareness. Across national frontiers “nice guys” do more business than nasty ones. But what constitutes nice-guy behaviour in a boardroom in Miami is not necessary what they expect in Madrid.

The US Perspective. For instance, most Americans will insist on the hard sell. It’s not enough that you want to buy their products, you must let them sell them to you. They have to report back to superiors who will be as interested in how the deal was struck as the result. Systems and procedures matter to Americans.

The Spaniards Trust You. The Spanish on the other hand are unimpressed by the most meticulously prepared meeting and pay much more attention to people. In this they are more like The Arabs or the Japanese. In the Middle and Far East business is built on trust over a long period of time.

Spaniards may come to a decision about whether they trust you a little sooner. Animated Italians. Italians tend to feel that the main purpose of meetings is to assess the mood of those present and reinforce team-spirit. There may well be a lot of animated discussion at a meeting in Italy but the majority of decisions will be made elsewhere and in secret.

Scandinavians Want Results. Strangely enough Scandinavians are rather like Americans. They value efficiency, novelty, systems and technology. They are firmly profit-oriented.

Succeed With The Germans. Don’t be surprised if the German start a meeting with all the difficult questions. They want to be convinced you are as efficient and quality-conscious as they are. They will be cautious about giving you too much

business until you have proved yourself. They will demand prompt delivery and expect you to keep your competitive edge in the most price-sensitive market in Europe. Succeed and you will enjoy a long-term relationship.

**Adversarial Meetings.** The French will give you their business much more readily. But they will withdraw it just as fast if you fail to come up with the goods. Meetings in France tend to be adversarial. Heated discussion is all part of the game. Germans will be shocked to hear you question their carefully prepared arguments. The Spanish will offer no opinion unless sure of themselves for fear of losing face. But French executives prefer to meet disagreement head on and the British tendency to diffuse tension with humour doesn't go down too well.

**Prisoners of Our Culture.** Ask yourself whether meetings are opportunities to network or get results. Is it more important to stick to the agenda or generate new ideas? Is the main aim of a meeting to transmit or pool information? It all depends on where in the world you hold your meeting and whether you belong to an individualistic business culture like The French, German and Americans or to a collective one like the British, Japanese and Greeks. Indeed who knows to what extent our views are our own and to what extent you are culturally conditioned? For in business as in life, "All humans beings are captives of their culture."

**Task 9. Which of the following points support the opinions expressed in the article?**

1. In meetings the French tend to be more aggressive than the Germans
2. The Arabs have nothing in common with the Japanese.
3. The French generally don't appreciate the British sense of humor.
4. The Spanish are rarely hesitant in cross-cultural meetings.
5. The Americans and Scandinavians value a methodical approach.
6. The Germans want quality at any price.
7. The British tend to be more individualistic in Business than the Germans.
8. In business the Italians are more or less like the Spanish.

**Task 10. Obviously in a delicate negotiation you do not always say exactly what you think. You need to be able to express yourself diplomatically to make your point firmly but politely. Match what you think with what you say.**

#### WHAT YOU THINK

- |  |  |
|--|--|
| 1. We are unhappy with this offer.     | 8. We are shocked that you expect us to cover the costs. |
| 2. We are dissatisfied.                | 9. That's wrong.   |
| 3. We can't accept it.                 | 10. We want a bigger rebate.                             |
| 4. You said there would be a discount. | 11. You obviously don't understand.                      |
| 5. Don't forget your obligations.      | 12. We must finalize the deal today.                     |
| 6. We want a guarantee.                |  |
| 7. We won't agree to this.             |  |

### WHAT YOU SAY

- a) Unfortunately we would be unable to accept that.
- b) With respect that's not quite correct.
- c) I'm sure we don't need to remind you of your contractual obligations.
- d) We're rather surprised that you expect us to cover the costs.
- e) We would find this somewhat difficult to agree to.
- f) We were rather hoping to finalize the deal today.
- g) I'm sorry but we're not very happy with this offer.
- h) Actually we were hoping for a slightly more substantial rebate.
- i) I'm afraid you don't seem to understand.
- j) We understood there would be a discount.
- k) We would need some sort of guarantee.
- l) We're not completely satisfied.

