

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ**  
**ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ**  
**ІМЕНІ СЕМЕНА КУЗНЕЦЯ**

*Т. А. Борова*  
*Н. О. Бутковська*

**ІНОЗЕМНА МОВА**  
**(ЗА ПРОФЕСІЙНИМ СПРЯМУВАННЯМ):**  
**ОСНОВИ БІЗНЕСУ ТА ПІДПРИЄМНИЦТВА**

**Навчальний посібник**

**Харків**  
**ХНЕУ ім. С. Кузнеця**  
**2019**

УДК 811.111(075.034)

Б83

**Авторський колектив:** д-р пед. наук, професор Т. А. Борова – вступ, розділи 1, 2; ст. викладач Н. О. Бутковська – розділи 3, 4, аудіоскрипти.

Рецензенти: проректор з науково-дослідної роботи Харківської державної академії дизайну і мистецтв, канд. філол. наук, д-р пед. наук, професор *О. В. Гончар*; завідувач кафедри загального та прикладного мовознавства Харківського національного університету імені В. Н. Каразіна, канд. філол. наук, доцент *В. О. Гупороз*.

**Рекомендовано до видання рішенням ученої ради Харківського національного економічного університету імені Семена Кузнеця.**

Протокол № 9 від 27.05.2019 р.

*Самостійне електронне текстове мережеве видання*

**Борова Т. А.**

Б38 Іноземна мова (за професійним спрямуванням): основи бізнесу та підприємництва [Електронний ресурс] : навчальний посібник / Т. А. Борова, Н. О. Бутковська. – Харків : ХНЕУ ім. С. Кузнеця, 2019. – 197 с. (Укр. мов., англ. мов.)

ISBN 978-966-676-765-6

Запропоновано навчальний матеріал щодо оволодіння англійською мовою економічного спрямування. Подано завдання, що сприяють формуванню професійної іншомовної комунікативної компетентності студентів. Структура відповідає вимогам щодо організації навчального процесу з англійської мови у закладах вищої освіти. Може бути використаний як для навчання в групах, так і для самостійного вивчення.

Рекомендовано для студентів, викладачів, аспірантів, а також усіх, хто вивчає англійську мову професійного спрямування самостійно.

**УДК 811.111(075.034)**

© Борова Т. А., Бутковська Н. О., 2019

© Харківський національний економічний університет імені Семена Кузнеця, 2019

ISBN 978-966-676-765-6

# Contents

Вступ.....	4
1. Elements of Business .....	5
1.1. What Is Economics About.....	5
1.2. Types of Economic System.....	20
1.3. Economic Resources .....	36
Case study 1. Surplus: Sale Merchandise .....	50
2. The Company .....	52
2.1. The Forms of Business Organizations .....	52
2.2. Company's Profile.....	65
2.3. Types of Companies.....	78
Case study 2. Going into Partnership.....	89
3. Human Resources .....	91
3.1. Why Work .....	91
3.2. Labor Force. Recruitment and Selection.....	103
3.3. Work and Money.....	117
Case study 3. Life at the Bottom .....	130
4. Financial Resources .....	133
4.1. Management Accounting .....	133
4.2. Sources of Finance for the Self-Employed .....	145
4.3. Sources of Finance for Companies .....	155
Case study 4. Financial News.....	167
Scripts .....	169
References .....	186
Key .....	189

## Вступ

Вільне володіння англійською мовою є безперечною умовою досягнення у будь-яких сферах життя, зокрема, у бізнесі. Цей навчальний посібник має на меті надати студенту можливість оволодіти англійською мовою економічного спрямування та сформувати у майбутніх фахівців загальні та професійно-орієнтовані комунікативні мовленнєві компетентності (лінгвістичну, соціолінгвістичну і прагматичну) щодо забезпечення ефективного спілкування в академічному та професійному середовищі.

Навчальний посібник складається з чотирьох розділів, які за структурою мають спільний характер, а саме: кожний розділ поділяється на три підрозділи, до кожного розділу розроблено рольову гру та підсумкову роботу з вивченого матеріалу. Усі підрозділи також ідентичні за структурою і складаються із базового тексту з завданнями на розуміння, включаючи семантизацію нових лексичних одиниць та удосконалення граматичної компетентності студентів, завдань на аудіювання та говоріння, що сприяють більш ефективному засвоюванню нового матеріалу, та вправ на формування навичок з написання ділової кореспонденції. Навчальний посібник базується на поступовому ускладненні фахового матеріалу. У додатках подано граматичний довідник, матеріали якого допоможуть у виконанні граматичних вправ, він також містить основні мовні штампи для ведення дискусії та приклади написання ділової кореспонденції.

Для читання дібрано автентичні тексти, які за змістом та лексичним наповненням відповідають академічним і професійним сферам. Мовні функції комунікативних завдань пов'язані з навчанням за спеціальністю. Економічна лексика, що дібрана відповідно до вимог освітніх програм підготовки фахівців, вводиться тематично і засвоюється у ході виконання різноманітних вправ. Мовленнєві вміння розвиваються в інтегрований спосіб, що сприяє ефективному вивченню англійської мови. Рольові ігри, передбачені тематикою кожного розділу, сприяють наближенню до реальної практичної діяльності студентів. Матеріали спрямовані на формування професійної комунікативної компетентності. Навчальний посібник складено згідно з вимогами щодо організації навчального процесу з англійської мови у ЗВО, програмою з англійської мови професійного спілкування та Загальноєвропейськими рекомендаціями з мовної освіти. Це друге, перероблене видання.

# 1. Elements of Business

## 1.1. What Is Economics About

**Task 1.** "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses". What did the British economist Lionel Robbins mean in his 1932 *Essay on the Nature and Significance of Economic Science*: a) human behavior; b) scarce resources; c) production, distribution and consumption of goods and services?

**Task 2.** These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [30].

1. Consumption	A. Prognosis, forecast
2. Goods and services	B. Shortrage, lack of something
3. Incentive	C. Supplying
4. Prediction	D. Tangible items, such as pens, salt, apples, and hats and activities provided by other people, who include doctors, lawn care workers, dentists, barbers, waiters, or online servers
5. Focus on	E. Standard of life
6. Scarcity	F. Use, utilization, expending, expenditure
7. Living standards	G. A new or reserve supply that can be drawn upon when needed from the earth
8. Opportunity cost	H. State of running a business with considerable initiative and risk
9. Factors of production	I. A final part of something
10. Natural resources	J. Employees, people, members, staff, workers, men and women, workforce
11. Human resources	K. Concentrate on
12. Manufactured resources	L. Resources required for generation of goods or services
13. Entrepreneurship	M. All the people who work in a particular industry or country
14. Providing	N. Productive reserve
15. Labour force	O. Cost of a choice or alternative cost
16. Ends	P. Motivation

## ***Focus on Reading***

**Task 3. Read the text and say what problems the science of economics studies.**

1. **Economics** is the social science that studies the production, distribution and consumption of goods and services. Economics can be defined in a few different ways. It's the study of scarcity, the study of how people use resources and respond to incentives, or the study of decision-making. Economics is a broad discipline that helps us understand historical trends, interpret today's headlines, and make predictions about the coming years. Economics ranges from the very small to the very large, from **microeconomics** to **macroeconomics**.

2. **Microeconomics** studies small-scale economies. Microeconomics is concerned with how consumers (buyers) and producers (sellers) come together to exchange goods and services, how much is produced, what to produce, and the going prices. It focuses on the actions of individuals and firms, analyzes basic elements in the economy, including individual agents and markets, their interactions, and the outcomes of interactions. Individual agents may include, for example, households, firms, buyers, and sellers [2].

3. **Macroeconomics** is the branch that studies large-scale economies. Macroeconomics observes and analyzes how entire countries, full of many industries and consumers, function. Some of the elements of a large economy that macroeconomics considers include inflation, government policy, output growth, and unemployment. It analyzes the entire economy (meaning production, consumption, savings, and investment) and issues affecting it, including unemployment, scarce resources (labour, capital, and land), inflation, economic growth, and the public policies that address these issues (monetary, fiscal, and other policies) [2].

4. Other broad distinctions within economics include those between positive economics, describing "what is", and normative economics, advocating "what ought to be"; between economic theory and applied economics. Economic analysis can be applied throughout society, in business, finance, health care, and government. Economic analysis is sometimes also applied to such diverse subjects as crime, education, the family, law, politics, religion, social institutions, war, science, and the environment.

5. There is difference in using the terms "economic", "economical" and "economizing". "Economic" is used to mean "related to trade, industry or money". For example: *The economic forecast for the next year is not good.* The word "economical" means not using a lot of money. For example: *These cars are very economical. (They do not cost a lot of money to run).* "Economizing" is saving something by reducing the amount that you are spending. For example: *You could economize on food by not eating in restaurants or a lot of companies are trying to economize by not taking on new staff.*

6. One of the basic economic problems is scarcity. Scarcity is inadequate supply of the amount of time, money, goods, natural resources, etc. People want more goods and services than they can obtain. It is because their wants are not fully satisfied or scarce. People everywhere work for the demand of higher and higher living standards. This situation requires people to make decisions about how to allocate resources efficiently, in order to satisfy their needs and wants.

7. What people give up is described as the opportunity cost of obtaining the thing they have chosen. If the community makes choices and uses the economic resources to build houses, the opportunity cost will be the hospital, school, library which might have been built with the same resources. There would be no opportunity cost, if all goods were free goods. In reality, there are relatively few free goods. The most obvious example is air. There are several things which are described as "free" because we can obtain them without paying a price. For example, "free" education, "free" health has a zero price, which doesn't mean a zero cost. All these services are produced with scarce resources – land, labor, fuel, materials, etc. They all have an opportunity cost and are not free goods. If there were an unlimited supply of economic resources and full satisfaction of human wants, scarcity would not exist and there would be no need to economize.

8. Economics also studies factors of production. These are land, labor and capital. They are usually classified into three main groups: natural resources (the fertile soil, the sea, forests, minerals, etc.), human resources (energies, skills and knowledge of the working population) and manufactured resources, which may be described by the word "capital". To these three factors, many economists now add a fourth one – entrepreneurship. An entrepreneur is a person who organizes land, labor and capital into units of production.