Now change the following rather direct remarks into ones which are more diplomatic. The words in brackets will help you.

1. You said the goods were on their way. (understood)
2. We're unhappy about it. (sorry but/ not very)
3. That's a bad idea. (might/ not very)
4. This is most inconvenient. (afraid/ might/ not very)
5. We can't accept your offer. (unfortunately/ unable)
6. We want a bigger discount. (hoping/ slightly)
7. Your products are very expensive. (seem/ rather)
8. We must reach agreement today. (actually/ rather hoping)
9. It'll be unmarketable. (unfortunately/ would/ not very)
10. There will be a delay. (afraid/ might/ slight)
11. You must give us more time. (actually/ appreciate/ a little more)
12. You don't understand how important this is. (respect/ don't seem)
13. Don't forget the terms of the contract! (sure/ don't need/ remind)
14. We're getting nowhere! (afraid/ don't seem/ very far)

### **Task 11. Choose the right words in italics in the sentences.**

1. Try to have good working *relations/relationships* with people from other cultures.
2. My name is Aga. It's *pleasant/a pleasure* to meet you.
3. Bjorn, I'd like to *introduce/present* you to Sergey.
4. My name is Josephine, but please *call me/say* Jo.
5. Avoid making people lose *face/lose* their face.
6. It's not very nice to be in a situation where you are *embarrassed/have shame* in public.
7. It's OK to *speak/talk* business at a working lunch.
8. Laughing at yourself can put the other person at *ease/make* the other person easy.
9. Irony is often *mistaken/misunderstood*.
10. Some people judge you by how firmly you shake *hands/shake* the hands.

**Task 12. Match the cultural issues with the comments.**

- |                |                        |                  |
|----------------|------------------------|------------------|
| 1. eye contact | 3. maintaining harmony | 5. working lunch |
| 2. humour      | 4. punctuality         | 6. titles        |

- a) “A business contact in Japan took me out to dinner in Tokyo. I asked the waiter about the dish of the day. The waiter told me, and I said, “No, I don’t like that.” My Japanese host looked horrified.
- b) “We just grabbed a few sandwiches from a place round the corner and went back to the office.”
- c) “When I worked in London I found that people used to make jokes in the middle of a business meeting – that just doesn’t happen in my country.”
- d) “We were supposed to start at 9 am, and I got there ten minutes early. They were only just opening the building – the lights weren’t even on.”
- e) “He leant forward and stared at me in silence for several seconds, like he was looking into my soul or something. I felt very uncomfortable.”
- f) “A German colleague once told me that over there a senior male university teacher with two PhDs could receive emails that begin “Herr Professor Dr Dr Schmidt”. I wonder if it is true?”

**Task 13. Complete the sentences below using words from the list.**

*marker price client cost profit quality technology*

1. We’re a firmly ... -oriented company so the bottom-line for us is not how big our market share is but how much money we’re going to make.
2. Even at low prices inferior products won’t sell in such a ... -conscious market.
3. The market’s far too ... -sensitive to stand an increase in service charges.
4. We’re constantly forced to respond both to changing customer needs and to what our main competitors are doing in a ... -driven business such as this.
5. The customer always comes first. We’re a very ... -centered company.
6. In a ... -led business such as ours it’s vital to plough profits back into R&D.
7. If the price of materials goes up any more, production will no longer be ... -effective.

**Task 14. Choose the best word to fill each gap from the alternatives given below.**

“My name is Daniel Bertolino and I’m a software developer. In our department we dress (1) ..... We can’t wear shorts or dirty T-shirts so I suppose it’s “(2) ..... casual”. People in Sales have to dress (3) ..... The men wear dark business (4) ..... and so do the women. They all look the same. It’s like a (5) ..... really. At the end of each month we have a (6) ..... Friday. It’s strange to see the CEO without a tie on.”