**Task 4. Read the text (Task 3). For questions (1 – 5) choose the correct answer (A, B, C or D).**

1. Economics can be defined as the study of:

- A. how people use resources;
- B. scarcity;
- C. decision-making;
- D. the production, distribution and consumption of goods and services.

2. Economics ranges from:

- A. the branch of economics concerned with particular commodities, firms, or individuals to the economic relationships between them;
- B. the branch of economics concerned with aggregates such as national income, consumption, and investment to how it all functions;
- C. microeconomics to macroeconomics;
- D. positive economics, describing "what is", to normative economics, advocating "what ought to be".

3. Scarcity is:

- A. inadequate supply of the amount of time, money, goods, natural resources;
- B. inability to satisfy people's wants;
- C. people's decision making about how to allocate resources efficiently;
- D. full satisfaction of human wants.

4. The opportunity cost is the cost of:

- A. free goods;
- B. what people give up;
- C. what people want to buy;
- D. obtaining the thing people have chosen.

5. Economics studies the following factors of production:

- A. natural resources (the fertile soil, the sea, forests, minerals, etc.);
- B. human resources (energies, skills and knowledge of the working population);
- C. manufactured resources;
- D. natural resources, human resources, manufactured resources and entrepreneurship.



**Task 5. Read the text. Fill in the table about the difference in using the terms "economic", "economical" and "economizing" [2].**

Economic	Economical	Economizing

**Task 6. Read the text. Choose from (A – G) the one which best fits each space (1 – 5). There are two choices you don't need to use.**

Providing for needs. The business person is always looking out for chances ...1... . There are five basic needs: food, water, shelter, clothes, and warmth. They are just as important for people in the developed societies of the western world as they are for the few tribal societies of the developing world. ...2... . Money is invested in buying all the other goods to repeat the process. These goods are called capital. Money goes round and round from one person or firm to another to keep economy working. People get a job – so that ...3... . Business people and public bodies such as state schools provide the goods and services which other people need and make a profit to pay for their own needs.

Providing for wants. There are some things we cannot do without; but there are others which we may not really need, but which are very pleasant to have. Business provides for these wants ...4... . Modern societies could not exist as they do today unless people's wants were always increasing. People's wants are not limited. Technical progress continues to produce more interesting and more attractive ways of satisfying them. Motor cars, washing machines, refrigerators, domestic telephones and television sets, computers are now regarded as necessities but ...5... [4].

- A. many people are familiar with the benefits of government programs;
- B. not long ago these things were regarded as great luxuries;
- C. as well as for our basic needs;
- D. they will have enough money to pay for their needs;
- E. most people in the western world rely on others' labor;
- F. to provide the goods and services that we all need;
- G. people carry out different economic activities.

**Task 7. Draw a plan to the text "The Science of Economics" and present it to the class.**

## ***Focus on Vocabulary***

**Task 8. Discuss with your partner, which word has the opposite meaning.**

1. Advantage, profit, disadvantage, help, benefit, satisfaction.
2. Profit, income, return, receipt, revenue, tax.
3. Earn, acquire, gain, spend, make livelihood.
4. Want, wish, desire, accord, need, longing.
5. Goods, free goods, ware, commodities, services.

**Task 9. Find the words according to their definition in the marked paragraph of the text "The Science of Economics".**

1. The act of making up one's mind (1).
2. A person representing a business concern (2).
3. The act of production or manufacture (3).
4. Relating to, or based on norms (4).
5. Saving something by reducing the amount that you are spending (5).
6. Inadequate supply; amount; insufficiency (6).
7. Ownership or managing of a business enterprise (8).

**Task 10. Read the text below. For sentences (1 – 10) choose the correct answer (A, B, C or D).**

The factors of ...1... are the starting point for all economies. The most basic of the factors is land. Land means everything that nature ...2... and we can use for production. The land factor includes raw materials like coal, metals, oil and timber. It also includes things like water, fish and salt. So, although it seems illogical, land also means the sea! The second factor is labour. ...3... will just stay in the ground unless people dig them out and do something with them. Similarly, factory machines will sit doing nothing without people to operate them. ...4... can mean the physical effort such as lifting, digging and building. This is called manual work. Labour also ...5... mental work like thinking, writing, communicating and designing. Industries that need many workers working long hours are called labour intensive industries.

However, the quality of labour is as important as the ...6... . An educated, skilled and fit ...7... is more productive than an uneducated, unskilled and unhealthy one. This characteristic of the labour factor is called human ...8... . Some countries have large labour forces, but are poor in human capital because the economy lacks education and health care. The third factor is capital. Capital includes the tools and ...9... that workers use in the manufacturing process. In high-tech industries, capital generally means computers and complex laboratory apparatus. These days, industry ...10... to be more capital intensive than labour intensive [9].

1	A	production	B	manufacturing	C	execution	D	making
2	A	ensures	B	provides	C	keeps	D	supports
3	A	feedstock	B	primary product	C	raw materials	D	stock
4	A	effort	B	job	C	work	D	labour
5	A	includes	B	puts on	C	activates	D	turns on
6	A	amount	B	quantity	C	number	D	dimension
7	A	manpower	B	labour force	C	workforce	D	hand
8	A	asset	B	fund	C	principal	D	capital
9	A	outfit	B	equipment	C	tooling	D	facility
10	A	tends	B	aspires	C	seeks	D	strives

### ***Focus on Grammar***

**Task 11. The word order of the English sentence is strict. The subject is the agent of the sentence and it normally precedes the verb. There is a complement that completes the verb and a modifier that tells the time, place, or manner of the action. A modifier of time usually comes first or last if more than one modifier is present. Not every sentence has a complement or modifier. For example:**

<i>Jill</i>	<i>/ is buying</i>	<i>/ a new hat</i>	<i>/ in the store</i>	<i>/ now.</i>
subject	verb phrase	complement	modifier of place	modifier of time

**Identify the subject, verb, complement and modifier in each of the following sentences.**

1. Every day some economic problem or other is mentioned in the newspapers, on the radio and television.
2. Most people have a checking account in the bank nowadays.
3. In a modern economy, we are all dependent on a system of exchange.
4. People rely on others' labor in the western world.
5. Mary spends her pocket money on buying some books on economics.
6. Nina is a student of Simon Kuznets Kharkiv National University of Economics.
7. In a modern society, a business person is always looking for new ways to meet new needs [12].

**Task 12. If you put a question, the verb normally precedes the subject. There are different types of questions in the English language: a) general – *Is he an accountant of this plant?* b) special – *Where is your firm situated?* c) alternative – *Is it a cheque or an account?* d) tag questions – *Mary is a good accountant, isn't she?* or *Mary is not a good accountant, is she?***

**If a question is directed to the subject, the word order in the sentence is strict: *Mary is the chief accountant of the firm. Who is the chief accountant of the firm?***

**A. Put questions to the sentences. The type of the question is shown in brackets at the end of the sentence.**

1. A business person is never looking out for chances to provide the goods and services we all need. (a tag question)
2. Economics is part of our everyday lives. (a special question – *What?*)
3. Food, water, shelter, clothes, warmth and other things are essential for our existence. (a general question)
4. Economic resources are limited in supply/demand. (an alternative question)
5. People make a profit on their part of the deal. (a question to the subject)
6. Nowadays money is invested in buying the other goods to repeat the process of production. (a special question – *When?*)
7. People want more goods and services than they can obtain, because their wants are not fully satisfied or scarce. (a special question – *Why?*)

8. Money goes round and round from one person or firm to another to keep economy working. (a tag question)

**B. Make up questions to the words in italics.**

1. The true cost of the equipment is *the lost opportunity*. (*What?*)
2. *Every day* some economic problem or other is mentioned in the newspapers, on the radio and television. (*When?*)
3. Scarcity is a world-wide problem and a feature of all societies *on our planet*. (*Where?*)
4. *The economists* put a lot of questions which economics tries to answer. (*Who?*)
5. A business person is always looking out for chances *to provide the goods and services that we all need* (*Why?*) [11].

**C. Open the brackets and choose the proper form of the verbs "to be" or "to have". Compare your answers with the answers of your partner.**

1. Economics (to be) about economizing, that (to be), "making the most of what we have".
2. "Free" education, "free" health (to have) a zero price, which (to be) not a zero cost.
3. An individual agent (to have) abilities to spend his income in the way that gives the most satisfaction or benefit.
4. What (to be) the economic factors all people depend upon?
5. There (to be) services produced with scarce resources – land, labor, fuel and materials.
6. Money (to be) invested in buying all the goods to repeat the process of production.
7. What (to be) the main difference between a basic need and a want?
8. In reality, only a few goods (to be) relatively free, the most obvious one (to be) air.

**Task 13. In sentences beginning with the existential "there", the subject is actually after the verb. If it is a singular subject, the verb is used in a singular form. If it is a plural subject, the verb is used in the plural form. A modifier of place is either at the beginning or at the end of the sentence. It is the modifier of place that is necessary to begin**

translating the sentence with. Examples: *There is ('s) a dictionary on the table. There are dictionaries on the table.*

**A. In sentences beginning with the existential "there", the verb is put at the first place or just after the question word in the interrogative sentence.**

**Put general questions to the following sentences.**

1. Nowadays, there are such necessities as motor cars, washing machines, refrigerators, domestic telephones, television sets, and computers.
2. There is a limit to the economic resources.
3. There are several things which are described as "free" because we can obtain them without paying a price.
4. There are five basic needs: food, water, shelter, clothes, and warmth.
5. There is some difference between the selling price and the cost of production [10].

**B. In sentences beginning with the existential "there", the short answer is: yes, *there is/are* or no, *there isn't/aren't*. Examples: *Is there a dictionary on the table? Yes, there is (no there isn't).***

**Give short answers to the following questions.**

1. Are there scientists who create new economic theories?
2. Is there anything of economics in our everyday lives?
3. Are there really free goods?
4. Is there money that keeps economy working?
5. Is there anything you know about the opportunity cost?

**C. In sentences beginning with the existential "there", the negative word *not* is put only before pronouns and numerals. Example: *There is not his pen on the table.***

**Give full answers to the following questions.**

1. Are there really "free" goods and services in our life?
2. Are there five basic needs: food, water, shelter, clothes, and warmth?
3. Is there any difference between the selling price and the cost of production?

4. Is there any difference in using the terms "economic", "economical" and "economizing"?

5. Are there many things which we may not really need, but which are very pleasant to have?

**D. Fill the gaps with the structure "there is" or "there are". Compare your answers with your partner.**

1. In reality ... .. only a few relatively free goods, the most obvious one is air.

2. When economists say that something is scarce, they simply mean that ... .. not enough of it to satisfy everyone's wants.

3. ... .. elements of a large economy that macroeconomics considers inflation, government policies, output growth, and unemployment.

4. ... .. a limit to the economic resources and the amount of goods and services which can be produced.

5. ... .. scarcity in supply of the amount of time, money, goods, natural resources, etc.

**Task 14. The Present Simple tense is used for permanent situations, routine actions and habits. For example: *I go to the university every day.* The Present Continuous (Progressive) tense is used for the future agreements with a specific time, actions which are happening at the moment of speaking and present temporary situations. For example: *I'm speaking to them this evening. They are going to the university now. Is she reading a book at the moment?* [15]**

**Complete the sentences with the Present Continuous (Progressive) or Present Simple verb form.**

**A.**

1. Let's go out. It is ... (not/rain) now.

2. Julia is very good at languages. She ... (speak) four languages very well.

3. Hurry up! Everybody ... (wait) for you.

4. "... (you/ listen) to the radio?" "No, you can turn it off."

5. "... (you/ listen) to the radio every day?" "No, just occasionally."

6. The river Nile ... (flow) into the Mediterranean.

7. Look at the river. It ... (flow) very fast today, much faster than usual.

8. We usually ... (write down) the contents of our lectures, but now we ... (not/write) any.

9. "How is your English?" "Not bad. It ... (improve) slowly."

10. Ron is in London at the moment. He ... (stay) at the Park Hotel. He always ... (stay) there when he's in London.

### **B.**

1. Terry is interested in economics but he ... (not/belong) to an investigation team.

2. Don't put the dictionary away. I ... (use) it.

3. Don't put the dictionary away. I ... (need) it.

4. Who is that student? What ... (he/want)?

5. Who is that student? Why ... he ... (look) at us?

6. Sam says he's a high achiever but nobody ... (believe) him.

7. A customs officer ... (check) the luggage at the customs now.

8. I ... (sell) my car. Would you be interested in buying it?

9. I ... (think) you should sell your car. You ... (not/use) it very often.

10. Look! She ... (read) the same book as I do!

### **C.**

1. Economists are people who ... (don't study / are not studying) anything, but economy.

2. Look out! The declining of traditional industries ... (takes place / is taking place).

3. Some people still think the gross domestic product ... (grows / is growing) every year.

4. I ... (write / 'm writing) a report on macroeconomics every weekend, I ... (write / 'm writing) it now.

5. Who ... (sits / is sitting) at my place in the conference hall?

6. What ... (happens / is happening) at the meeting?

7. A workaholic is a person who ... (works / is working) hard and can't stop.

8. Now only a few industries still ... (remains / are remaining) in public sector.

9. What ... (are you looking / do you look) for? I ... (look / 'm looking) for the information about the achievements of the new economy.

10. Over periods of time, some industries ... (expand / are expanding) and others ... (contract / are contracting) [10].



**Task 15. The state verbs of emotion (wish, desire, want, hate, like, love, prefer, fear, need, satisfy, seem), sense (hear, see, taste, smell, feel), possession (be, consist, belong, contain, have, include, possess, own) and thinking (believe, expect, forget, know, recognize, remember, respect, suppose, think, understand) are not used in the Continuous (Progressive) tense. Some verbs can be both stative and dynamic. They are used in the Continuous (Progressive) tense in the meaning: be (dynamic) = 'behaving' or 'acting'; think (dynamic) = consider, have in head; have (dynamic) = part of an expression (I'm having a party / a picnic / a bath / a good time / a break); see (dynamic) = meet / have a relationship with; taste (dynamic) = the action of tasting.**

**A. Put the verbs in the correct state/dynamic form of the Continuous (Progressive) tense.**

1. She (to be) stupid. It's part of her personality. 2. You (to be) stupid only now, not usually. 3. I (to think) that coffee is great. 4. What (to think) you about? I (to think) about my next holiday. 5. I (to have) a car. 6. I (to have) a party. 7. I (to see) what you mean. 8. I (to see) her now, she's just coming along the road. 9. I (to see) Robert tomorrow. 10. The coffee (to taste) really bitter. 11. The chef (to taste) the soup. 12. This soup (to smell) great.

**B. Put the verbs in the correct form of the Continuous (Progressive) tense.**

1. He ... (likes / is liking) his job. 2. We ... (know / are knowing) you are busy today. 3. I ... (have / am having) French lessons on Tuesdays. 4. Caroline ... (has / is having) lunch at the moment. 5. My parents ... (have / are having) a nice garden in the country. 6. I ... (need / am needing) some more time. 7. ... (Do you realize / Are you realizing) what time it is? 8. I am sorry but I ... (don't understand / am not understanding). 9. She ... (thinks / is thinking) about travelling to Spain. 10. We ... (think / are thinking) your house is wonderful. 11. Why ... (do you taste / are you tasting) the salad? Is it fresh? 12. ... (Do they agree / Are they agreeing) with my answer? 13. The luggage ... (contains / is containing) clothes only. 14. I ... (see / am seeing) an elegant woman across the street [28].

## ***Focus on Listening and Speaking***

**Task 16.** Watch the video "Micro vs Macro" and say why both macroeconomics and microeconomics exist. Explain what it means. Fill the table [42].

Macroeconomics	Microeconomics

**Task 17.** Watch the Video "Micro vs Macro" once more. Match the words from two columns to form word partnerships.

1) a single	a) sector
2) country	b) product
3) business	c) economy
4) entire	d) income
5) Gross domestic	e) entity

**Task 18.** Discuss with your partner how people choose to use many resources to their needs.

## ***Focus on Writing***

**Task 19.** If you want to write a business letter, you should know what special expressions to use. There are several types of business letters. The first type is the letter of acknowledgement.

These expressions are used in the letter of acknowledgement. Find which of them express gratitude [21].

We have received your letter of	We acknowledge, with thanks
Thank you for your letter of	We are pleased to receive
I would like to add my appreciation	Replying to your letter of ... we are pleased to inform you that
We would be greatly appreciating you	Please, contact me
We express our gratitude	We look forward to hearing from you again
Thank you for your patience in this matter	

**Task 20. Here is an example of a business letter.**

1	Brownlee & Co Ltd 5 High Street, Blackheath, London SE3B 5HY tel: 01-852-6872
2	L. Bradbury Esq, Manager, Bradbury & Williams, 40 Shaftesbury Avenue, London W1A 4WW
3	26th October, 2019
4	Dear Mr. Bradbury
5	Thank you for your letter of 22 October enquiring about our range of office equipment
6	I enclose an up-to-date price list and our latest catalogue which I hope includes something of interest to you. You will notice that we offer very favourable terms of payment
7	I look forward to hearing from you again
8	Yours sincerely
9	Signature
10	Dennis Kiley
11	Sales manager
12	Enc.

**A. Match its parts with the notes on letter writing.**

A. The address of the firm sending the letter is often printed on the paper – this is called the letterhead	G. The second paragraph says what you want or what you are doing (the real reason for writing the letter)
B. The name, position, firm and address of the addressee (the person you are writing to)	H. You write 'yours sincerely', if you know the name of the addressee, and 'yours faithfully,' if you don't
C. The final paragraph is a polite ending	I. The date
D. The first paragraph says why you are writing	J. The signature
E. The name of a person who is writing the letter	K. Encs stands for 'enclosures', e.g. here the enclosures are the catalogue and price list
F. His position in the firm	L. Polite address to the person you are writing to

## **B. Write a letter of acknowledgement.**

On October 23 you received a parcel with the enclosed price list from Sylvia Moody, the secretary of Mr. Brown, LG Electronics, which is located at Mowbray Road, 100, in Newcastle. Write a letter of acknowledgement from your firm which is located at 13 High Street, London, WCI 5B.

## **1.2. Types of Economic System**

**Task 1. Here are four phrases, expressing the main issues of the text (1, 2, 3, 4). Find the main idea of each issue in the sentences from A to F and match it with one of the four phrases. Discuss your choice with your partner.**

*1. Traditional system. 2. Command or controlled system. 3. Market or capitalist system. 4. Mixed economic system.*

A. The individual has great influence on how the basic economic questions are answered.

B. Government controls and plans the factors of production and makes all decisions about the use of them.

C. The ways of doing things that had been handled down from generation to generation.

D. An economy contains characteristics of a command economy and a pure market economy [20].

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [10].**

1. Market economy	A. The part of the economy controlled by one's own firms and individuals
2. Mixed economy	B. Free trade
3. Planned economy	C. An object that exists
4. Sharing economy	D. An economy in which some resources are controlled by the state and some by individuals
5. Barter	E. An economic system based on the idea that people and organizations can share the creation and use of resources, rather than buy and sell them

6. Free market	F. The change of ownership of something from one person to another for a price
7. Flexible	G. Something which is used to encourage people, especially to make them work harder, produce more money
8. Entity	H. An economy in which the government does not have control over any form of resources or any economic segment
9. Shortage	I. Adaptable or variable
10. Supply and demand	J. A charge usually of money collected by the government from people or businesses for public use
11. Profit incentive	K. Exchange of goods
12. Tax	L. Economy equal in rights, possessing
13. Private sector	M. Steps by which a company or a state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium
14. Collaborative economy	N. A system in which the state plans and controls the whole economy
15. Peer economy	O. The relationship between how much of a particular product is available and how much of it people want
16. Transaction	P. Scarcity, insufficiency, deficiency
17. Insurance	Q. Any sales transactions that are done via online market places

### ***Focus on Reading***

**Task 3. Read the text and say what economic systems are mentioned in the text (Task 4).**

**Task 4. Read the text and say if the sentences are true or false.**

1. The types of economic systems of the society are determined by the values and goals that the society sets for it. Each economy has its

strengths and weaknesses. Different countries have different levels of needs and wants. The decision is made on what to provide, whom to offer it and how to create goods and services. This decision determines the kind of economic system a country runs. Economists classify economies according to the pure system that their activities are closest to. The four major types of economic systems are the traditional, the market, the command and the mixed, although there is a potential fifth type of economic system called sharing economy.