- |    |               |               |              |
|----|---------------|---------------|--------------|
| 1. | a) casualty   | b) causally   | c) ccasually |
| 2. | a) smart      | b) straight   | c) special   |
| 3. | a) obligatory | b) remotely   | c) formally  |
| 4. | a) shirts     | b) suits      | c) suites    |
| 5. | a) uniform    | b) portfolio  | c) logo      |
| 6. | a) dress-up   | b) dress-down | c) dress-in  |

## Unit 7

### Leadership Styles

**Task 1. Which of these statements do you agree with. Explain your reasons.**

A manager should:

1. know when your birthday is
2. know where you are and what you're doing at all times during working hours
3. not criticize or praise
4. not interfere in disagreements between members of staff
5. not ask people to do things they are not prepared to do themselves
6. be available at all times to give staff advice and support
7. keep their distance from staff and not get involved in socializing outside work
8. use polite language at all times
9. work longer hours than their staff
10. comment on the personal appearance of their staff

**Task 2. What is the role of a manager? Choose your top three roles from the following:**

- coach/motivator
- mediator
- problem solver
- instigator
- dictator
- organizer
- facilitator
- leader
- mentor
- decision-maker

**Task 3. Before you read the article answer one of these questions.**

- If you are a manager, what sort of style do you have?
- If you were a manager, what sort of style do you think you would have?

**Task 4. Work in groups of three. Each of you read about one of the management styles – directing, discussing, delegating – and decide which of the following statements are true for your style. Then meet as one group and summarize the main features of the style you read about to the others in your group.**

1. It is up to employees to keep the manager up to date on progress.
2. Managers set strict time limits.
3. Managers encourage staff to put forward their ideas.
4. Managers and employees decide together what needs to be achieved.
5. Decisions are made by managers and their staff.
6. Employees get precise instructions.
7. Managers do not want employees to avoid making decisions which employees should make.



8. Managers have tight control of employees' movements and work schedules.
9. When employees are given tasks, they decide how to complete them.

**Task 5. Which of the three management styles would you prefer to use:**

- a) as a manager?
- b) experience as an employee?

**Task 6. Match the word partnerships in groups 1 and 2, then check your answers in the article.**

Group 1

establish  
monitor  
provide  
set  
make  
assign

feedback  
goals  
decisions  
performance  
roles  
standards

Group 2

present  
achieve  
direct  
take  
improve  
action  
employees  
ideas  
performance  
goals

**Task 7. Check the following word partnerships. Find the odd one out in each group.**

- |                              |             |
|------------------------------|-------------|
| 1. Check/assess/look         | performance |
| 2. Make/achieve/establish    | goals       |
| 3. Reach/do/implement        | decisions   |
| 4. Meet/set/get              | standards   |
| 5. Establish/assign/make     | roles       |
| 6. Reach/deliver/achieve     | goals       |
| 7. Come up with/make/present | ideas       |
| 8. Achieve/direct/guide      | employees   |

**Task 8. Read the article and be ready to render the article according to the plan. (See App.1)**

### **The Big Three Management Styles**

*by Paul B. Thornton  
on December 2, 2002  
in Creative Leadership,  
The HR Refresher*

Management literature describes numerous management styles, including assertive, autocratic, coaching, country club, directing, delegating, laissez faire, participatory, supportive, task oriented and team-based. Are there really that many styles? I believe there are three basic styles – directing, discussing and delegating. The appropriate style provides the right amount of structure and support for each situation. Each style is unique in terms of how managers communicate, set goals, make decisions, monitor progress and recognize good performance.

#### *Directing Style*

Managers tell people what to do, how to do it and when to have it completed. They assign roles and responsibilities, set standards and define expectations.