2. People in the traditional economic system believe that what was practiced by their ancestors is right and should not be questioned. Therefore, they continue the habits from the past in their present days. The traditional economic system is characterized by the presence of barter trade instead of exchanging goods and services for a standard currency. Traditional economy portrays the importance of community groups. It separates people instead of bringing them together, gives very few lifestyle choices. It is vulnerable to weather and climatic conditions. In traditional economic system migration is widespread, because of low living standards. Today you can find traditional economic systems at work among Australian aborigines and some isolated tribes in the Amazon and Africa. In developed countries, such as the USA, traditional economy relies on agriculture, hunting, and fishing. American traditions continue to support the family farm. This is despite the predominance of a few global agribusinesses.

3. The command economic system is also called planned economic system. Its major characteristic is that it has the centralized power that is dominant. Usually, this power is the government and it influences all production decisions, thus the free market is not at play. This economic system is usually found in communist countries. A planned economic system is the best only if the government utilizes the available resources and power for the benefit of the society as a whole. Unfortunately, this is not the case in reality. Command economies tend to be less flexible compared to other economic systems and the reaction to market changes is generally slow. Also they establish a desired supply of own resources, price regulation falls under government responsibility, jobs shortages are rare as the government operates in the same way as the market economy. Planned economies can be successful when there is a single aim, for example, during the Second World War Britain's economy was planned.

4. In the market economic system the government does not have control over any form of resources or any economic segment. The government and economy are two separate entities. The whole economic system is regulated by the people and the laws of supply and demand. The market economy leads to enhanced growth in the private sector, which has the desire to make much profit. It is called "profit incentive". The desire to win more business and earn more profits by offering the lowest prices or better quality encourages competition. The distribution of wealth may not be beneficial to the whole society. The biggest advantage of the market economy is that the government does not interfere in the market. This prevents it from being too strong and too controlling.

5. The mixed economic system has no clear definition. In most cases, the term "mixed market" describes an economy with government control in some areas and strong regulatory oversight in others. It raises money through taxes and national insurance contributions. Most economic systems today are mixed, and a majority of western economies are under mixed economic system. This is because most companies or industries are privately owned yet they are under government control. This means that neither the government sector nor the private sector can sustain or maintain the economy alone. Both of them are essential in maintaining a successful economy. Mixed economy can lead to very good results in terms of economic growth and independence. However, this type of economy has the tendency of being less flexible in terms of imposing laws and regulations.

6. The sharing economy is also called collaborative economy or peer economy. This term is now used to describe any sales transactions that are done via online market places that are business-to-business, rather than peer-to-peer [30].

1. All countries have the same levels of needs and wants.

2. In traditional economic system migration is widespread, because of low living standards.

3. The developed countries have no traditional economic system.

4. Planned economic system and command economic system belong to different branches of economy.

5. Command economies tend to be less flexible compared to other economic systems.

6. In the market economic system the government has control over any form of resources or any economic segment.

7. The desire to win more business and earn more profits by offering the lowest prices or better quality encourages competition.

8. Government raises money through strict control of private sector.

9. The terms "collaborative economy" or "peer economy" have different meaning than the term "sharing economy".

10. In the sharing economy any sales transactions are done via online market places.

11. Mixed economy is less flexible in terms of imposing laws and regulations.

**Task 5. Read the text. Choose from (A – G) the one which best fits each space (1 – 6). There is a sentence you don't need to use.**

In mixed economies the government controls some resources whilst others are used in response to the demands of consumers. Technically ...1... it is just the balance elements between market and planned elements that alter. Some countries are nearer to command economies, while others are closer to free market economies. So, for example, Hong Kong has some state-controlled industry, while ...2... . The aim of mixed economies is to avoid the disadvantages of both offers. So, in a mixed economy ...3... . The state controls the share of the output through taxation and transfer payments and intervenes ...4... , while private firms produce cars, furniture, electrical items and similar, less essential products. The UK is a mixed economy: some services are provided by the state (for example, health care and defense) whilst ...5... . The Conservative government switched many businesses from being state-owned and controlled to being ...6... . This has taken the UK economy further away from the planned system [21].

A. all the economies of the world are mixed.

B. Cuba has some privately owned and controlled firms.

C. the government and the private sector interact in solving economic problems.

D. to supply essential items such as health, education and defense.

E. a range of privately owned businesses offer other goods and services.

F. privately owned as part of its privatization programme.

G. this has taken the UK economy further.



**Task 6. What are the advantages and disadvantages of planned economy? Fill in the chart.**

Advantages	Disadvantages

**Task 7. Answer the following questions. Do it with your partner or in a group of three or four.**

1. What are the major characteristics of free market, command and mixed economies?

2. To what extent do you agree with the view that the needs of consumers are more likely to be satisfied in a command than in a market economy?

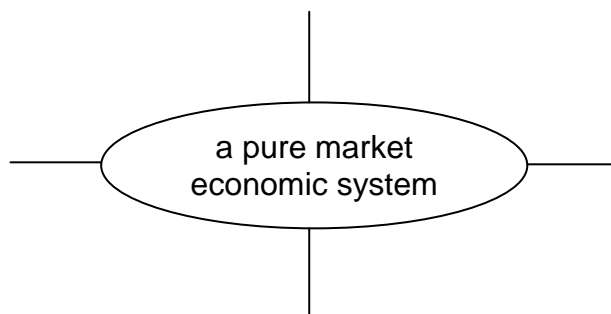
3. How would you explain the increasing importance of mixed economies?

4. Why is it often difficult to obtain agreement about which type of economy is preferable?

5. Explain how an increased demand for a product is likely to affect: (a) the price of that product, (b) the quantity produced, (c) the price of other products?

6. Name the countries with pure command, pure market or traditional economies [12].

**Task 8. What are major characteristics of a pure market economic system? Draw a mind map.**



**Task 9. What type of economy does the Ukrainian economy refer to? Show the role of government in it. Discuss it with your partner.**

## ***Focus on Vocabulary***

**Task 10. Find as many synonyms to the following words as you can.**

Profit .....

Incentive .....

Sharing economy .....

Produce .....

Employ .....

**Task 11. Put the words according to their definition in the marked paragraph of the text.**

1. Any sales transactions that are done via online market places. (6)
2. A system in which the state plans and controls the whole economy. (3)
3. The monetary worth of something: market price or a fair return or equivalent in goods, services, or money for something exchanged. (1)
4. Something which is used to encourage people, especially to make them work harder and produce more money. (4)
5. An economy in which some resources are controlled by the state and some by individuals. (5)

**Task 12. Match the words and phrases in column A with the words and phrases in column B.**

A	B
1. Financial	a) economic system
2. Profit	b) sector
3. Command	c) competition
4. Encourage	d) incentives
5. Private	e) contribution

**Task 13. Fill the gaps in the sentences with the appropriate word(s).**

*Profit incentive, command system, pure system, flexible, infrastructure, market economic system, barter trade, revenue, taxes, freedom of enterprise.*

1. In a pure ... economic ... government controls the factors of production and makes all decisions about the use of them.
2. ... are collected by the government by means of Customs and Excise office.
3. The governments of Russia and the USA spend a greater percentage of their ... on defense.
4. The desire to make a profit is called "... ..".
5. Modern ... (roads, bridges, railways, health, social, and cultural institutions of a country) is created by the governments in all kinds of economic systems.
6. ... .. is based on the factors of production owners' decision how to use their resources based on signals from the market.
7. Mixed economy has the tendency of being less ... in terms of imposing laws and regulations.
8. In a ... .. the government does not have control over any form of resources.
9. The traditional economic system is characterized by the presence of ... .. instead of exchanging goods and services for a standard currency.
10. Economists classify economies according to the ... .. that their activities are closest to [21].

**Task 14. Find 10 words from the text to describe the market economic system.**

### ***Focus on Grammar***

**Task 15. The definite and indefinite articles are attributes of a subject.**

**A. 1. *A/an* is used when we don't know which one we are talking about or it's the first time it has been mentioned. *We need a new fax machine.***

**2. *A/an* is used when defining ourselves or with jobs. *I work as a sales manager.***

**3. *The* is used when it is known which one we are talking about or the only one. *I gave you the report last week.***

**4. *The* is used with superlatives. *It was the most expensive computer system.***

**5. No article is used when we make a generalization with a plural or uncountable noun. *Time is money.***

**6. No article is used with most names of people and places.**

**Use the rules (1 – 6) with the example sentences (a – f).**

- a) My brother is a salesman in a large supermarket.
- b) Klaus Heller is a customer from Germany.
- c) Let me pay the bill this time.
- d) One of the greatest problems of today is gerontology.
- e) A new consignment came on offer.
- f) E-mail has revolutionized international communication.

**B. *The* is used in names with States, Kingdom and Republic. It is used if the name is a plural, with rivers, seas, oceans deserts and mountains (not mounts). It is also used before the earth, the moon, when the phrase begins with school, university, colleges, and ordinal numbers before nouns, wars (except world wars), historical documents and ethnic groups. *The* is not used with singular lakes, mounts, planets, schools, colleges, universities when the phrase begins with a proper noun, cardinal numbers after noun, countries with one word, continents, states (Florida), sports, abstract nouns, holidays [15].**

**Put the definite article where it is necessary.**

1) *United States of America*; 2) *River Thames*; 3) *Rocky Mountains*;  
4) *Crimean War*; 5) *World War One*; 6) *Mount McKinley*; 7) *University of London*;  
8) *China*; 9) *Moon*; 10) *Europe*; 11) *Central African Republic*; 12) *football*;  
13) *happiness*; 14) *economics*; 15) *Christmas*; 16) *Lake Ontario*; 17) *Red Sea*;  
18) *Black Sea*; 19) *Mars*; 20) *Stetson University*; 21) *New York*.

**Task 16. Complete the sentences using *a/an, the*, or no article.**

- 1. ... Information technology is developing all the time.
- 2. Our company always has ... large party of goods on sale in ... summer.
- 3. ... Lake Ontario is one of ... five Great Lakes in ... North America.
- 4. When I finish my studies I want to be ... advertising executive.
- 5. ... David attended ... Princeton University.

6. ... Florida State University is smaller than ... University of Florida.
7. Phil can't go to the laboratory tonight because he has to write ... essay.
8. ... biggest fear of employees is that they cannot deal with all ... information that arrives on their desk in ... time available.
9. ... modern system of exchange involves different services required to ... person to sell what he or she produces and to buy what others have produced.
10. ... People carry out different ... economic activities, which can be classified into ... three groups.

**Task 17. We know that the subject is the agent of the sentence. It may be a noun or a noun phrase. For example: *The book* is on the table (a noun). *That new, red book* is on the table (a noun phrase).**

**Nouns are countable (*a book – one book, two books, three books*) and uncountable (*milk – you can't say "one milk", but if the substance is placed in a countable container, it may be counted – a glass of milk*).**

**A. The following list contains some uncountable nouns that you should know: *sand, food, information, air, mathematics, money, news, soap, economics, meat, politics, measles, physics, advertising, homework*. Some uncountable nouns, such as food, meat, money, and sand, may be used as countable nouns in order to indicate different types. For example: *This is one of the foods that my doctor has forbidden me to eat*.**

**Identify the following nouns as countable nouns or uncountable nouns according to their meaning.**

Television, car, news, geography, atmosphere, person, water, pencil, food, tooth, soap, soup, cup, money, hydrogen, minute, economics, information, house, physics, advertising, homework.

**B. Regular countable nouns have "s" at the end in plural. For example: *book – books*. Sometimes the letters are changed at the end of the nouns. For example: *city – cities, hero – heroes, dress – dresses, life – lives, half – halves*. Be sure that you know the plurals of irregular countable nouns. For example: *person – people, man – men, woman – women, child – children, tooth – teeth, foot – feet, mouse – mice, swine – swine, sheep – sheep, deer – deer, ox – oxen, etc*.**

There are compound nouns with their special form of plural. For example: *a mother-in-law – mothers-in-law, a fellow-worker – fellow-workers, a commander-in-chief – commanders-in-chief, a forget-me-not – forget-me-nots.*

**Give the plural form of the following nouns.**

Task, type, letter, country, life, box, half, leaf, fellow-worker, mouse, tomato, loaf, person, day, goose, sheep, ox, child, zero, mother-in-law, house, gentleman, photo, businesswoman, bus, commander-in-chief, car, economist, foot, shelf, watch, friend.

**C. There are nouns borrowed from the Greek and Latin languages. Mind how they form their plural form. For example: *curriculum – curricula, datum – data, phenomenon – phenomena, basis – bases, thesis – theses, crisis – crises, radius – radii, nucleus – nuclei, stimulus – stimuli, index – indices, appendix – appendices.***

**Give both the singular and plural forms of the following nouns.**

*Index, crises, curriculum, data, nucleus, appendix, phenomena, bases, stimuli, radius, theses.*

**Task 18. The possessive case of the noun is formed by using 's in singular nouns (*economist's idea*) and s' in plural nouns (*economists' ideas*), or the preposition *of* (*the idea of the economist*).**

**Replace the *of-phrase* by the possessive case (*company's office*).**

The order of the director, the banks of the country, the books of my friend, the hostel of the students, the arrival of the delegation, the meeting of businessmen, the thesis of Jane, the office of the company, the economy of the state, characteristics of a command economy, the economic system of the society, the factors of production, freedom of enterprise, areas of business, the basic problem of economics.

**Task 19. The Past Simple tense is used for permanent situations, routine actions and habits in the past. For example: *I went to the University yesterday.* There are regular and irregular verbs: *to work – worked; to go – went.* The Past Continuous (Progressive) tense is used to describe a temporary but continuous activity happening at a particular**

time in the past. For example: *He was serving a customer in the shop at 12.* [15].

**A. Refer the sentences to the past. Check your answers with your partner.**

1. People carry out different economic activities.
2. The entrepreneur is a person who undertakes responsibilities and risks of employing land, labor and capital and who decides how these resources are to be used.
3. People make a profit on their part of the deal.
4. The United States comes closer to the market economy, but even there the government manages the economy.
5. Some early economists believe that the population grows faster than the output of food from a fixed amount of land.

**B. Change the following sentences into the Past Continuous (Progressive) tense. Check your answers with your partner.**

1. The business person is always looking out for chances to provide the goods and services that we all need.
2. In crisis the government is spending a greater percentage of its gross national product on defense than any other country in the world.
3. The entrepreneur is undertaking responsibilities and risks of employing land, labor and capital while he is running his business.
4. Nowadays many different things are affecting the productivity of labor.
5. Now it is two o'clock. We are sitting at the conference devoted to the problems of entrepreneurship.

**Task 20. The Past Continuous (Progressive) tense is used to talk about two or more activities that were happening at the same time in the past. *While* is used to join the parts of the sentence. For example: *They were talking to Mark while Ann was reading the report.***

**Open the brackets and choose the proper form of the verbs. Compare your answers with the answers of your partner.**

1. While John ... (prepare) for the experiment last night, his friends ... (describe) the results of the previous one.
2. One time food industry ... (produce) durable consumer goods, while furniture industry ... (manufacture) non-durable consumer goods.

3. While the first group of economists ... (develop) a new theoretical concept, the second group ... (work) at its practical application.

4. At three o'clock last afternoon we ... (sit) at the conference, while he ... (visit) museums.

5. While secondary production ... (include) the manufacturing of goods and semi-finished goods, tertiary production ... (provide) services of all kinds to consumers and organizations.

**Task 21. The Past Continuous (Progressive) tense and the Past Simple tense are used to talk about an action that was happening when another action happened. *When* is used to join two parts of the sentence. For example: *When Mary was talking to a customer, the phone rang.***

***When* and the Past Simple tense in both clauses are used to describe two short actions which followed each other. For example: *When the customer wrote the letter of complaint, the firm answered immediately.***

**Open the brackets and choose the proper form of the verbs. Compare your answers with the answers of your partner.**

1. Gene ... (write) a letter of invitation when a man whom she addressed the letter came in.

2. When the delegation arrived yesterday, our manager ... (phone) to arrange accommodation for it.

3. It ... (rain) when representatives of our firm in China arrived.

4. I ... (investigate) his bank account when I found a mistake.

5. When the customer ... (order) the good, it was delivered to him immediately.

**Task 22. In the interrogative sentences in the Past Continuous (Progressive) tense or the Past Simple tense one should put the verbs *to be* / *to have* or the auxiliary verb *did* in the first place and the Infinitive (without "to") of the main verb after the subject in the third place.**

**With your partner, put questions to the following sentences and give negative answers. Check your answers with your partner.**

1. He is making a speech at the conference now.



2. The students of the University are taking part in many foreign programs now.
3. Mr. Darnel owes this firm.
4. In the past, people were handling things down from generation to generation.
5. The business person is always looking for new ways to meet new needs.

**Task 23. Complete the sentences with the past continuous or past simple verb form.**

1. At the years of Great Depression economists ... (solve) very important problems.
2. At 11:30 we ... (inform) our top manager about our decision.
3. She ... (buy) consumer goods; at that time her husband ... (fill in) the check.
4. John ... (go) to the conference to France last year.
5. The students of our University ... (take part) in the French program, at the same time the students of Lyon University ... (prepare) to take part in the American program.
6. At one time Mr. Roberta ... (own) this firm.
7. In the past, people ... (handle) things down from generation to generation.
8. A pure traditional economic system ... (exist) in some parts of Asia, the Middle East, Africa, and Latin America a century ago.
9. Customs, beliefs and religion ... (influence) decision making of many people in history.
10. He ... (collect) material for his scientific research, while she ... (finish) her doctor's thesis [20].

### ***Focus on Listening and Speaking***

**Task 24. Watch the video "Economic Systems" ("Economic systems", "Command economies" and "Communism"). Choose the best option for questions 1 – 6 [35].**

1. What is the definition of economic system:
  - a) economic system is the way that a nation organizes, manages, controls the factors of production;

b) economic system is the way that a nation organizes, manages, controls wealth or materials;

c) economic system is the way that a nation organizes, manages, and controls the resources?

2. What are the types of command economy that exist nowadays:

a) communism;

b) socialism;

c) social nationalism?

3. What institution controls all of the factors of production, makes all the decisions about which industries are going to operate under communism:

a) entrepreneurship;

b) government;

c) parliament?

4. What is one of the factors of production controlled by the government called:

a) industry;

b) agriculture;

c) labor?

5. What does the government control under socialism:

a) critical industries only;

b) critical industries but individuals are allowed to run noncritical businesses;

c) a product that people need?

**Task 25. Discuss with your partner: Who gets capital? How is that capital used to build certain industries?**

**Task 26. Watch the video "Economic Systems" ("A market economy" and "Opportunity", "Mixed economy") and complete the sentences.**

1. In the market economy government is not involved; the market is the mechanism of ... .

2. In a market economy it's all about ... .

3. Education will create an individual that has more .... .

4. Those who produce, those who add value, those who have skills that are in short supply get ... .

5. What's interesting, most of the economies in the world are in fact ... .
6. There's a whole variety of rules and regulations and laws that various levels of government within Canada ... .
7. All these rules are imposed by government in order to look after ... .

**Task 27. Discuss with your partner.**

1. In what ways is mixed economy like a command economy? What country is mentioned in the film?
2. What are the main features of the command economy?
3. What are the main features of the market economy?
4. What type of economy does the economy of Ukraine belong to?

***Focus on Writing***

**Task 28. The second type of business letters is a letter of invitation. To write a letter of invitation you should state clearly where and when the event will take place, and some indication of how formal it is. When canceling an appointment, you should say why you are unable to keep it.**

**A. Look at the expressions used in this type of letter and find which of them express invitation.**

Thank you very much for your kind invitation. We would like to invite you to attend ...	He welcomes the chance to ...
We express our gratitude for your invitation	Thank you for your letter of invitation
We hope you can find time to accept the invitation	He would appreciate it if you would ...
We accept your kind invitation	We make/confirm/cancel the invitation (appointment)

**B. Look at different parts of the letter of invitation. Arrange them in the right order. Explain how to begin writing the letter of invitation.**

1. Although we realize you are busy, we hope you can find time to accept the invitation and look forward to seeing you.

2. Yours sincerely.

3. We would like to invite you to attend our award ceremony at Kharkiv National University of Economics which is being held on 14 July this year. The proceedings will begin about 2:00 and end around 5:00 in the afternoon, after which a dinner will be given at 7:00 for our prominent visitors.