- Communications – The manager speaks, employees listen and react. Managers provide detailed instructions so employees know exactly what to do. The ability to communicate in a clear, concise, and complete fashion is critical. The only feedback managers ask for is, “Do you understand what needs to be done?”

- Goal-Setting – “Your goal is to sell 15 cars per month.” The manager establishes short-term goals. When goals are specific and time bounded, employees are clear on what is expected of them. Goals and deadlines often motivate people.

- Decision-Making – “I want you to stop what you are currently doing and help Sue set up the room for the seminar.” The manager makes most if not all decisions. When problems arise the manager evaluates options, makes decisions and directs employees as to what actions to take.

- Monitoring Performance and Providing Feedback – Managers establish specific control points to monitor performance. “Get back to me at 11:00 a.m. to brief

me on what you've accomplished." Managers provide frequent feedback including specific instructions on how to improve performance.

- Rewards and Recognition – What makes a “directing style” manager happy? When people follow directions. “Great job, you did exactly what I told you to do.”

The directing style is appropriate when there is a mandate from above that describes what must be done and how it must be done. The manager is the “commander in charge” simply carrying out the orders. The directing style is also appropriate when employees have limited experience or lack the skills needed to complete the assignment. Directing style managers provide the structure, action steps and controls necessary to complete the task.

### *Discussing Style*

Managers using this style take time to discuss relevant business issues. What happens in a good discussion? People present ideas, ask questions, listen, provide feedback, challenge assumptions and coach as needed. It's important to make sure ideas are fully discussed and debated. Managers often perform the role of facilitator, making sure the discussion stays on track and everyone has a chance to contribute.

- Communication – Two-way communication is the norm. “Let's go around the table and give everyone a chance to discuss their ideas.” Managers spend as much time asking questions and listening as they do talking and sharing their ideas. The right question focuses the discussion and draws out people's ideas.

- Goal-Setting – “Ingrid, what do you think our sales target should be for the fourth quarter?” After adequate discussion, goals are established. Utilizing a participatory style generally increases employees' commitment to achieve their goals.

- Decision-Making – “We have a problem with the amount of inventory we're currently carrying. What action do you think we should take?” Decisions are made collaboratively. Both manager and employee play an active role in defining problems, evaluating options, and making decisions.

- Monitoring Performance and Providing Feedback – The manager and employee monitor performance and discuss what actions need to be taken. This works best when both parties are open and make adjustments as needed.

- Rewards and Recognition – “Jason, you make an excellent point about the proposed organizational structure.” Managers recognize people when they contribute to the discussion, ask good questions, build on the ideas of others, and are open to new ideas.

The discussion style is appropriate when there are opportunities to influence answers to questions such as, “What are our goals?” “What quality standards are needed?” “What work process should be used?” “Who should do the work?” “What type of controls and feedback are needed?” The discussion style is effective when employees have ideas and confidence to speak up. Involvement in determining what must be done and how it will be done increases employees' commitment to making it happen.

### *Delegating Style*

Managers using this style usually explain or get agreement on what has to be accomplished and when it must be completed. The how-to-do-it part of the equation is left up to the employee. Responsibility and authority are given to employees to get the job done.

- Communications – Regarding what has to be accomplished, communications may be one-way: “I want you to deliver a 15-minute presentation on our new compensation program at Tuesday’s meeting.” In other situations it may be two-way: “Let’s discuss what needs to be accomplished in the marketing brochure you’re designing.” Additional communication takes place to review what has been accomplished and obstacles preventing progress.

- Goal-Setting – As stated above, specific goals may be established by the manager or may evolve after a discussion between manager and employee. Failures in delegation can often be traced back to a lack of understanding of the desired output or deliverable. “I thought you only wanted recommendations, not an implementation plan.”

- Decision-Making – “Barbara, that’s your decision to make.” Decisions as to how the task will be accomplished are left to the employee. Employees have the power to take appropriate actions to achieve the desired goals. Managers must avoid “reverse delegation” when employees try to give back decisions that they should be making.