4. Dear Mr. Ivanov,

5. As one of our distinguished ex-students we would like you to address the parents and students with a short speech of your choice before handing out the awards.

### **Task 29. Write a letter of invitation.**

On October 26, Mr. Brown, whose address is 35, Richards Avenue, 8, Newcastle, received a letter of invitation to attend a party being held next month at the French embassy. You express your gratitude for the invitation and write a letter of refusing the invitation to the secretary of the French embassy, which is located at Mowbray Road, 61, Regent street, London, WCI 5B.

## **1.3. Economic Resources**

**Task 1. Read the definition of supply and demand and say what part of the definition refers to supply and what part of the definition refers to demand:** "The relationship between how much of a particular product is available and how much of it people want, and especially the way that this affects the level of prices".

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [10].**

1. Supply	A. The amount that utility increases with an increase of one unit of an economic good or service
2. Demand	B. Money earned by work or investments
3. Marginal utility	C. The quantity of a product or service desired by buyers
4. Diminish	D. A person or thing that is preferred over others
5. Substitute	E. Possession obtained with money

6. Income	F. How much the market can offer
7. Inferior goods	G. A stable condition in which forces cancel one another; balance
8. Preferences	H. The ability of an object or material to resume its normal shape after being stretched or compressed; stretchiness
9. Purchase	I. To make or become smaller, fewer, or less
10. Payment	J. Allied products or products with common characteristics
11. Revenue	K. To use or do something new or different instead of something else
12. Hire	L. A commodity the consumption of which decreases as its price declines; low quality goods
13. Equilibrium	M. The state of being provided with a paying job
14. Elasticity	N. An increase usually measured in money that comes from labor, business, or property
15. Related goods	O. The act of offering money in exchange for goods or services

### ***Focus on Reading***

**Task 3. Before reading the text, say what, in your opinion, the difference between supply and demand is [30].**

**A.** ... refers to how much of a product or service is desired by buyers.

**B.** ... represents how much the market can offer.

1. Supply and demand is perhaps one of the most fundamental concepts of economics and it is the backbone of a market economy. *Demand* refers to how much of a product or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price and without demand economics would not exist. *Supply* represents how much the market can offer. The quantity supplied refers to the amount of a certain good producers are willing to supply when receiving a certain price. The correlation between price and how much of a good or service is supplied to the market is known as the supply relationship. Price, therefore, is a reflection of supply and demand. Demand determines supply.

2. *The Law of Demand.* The relationship between price and quantity demanded is known as the demand relationship. The law of demand states that, if all other factors remain equal, the higher the price of a good, the less people will demand that good. In other words, the higher the price, the lower the quantity demanded. As a result, people will naturally avoid buying a product that will force them to forgo the consumption of something else they value more. Thus demand includes willingness and ability to pay. There are several factors that affect how much people will buy of any item at a particular price. These factors are: diminishing marginal utility, real income and possible substitutes.

3. Utility is defined as the power that a good or service has to satisfy a want. The satisfaction will rise with each unit you bought. But the amount of additional satisfaction, or marginal utility, will diminish, or lessen with each additional unit you find you are full. This phenomenon is called the law of diminishing marginal utility.

4. Changes in income happen when the demand for a good is affected by changes in the incomes of buyers. Normally, as incomes rise, the demand for a good will usually increase at all prices, and vice versa. Goods for which changes in demand vary directly with changes in income are called normal goods.

Commodities or goods that are less in demand as consumer income rises are called inferior goods. Let us consider the example with meat and bread. As incomes increase, people demand relatively more meat and relatively less bread, implying that meat may be regarded as a normal good, and bread may be considered as an inferior good.

5. Changes in peoples' preferences for goods and services take place over time. The demand for these goods and services will also shift. For example, as the price for gasoline has raised, automobile buyers have demanded more fuel-efficient, "economy" cars, and fewer gas-guzzling, "luxury" cars.

6. Changes in peoples' expectations take place if buyers expect that they will have a job for many years and they will be able to purchase goods such as cars and homes that require payments over a long period of time. If buyers fear losing their jobs, they will demand fewer goods requiring long-term payments.

7. *The Law of Supply.* Like the law of demand, the law of supply demonstrates the quantities that will be sold at a certain price. But unlike the law of demand, the supply relationship shows an upward slope. This means

that the higher the price, the higher the quantity supplied. Producers supply more at a higher price because selling a higher quantity at a higher price increases revenue. The higher the price of a good, the greater is the incentive for a producer to produce more, because he will expect a higher profit. Profit incentive is one of the factors that motivate people in a market economy. A company needs time and money to change production methods to produce more goods or to change what it produces. These changes are caused by a number of factors: *a) changes in the prices for other goods* mean the ability to switch the production process from one type of good to another, or a firm's entering and exiting an industry; *b) changes in the prices of inputs* consider the raw material, labor, capital; *c) changes in technology* mean buying additional equipment, converting present equipment from one use to another, and hiring more workers.

8. *Equilibrium* between supply and demand appears in the market of any particular good if the decision of buyers interacts with the decision of sellers simultaneously. When the demand for a good equals the supply for it, the market is said to be in equilibrium [2].

9. *Elasticity* is the response of demand and supply to changes in prices or incomes. If the percentage change in demanded quantity is greater than the percentage change in price, demand is said to be price elastic, or very responsive to price changes. If the percentage change in demanded quantity is less than the percentage change in price, demand is said to be price inelastic, or not responsive to price change. Supply is price elastic when the percentage change in quantity supplied is greater than the percentage change in price and vice versa.

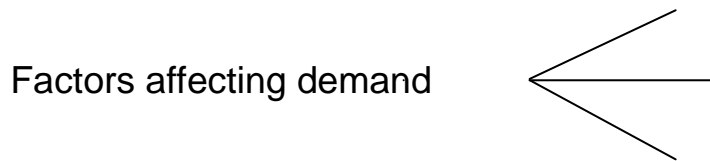
#### **Task 4. Read the text and complete the sentences.**

1. Supply and demand is...
2. Demand refers to...
3. The relationship between price and quantity demanded...
4. Price...
5. The higher the price...
6. The law of supply demonstrates...
7. Producers supply more at a higher price...
8. Supply is price elastic when...

**Task 5. With your partner, state the difference between supply and demand. Fill in the chart.**

Supply	Demand

**Task 6. Think about three factors that affect demand. Explain to your partner what they mean.**



**Task 7. With your partner, answer the questions about supply and demand.**

1. What is demand?
2. What is supply?
3. What is the law of demand?
4. What are the determinants of demand?
6. What is known as the demand relationship?
7. What is a reflection of supply and demand?
8. What does the law of supply demonstrate?
9. What can increase revenue?

**Task 8. Read the text. Choose from (A – G) the one which best fits each space (1 – 5). There are two choices you don't need to use.**

People carry out different economic activities, which can be classified into three main types of activity – production, consumption and exchange. In economics production takes place so that people's wants can be satisfied. There are primary production, secondary production and tertiary production. ...1..., such as oil; and growing food and other crops. Secondary production includes the manufacturing of goods and semi-finished goods, such as metal sheets, building; and supplying water, gas and electricity. Tertiary production provides ...2... .



Consumption is the "using up" of goods and services ...3... . There are durable consumer goods, non-durable consumer goods and services. Durable consumer goods are goods which have a fairly long life, e.g. household furniture, the family cars, etc. ...4... or in a relatively short period of time, e.g. food, drinks, soap, toothpaste, etc. A large part of modern consumption consists of services. They are transport, telephone, education, health services and entertainment.

Exchange is a system which enables human beings to exchange what they produce ...5... . This system depends upon the use of money. The modern system of exchange involves different services required to a person.

- A. A large part of modern consumption consists of services [13].
- B. Primary production involves extracting natural resources from the earth.
- C. In order to satisfy human wants.
- D. Services of all kinds to consumers and organizations.
- E. Non-durable consumer goods are commodities which are used immediately.
- F. For goods and services produced by others.
- G. Durable consumer goods are goods which have a fairly long life.

**Task 9. Choose one of the following topics, and write one paragraph explaining how the topic relates to supply or demand: lower prices for day-old bread, higher prices for fresh vegetables and fruit in winter, marked down prices on slightly damaged clothing, sales on Christmas cards right and after Christmas. Present your writing in the class.**

### ***Focus on Vocabulary***

**Task 10. Find synonyms to the following words and check them with your partner.**

- Decrease .....
- Surplus .....
- Utility .....
- Incentive .....
- Amount .....

**Task 11. Find the words according to their definition in the marked paragraph of the text. Check your answers with your partner [12].**

1. Buyers expect that they will have a job for many years and require short-term payments. (6)
2. The amount that utility increases with an increase of one unit of an economic good or service. (2)
3. Commodities or goods that are less in demand as consumer income rises. (4)
4. An amount of something that is available to be sold, bought or used. (1)
5. Prices on the raw material, labor, capital, etc. (7)

**Task 12. Fill the gaps in the sentences with the appropriate word(s).**

*Inferior goods, demand, inelastic demand, diminishing marginal utility, profit incentive, changes in the prices, law of supply, equilibrium, price elastic, utility.*

1. The buyers' willingness to buy a particular good at various prices is referred to as the buyers' ... for that good.
2. The ... .. states that at higher prices, a larger quantity will be supplied than at lower prices.
3. Goods for which changes in demand vary with changes in income are called ... ..
4. In a market economy, people's ... .. plays a great role to motivate entrepreneurs to produce more goods or to change what they produce.
5. Demand is said to be ... .. if the percentage change in quantity demanded is greater than the percentage change in price.
6. The phenomenon of the law of ... .. will take place if the satisfaction rises with each unit you bought and the amount of additional satisfaction or marginal utility diminishes.
7. Switching the production process from one type of good to another, or a firm's entering and exiting an industry is caused by ... .. for other goods.
8. If a price change doesn't result in a substantial change in quantity demanded, it is ... ..