- Monitoring Performance and Providing Feedback – “I want a weekly update on plan accomplishments.” Managers decide how much monitoring is necessary. The amount of monitoring depends on the priority of the task and the person doing it. Providing feedback is the responsibility of the employee. Keeping the manager informed, especially when the plan is off track, is critical.

- Rewards and Recognition – Managers reward and recognize people who demonstrate the ability to work independently, make decisions and get the job done. “Helen, you worked through numerous obstacles. You found a way to make it happen. Great job!”

The delegating style is appropriate when people have the knowledge, skills and motivation to get the job done. Experienced people don’t need a manager telling them what to do. They want the freedom to choose how to get the work done. This style gives managers more time to spend on other tasks such as benchmarking, strategic thinking and planning.

Each style is unique in terms of how the management functions are executed. Effective managers use all three management styles to work with and through people to achieve organizational goals. The appropriate 3-D style challenges and motivates people to achieve the desired results. There are two basic clues to determine when to use each management style. The degree to which the outcome of using the style meets the objectives, and how the employee feels about the style are both important. When using each style it’s important to pay attention to both project results and the behavior/morale of the people. If both are good, keep doing what you’re doing. If not, ask questions and make adjustments.

## Leadership style survey

*This questionnaire contains statements about leadership style beliefs. Next to each statement, circle the number that represents how strongly you feel about the statement by using the following scoring system:*

*Almost Always True — 5*

*Frequently True — 4*

*Occasionally True — 3*

*Seldom True — 2*

*Almost Never True — 1*

*Be honest about your choices as there are no right or wrong answers — it is only for your own self-assessment. After the questionnaire answer the question, “Which style of management is the most preferable for you?”*

<b>1.</b>	I always retain the final decision making authority within my department or team.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>2.</b>	I always try to include one or more employees in determining what to do and how to do it. However, I maintain the final decision making authority.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>3.</b>	I and my employees always vote whenever a major decision has to be made.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>4.</b>	I do not consider suggestions made by my employees as I do not have the time for them.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>5.</b>	I ask for employee ideas and input on upcoming plans and projects.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>6.</b>	For a major decision to pass in my department, it must have the approval of each individual or the majority.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>7.</b>	I tell my employees what has to be done and how to do it.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>8.</b>	When things go wrong and I need to create a strategy to keep a project or process running on schedule, I call a meeting to get my employee's advice.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

9.	To get information out, I send it by email, memos, or voice mail; very rarely is a meeting called. My employees are then expected to act upon the information.	5	4	3	2	1
10.	When someone makes a mistake, I tell them not to ever do that again and make a note of it.	5	4	3	2	1
11.	I want to create an environment where the employees take ownership of the project. I allow them to participate in the decision making process.	5	4	3	2	1
12.	I allow my employees to determine what needs to be done and how to do it.	5	4	3	2	1
13.	New hires are not allowed to make any decisions unless it is approved by me first.	5	4	3	2	1
14.	I ask employees for their vision of where they see their jobs going and then use their vision where appropriate.	5	4	3	2	1
15.	My workers know more about their jobs than me, so I allow them to carry out the decisions to do their job.	5	4	3	2	1
16.	When something goes wrong, I tell my employees that a procedure is not working correctly and I establish a new one.	5	4	3	2	1
17.	I allow my employees to set priorities with my guidance.	5	4	3	2	1
18.	I delegate tasks in order to implement a new procedure or process.	5	4	3	2	1
19.	I closely monitor my employees to ensure they are performing correctly.	5	4	3	2	1
20.	When there are differences in role expectations, I work with them to resolve the differences.	5	4	3	2	1

<b>21.</b>	Each individual is responsible for defining their job.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>22.</b>	I like the power that my leadership position holds over subordinates.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>23.</b>	I like to use my leadership power to help subordinates grow.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>24.</b>	I like to share my leadership power with my subordinates.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>25.</b>	Employees must be directed or threatened with punishment in order to get them to achieve the organizational objectives.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>26.</b>	Employees will exercise self-direction if they are committed to the objectives.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>27.</b>	Employees have the right to determine their own organizational objectives.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>28.</b>	Employees seek mainly security.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>29.</b>	Employees know how to use creativity and ingenuity to solve organizational problems.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>30.</b>	My employees can lead themselves just as well as I can.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

In the table below, enter the score of each item on the above questionnaire. For example, if you scored item one with a 3 (Occasionally), then enter a 3 next to Item One. When you have entered all the scores for each question, total each of the three columns.