9. The term that economists use for satisfaction is ... . It is the power that a good or service has to satisfy people's wants.

10. When the demand for a good equals the supply for it, the market is said to be in ... .

### ***Focus on Grammar***

**Task 13. The compound nouns in the function of an attribute may have one or more attributive nouns before the defined word. For example: *Home market prices* [12].**

**A. What do you think these compound nouns mean? Dramatize mini dialogues with your partner.**

**For example: A. *What are market prices?*      B. *They are prices on the market.***

Bank credit, meet price, cash machine, plant equipment, food industry, economic system, business plan.

**B. Paraphrase the following word combinations.**

**For example: *A plant producing tractors – a tractor plant.***

1) Plans that government makes; 2) economy of the state; 3) freedom of enterprise; 4) incentives that motivate people to gain profit; 5) areas of business; 6) a zone which is created for easier development of enterprises; 7) environment made by human beings; 8) service that provides insurance; 9) a person that is engaged in business; 10) characteristics of a command economy.

**C. Paraphrase the following word combination with the "of-phrase".**

**For example: *methods of production – production methods.***

Effect of income, changes of prices, process of production, law of diminishing marginal utility, prices of input, period of time, economy of a market, factors of supply and demand, effect of substitution.

**Task 14. Think of the derivatives of the following words.**

Verb	Noun	Adjective
Change		
	Ability	
		Satisfactory
Response		
		Additional

**Task 15. The Future Simple tense (*will*) expresses a spontaneous decision, an assumption with regard to the future or an action in the future that cannot be influenced, predictions and guesses about the future [28].**

**A. Put the verbs into the correct form. Use *will*.**

1. You (earn) ... a lot of money.
2. He (travel) ... around the world.
3. They (meet) ... lots of interesting people.
4. Everybody (adore) ... you.
5. She (not / have) ... any problems.
6. There (not / be) ... anything left to wish for.
7. Everything (be) ... perfect.

**We use *will* when we are talking about what we think will happen in future. For example: *I think it will rain tomorrow.***

**B. Now work in small groups. What do you think will happen in the next six months to:**

- the rate of inflation;
- the value of your currency against the US dollar;
- the price of oil;
- your country's economy;
- unemployment in your country;
- the cost of electronic products?

**Task 16. The Future Continuous (Progressive) tense is used to talk about an action that will be happening at a particular moment/time in**

**the future. The action will have started before that moment/time, but will not finish at that time.**

**Put the verbs into the correct form of the Future Continuous (Progressive) tense.**

1. This time next Monday, I ... (work) in a huge office in New York.
2. This time on Tuesday, Mary ... (sunbathe) on a beach in Italy.
3. Don't make noise after midnight – I ... (sleep) soundly, I hope.
4. Jacqueline ... (fly) to Kenya tomorrow at this time.
5. Students ... (make) copies while he ... (finish) the report.
6. I ... (work) in my study at 6 pm tomorrow.
7. This time next year we ... (cross) the Pacific Ocean.

**Task 17. Our plans for the future are never certain. Sometimes one event in the future depends on another, so we use the First (Future) Conditional construction. The most important rule about the First (Future) Conditional: the verb after *if (when, unless)* is always in the Present Simple tense. For example:**

***If we have enough money, we will invest in a timeshare.***

***If we buy a timeshare, we will always have somewhere to go on holiday.***

***Unless we do something quickly, sales will start to fall. (Unless means *if not*).***

**Put the word *will* in the right places in this paragraph.**

If we ... (find) a way to motivate all the sales force, we... (have) a much better year next year. Maybe, motivation ... (increase) if we ... (pay) higher salaries. We ... (not improve) the sales team motivation if we ... (pay) them more money. The important thing is to make people feel part of a team. If we ... (hold) a conference for them in the best hotel in town, they ... (see) that we really care about them. If we even ... (not finish) it, they ... (exchange) all their creative thoughts.

**Task 18. Complete the sentences. Check your answers with your partner.**

a) If you / see our first manager / tell him about the market research meeting?

*If you see our first manager, will you tell him about the market research meeting?*

- b) The records / if / are written / they / be put into / by hand / the ledger.
- c) Chance events / if / happen / affect your business / they.
- d) If we / inform them / immediately / about the risk / help / their firm / it.
- e) When a strike / have the worst effect on / a business / it / take place.
- f) Business of any size / not succeed / it is kept / unless / a close watch on.

**Task 19. Open the brackets using the correct form of the verb. Check your answers with your partner.**

1. Our manager ... (hire) a vehicle tomorrow morning.
2. A bank ... (decide) lending money next week when it studies the entrepreneur's business plan.
3. According to the banking rules our company ... (pay) \$150 at the end of the next month to use a van for a year in return for payment.
4. I ... (sign) the loan note which allows me to expand my business at eleven o'clock in the morning.
5. My friend ... (make) the last loan payment at three o'clock tomorrow.
6. ... (hurry) to sell the collection of coins inherited from your uncle after reading his will, to provide funds to start your own business.
7. He ... (wait) to invest in your business as soon as possible.
8. You usually ... (substitute) the lower-priced good for the now higher priced good.
9. We ... (discuss) new changes in the prices of input if they come at nine.
10. Our clients ... (demand) economy cars to introduce into production in a short period of time.

**Task 20. *Going to* is used to talk about plans for the future or intentions (things you have already decided to do). For example: *I am going to take a holiday in May.* With the verbs *go* and *come*, we use the Present Continuous (Progressive) tense. For general predictions, you can use *will* or *going to*. For example *I think "Dynamo" is going to win the next World Cup.* With your partner, speak about what you are going to do after graduating from the University.**

## ***Focus on Listening and Speaking***

**Task 21. Watch the video "Demand" and arrange the jumbled text in the correct order. Watch the video once more and check your choice [34].**

**A.** What about different tastes and preferences? Naturally, your tastes and preferences help to determine your willingness or unwillingness to purchase, but what determines your tastes and preferences? Of course your personal tastes and preferences have been a lifetime in the making, and are always changing, but a few determining factors are: age, gender, religion, and social status. What else affects your willingness to buy? How about... weather, or climate? What about expectations for the future? How many factors are there, that affect an individual's willingness to buy – or not? The number of factors is endless, and I, for one, don't like to think about an infinite number of things at once. If I'm going to model the willingness to purchase, I want to narrow my focus to only two factors.

**B.** Look at it this way: if you are a consumer, what makes you willing to buy (or not willing to buy) a product or service? Of course, price affects your willingness or unwillingness to purchase, but what else? Income? Sure, the amount of income, particularly your disposable income, will affect your willingness and/or ability to buy. Luxury or necessity? Absolutely.

**C.** Suppose you've already given thought to your budget, mortgage rates, neighborhood amenities, whether a Walmart is being built nearby, etc., and you also find that right now, housing is going for \$150 a square foot. At this price, and given all those other factors, you have determined that you would be willing to purchase a 1500 ft house. What if the market slows down, and price per square foot drops to \$100? Keep in mind that all the other variables will be unchanged – same income, same mortgage rates, same neighborhood amenities, same everything – except that the price per square foot has changed. The Law of Demand says that you would then be willing to purchase more square footage (well, wouldn't you...?), perhaps 2000 ft? What if the market headed up again such as the price per square foot increases to \$200? All else constant, you would not be willing, or able, to buy a house as big as before – maybe at \$200 per square foot, everything else remaining the same, the quantity demanded will be more like 1000 ft? In the end, if you were to plot out each of these price-quantity combinations, you would start to see the inverse relationship described by the law of demand. Now, of course, there are more possible prices than just these three, but

we can see the general pattern now, and other prices would fit in with that existing pattern.

**D.** The law of demand states: more of good will be bought – the lower its price, less will be bought – the higher its price, *ceteris paribus*. Well, what does it mean? All the law of demand really says that there is an inverse relationship between price and the quantity demanded. Price goes up, amount bought goes down. At a low price, people are much more willing to buy; at a high price, people don't want to buy much. What about that last part, the Latin – *ceteris paribus*? Well, *ceteris paribus* means "all else being equal" or "other things the same". So the law of demand says that there will be an inverse relationship between price and quantity demanded as long as nothing else changes.

**E.** What will the two factors be? Well, think back to the law of demand: the focus is on quantity demanded and price. Quantity demanded, or what you buy, of course depends on all the factors just mentioned. Quantity demanded is a function of: price of the product, price of substitute products, price of complementary goods, it depends on the income, it depends on the weather, politics... all this stuff! But if I were to focus just on quantity demanded and price, what do I do with everything else? Well, remember that "all else constant" part? We recognize that all of these other factors are important to the decision, but for right now, we'll assume that they're constant, and unchanging. How does this work? Well, imagine that you are in the market to buy a house. You consider a lot of variables, right? Your income, mortgage rates, which neighborhoods have good schools and other amenities. Is this just a starter home, or will you be there for a long time? And of course you will look at home pricing.

**Task 22. What are the two factors which affect customers willing to buy? Discuss the answer with your partner.**

### ***Focus on Writing***

**Task 23. The third type of business letters is the letter of complaint. Look at the expressions in the box used in such type of letters and fill the table below [21].**

Letter of Complaint	Reply to the Letter of Complaint



I 'm writing to complain about; I 'm writing with reference to Order No. ... which we received yesterday; this is the third time this mistake has occurred; unless you can fulfill our order efficiently; will have to consider; please ensure that; the mistake must be corrected as soon as possible; there appears to be an error on the statement; could you tell (ask) your department; we think the reason that; it is because; we would appreciate your looking into this; the best solution would be; thank you (I would like to thank) for informing us about; we are replying to your letter; while we cannot give you explanation at present, I think this delay may have something to do with; the mistake was due to; please contact us again if any similar situation arises; in this case we are not willing to; we can inspect (repair/examine/compare), but; in closing we would like to apologize (point out); please accept our apologies for; finally, we may say that; we are sure that you will be satisfied; thank you for your patience in this matter; we look forward to hearing from you again

**Task 24. Here is a letter of complaint written by Mr. Brown to Mr. Johnes. Read the letter and answer the following questions.**

1. Why did Mr. Brown write a letter to Mr. Johnes?
2. What is Mr. Johnes supposed to do about the problem?
3. Why is Mr. Brown not going to complain to executive officers to correct the situation?
4. Is Mr. Brown sure that Mr. Johnes will not make the same mistake again?
5. Which words in the letter correspond to the following: investigated; seems; ordered; collect; lost?