Item	Score	Item	Score	Item	Score
<b>1</b>	_____	<b>2</b>	_____	<b>3</b>	_____
<b>4</b>	_____	<b>5</b>	_____	<b>6</b>	_____

7	_____	8	_____	9	_____
10	_____	11	_____	12	_____
13	_____	14	_____	15	_____
16	_____	17	_____	18	_____
19	_____	20	_____	21	_____
22	_____	23	_____	24	_____
25	_____	26	_____	27	_____
28	_____	29	_____	30	_____
<b>TOTAL</b>	_____	<b>TOTAL</b>	_____	<b>TOTAL</b>	_____
	<b>Authoritarian Style</b>		<b>Participative Style</b>		<b>Delegative Style</b>

## Appendix 1

### *The Plan For Rendering The Article*

1.	The Headline/ Title of the Article	The article is headlined... The article goes under the headline... The article under the headline... has the subhead...
2.	The Place of Origin	The article is printed/ published in... The article is from a newspaper under the nameplate...
3.	The Time of Origin	The publication date of the article is... The article is dated the first of October 2017 The article is printed on the second of October in 2017
4.	The Author	The article is written by... The author of the article is... The article is written by a group of authors
5.	The Theme/ Topic	The article deals with the topic... The basic subject matter of the script is... The article touches upon the topic of... The headline of the article corresponds to the topic...
6.	The Main	The purpose of the article/ author is to give the reader some



	Idea/ Aim of the Article	information on...; to inform with...; to compare/determine...; to provide the reader with some material/ data on...
7.	The Contents of the Article (a short summary in 3 or 4 sentences)	<p>The article can be divided into ‘some’ parts (The first part deals with..., the second covers the events, the third touches upon the problem of..., the fourth part includes some interviews, dialogues, pictures, reviews, references, quotations, figures...)</p> <p>The article is written in the form of the monologue, from the first/ third person narration.</p> <p>In the video report we come across an interview, historical facts, a speech of..., the picture from the place of events.</p> <p>The author starts by telling the reader... (writes, states, stresses, depicts, says, informs, underlines, confirms, emphasizes, puts an accent on, accepts/ denies the fact, reports, resorts to, hints on, inclines to and so on)</p> <p>The article describes, goes on to say...</p> <p>The key sentences/ words of the article... are the following...</p>
8.	The Vocabulary of the Article: -the topical voc. -the author's voc.	<p>While reading I've come across some topical words and expressions like...</p> <p>A great number of words belong to the topic ...</p> <p>The author's vocabulary is rather vivid, poor, rich ...</p> <p>The author resorts to colorful general phrases/ clichés/ stable statements/ understatements/ exaggerations/ words with negative/ positive connotation/ fine words/ descriptive adjectives/ comparisons (to create a vivid picture, a humorous effect/ to enforce the influence the reader)</p> <p>We see the author's mastery in conveying the main idea to the reader with the help of the phrases/ parenthesis/ sayings/ proverbs ...</p>
9.	Personal Opinion/ Impression of the Article	<p>I found the article interesting/ important/ hard to understand (Why?)</p> <p>I appreciate the author's word-painting as superb/ ordinary/ exaggerated ...</p>
10.	Personal View on the Topic/ Idea/ Problem	<p>The message of the writer is clear to understand...</p> <p>I share the author's view...</p> <p>I don't quite agree with the fact...</p>

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