R. Hughes & Son Ltd.  
21 Mead Road, Swansea,  
Glamorgan 3 ST IDR  
Telephone: 58441

Mr. Johnes,  
Homemakers Ltd, 54 – 59 Riverside,  
Cardiff CFI 1 JW

14th July, 2018

Dear Mr. Johnes,

I would like to inform you that I received 6 dressing tables from your firm yesterday. My order number is 1243. It was ordered from your summer catalogue No. GR136. But on unpacking it, I found that there were 5 dressing tables instead of 6 ones I asked for. I will not be able to satisfy my customers' orders.

I suppose that you will send the missing dressing table as soon as possible and pack it thoroughly up, if you don't want to lose a client. We would greatly appreciate it if you fulfill our order efficiently.

Yours sincerely,

Brown

**Task 25. Write a reply to this letter of complaint. Do not be rude or personal. Compare your letter with the letter of your partner.**

## **Case study 1**

### **Surplus: Sale Merchandise**

**Task 1. Teresa Cintron engages in the commercial purchase. She sales clothing in her clothing store. Each summer and winter Teresa holds a sale of the previous season's remaining items. Have you ever bought anything in a sale? Who is to profit more from it – sellers or customers? [19]**

**Task 2. Read the description of Teresa's Sale Days and complete the task below.**

It is the end of January and Teresa is taking inventory – counting what she has in her clothing store. In her latest end-of-season inventory, Teresa has found that she is left with 90 blouses and tops. The 90 items are divided almost equally among three price ranges. There are 40 blouses selling for \$30 each, 30 tops for \$20 each, and 20 tops for \$15 each.

To sell these remaining winter items, Teresa lowers the prices on the 90 blouses and tops by 20 to 50 percent. To bring customers into her store,

Teresa advertises the \$15 tops at 7.50 each. This price is about what Teresa paid for the top from her supplier. Teresa reduces the other items about 20 percent. Teresa still is able to make a small profit on these items.

Teresa's January Sale Days are a success. She sells 80 of her 90 summer blouses and tops. The ten remaining tops she places on a rack marked "Reduced" and will sell at an even lower price. Teresa's spring and summer stock will fill the rest of the store.

**A. What price ranges are Teresa's goods divided into? Fill in the table.**

Teresa's goods	Price range
1. 40 blouses selling for	
2. 30 tops for	
3. 20 tops	
4. 15 tops	
5. other items	

**B. With your partner, answer the questions about Teresa's success in selling summer and winter clothing.**

1. How does Teresa's decision to hold a sale illustrate the law of demand?
2. How might the law of diminishing marginal utility work on customers in Teresa's store?
3. What might happen to Teresa's sale if another nearby clothing store reduced prices to less than Teresa's prices?
4. Is the demand for Teresa's tops and blouses elastic or inelastic? Why?

**Task 3. Now summarize why Teresa had a success holding a sale. What would you do if you had such a shop?**

## 2. The Company

### 2.1. The Forms of Business Organizations

**Task 1. What are the advantages and disadvantages to work in a company/office, at home or as an entrepreneur running your own business? Explain your choice to a partner.**

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [7].**

1. Company	A. a company whose shareholders will lose all their money if the company goes bankrupt, and also risk losing their own property in order to pay the company's debts
2. Limited company	B. an organization that makes or sells goods or services in order to make a profit
3. Unlimited company	C. a company owned by people or other companies rather than by the governments, also a company whose shares are openly traded
4. Cooperative	D. a company where the shareholders will lose only what they have invested if the company goes bankrupt, and will not lose other property that they own
5. Partnership	E. a company, factory, or organization in which all the people working there own an equal share of it
6. Private company	F. someone who owns and runs a business on his or her own rather than with another person
7. Public company	G. the money that you earn from your work or that you receive from investments, the government, etc.
8. Sole proprietor	H. a relationship between two people, organizations, or countries that work together
9. Income	I. a company owned by people or other companies rather than by the governments, also a company

	whose shares are not openly traded and can only pass to another person with the agreement of other shareholders
10. Cash flow	J. if the cost or amount of something offsets another cost or amount, the two things have an opposite effect so that the situation remains the same
11. Offset	K. a partner who invests in a business but doesn't take an active part in managing
12. Liability	L. the movement of money coming into a business as income and going out as wages, materials, etc.
13. To run business	M. legal responsibility for something, especially for paying money that is owed, or for damage or injury
14. Interest	N. to manage business
15. Sleeping partner	O. the extra money that you must pay back when you borrow money

### ***Focus on Reading***

**Task 3. Read the text and choose the best answer to the questions below the text [2].**

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 about 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. The people who own such stock certificates (or shares) are called stockholders or shareholders. They in fact own the corporation.

The majority of businesses are owned by sole proprietors. The owner has complete control of the business, and is totally responsible for its success or failure. People like the idea to own their business that is why they form sole proprietorships. All decisions concerning the business are theirs to make.

And, if the operation is successful, the sole proprietor gets to keep all the profits. But running your own business is extremely hard work. The risks are great, but so are the rewards in job satisfaction. The main advantages of this form of business are:

a) Small start-up costs. It is simple and inexpensive to set up as a sole proprietor. However, you must tell the income tax authorities and will pay self-employed National Insurance contributions. You must also keep proper business accounts.

b) Profits are all kept. The owner keeps all the profits, though he or she must save enough money to pay tax, interest charges on loans.

c) Offset of losses. Losses made in the first year maybe offset, or balanced, against tax paid earlier in the same financial year.

d) Flexibility. The small business is very flexible. If one kind of activity is not profitable, the owner can quickly switch to something else.

3. There are also certain disadvantages:

a) Unlimited liability. This means that owners are personally responsible for all the debts of their business.

b) Difficulties in raising money. It is often difficult to raise capital, though government schemes have made this somewhat easier.

c) Slow growth. The firm's growth is very slow as one person can do only a limited amount of work.

d) High risks. The risk of failure is high as there is usually great competition.

e) Lack of continuity. The business stops with the owner's death.

For these and other reasons, there is a high failure rate among one person businesses.

Compared to sole proprietorships, partnership is set up by two or more people. The most common form is general partnership often used by lawyers, doctors, dentists, etc. Partnership has three advantages: a) when partners are added to a proprietorship, they often bring with them additional capital (money); b) partners share responsibilities; c) partnership is easy to form.

But partnerships also have some disadvantages. For example, partners may have unlimited liability. This means that each partner is personally responsible for all the debts of the firm. Still another disadvantage of partnerships is that they have a limited life. When a partner dies, or leaves the business, the partnership ends.

There are two types of partnership: unlimited partnership and limited partnership. In unlimited partnership, if the business fails, partners are fully liable for all debts, and may even have to sell personal assets. In limited partnership, there may be sleeping partners who do not participate in the management of the company. Sleeping partners have limited liability – in the event of bankruptcy, they only lose their investment, not their personal assets.

To have your own business you must be dedicated, hard-working, adaptable and willing to take risks and to overcome problems. You must also have a good basic trading idea and investigate the market thoroughly. A profit and loss budget must be drawn up to make sure that the business will be profitable. A cash-flow plan will increase your chances of getting a loan from a bank, which will be your main source of outside finance. You will need to find a suitable site to work from. You could start at home, but without planning permission from your local council, you could run into trouble for making too much noise, or having too many visitors. Many businesses usually have to be licensed by the local council. You will need a business plan with both short- and long-term objectives. You will also need to cope with administration or general organizing financial records, correspondence and filing. Finally, you will need to have a proper marketing plan, pricing policy and publicity campaign.

1. What personal qualities does a sole proprietor need for success:  
a) intelligence;                      b) being a workaholic;                      c) being easy going?
2. Who is in control of the business and who keeps the profits:  
a) your parents;                      b) your best friend;                      c) you?
3. What might be the main source of finance, apart from the owner's money:  
a) tax authorities;                      b) your salary;                      c) a loan from a bank?
4. What are the main advantages of setting your own business:  
a) flexibility, all profit kept, small start-up costs, offset of losses;  
b) offset of losses, flexibility, small start-up costs;  
c) small start-up costs, all profit kept, flexibility?
5. What are the main disadvantages of setting your own business:  
a) slow growth, difficulties in raising money, high risk, lack of continuity, unlimited liability;  
b) difficulties in raising money, slow growth, lack of continuity, high risk;  
c) unlimited liability, difficulties in raising money, slow growth, lack of continuity?

**Task 4. Match the sentences from 1 to 5 with one of the four phrases (A – E). Discuss your choice with your partner [6].**

A. Cooperative. B. Public company. C. Partnership. D. Sole proprietor. E. Private company.

1. Someone who owns and runs a business on his or her own rather than with another person.

2. A relationship between two people, organizations, or countries that work together.

3. A company, factory, or organization in which all the people working there own an equal share of it.

4. A company owned by people or other companies rather than by the governments, also a company whose shares are not openly traded and can only pass to another person with the agreement of other shareholders.

5. A company owned by people or other companies rather than by the governments, also a company whose shares are openly traded.

**Task 5. Answer the following questions, compare your answers with your partner's answers.**

1. Why is the risk of running your own business great?

2. What kind of person must a sole proprietor be?

3. What is necessary to make your business profitable?

4. What may increase your chances of getting a loan from a bank?

5. What documents are necessary for a sole proprietor to run his or her business?

6. Are the documents necessary to run a business the same for a sole proprietor and partners?

**Task 6. Compare sole proprietorship and partnership. Fill in the table. Discuss the results in your group. Give your reasons.**

Sole proprietorship	Partnership



**Task 7. Read the text. Choose from (A – G) the one which best fits each space (1 – 5). There are two choices you don't need to use [5].**

If you were self-employed, you would have to do everything yourself. If your business expanded later, so that you had to employ other people, ...1... . It is often difficult for even a small firm to find the right kind of organization in order to achieve its objectives. The more people you employed, ...2... . These problems are obviously much greater with bigger firms, especially multinationals, operating in a number of continents. Big firms cope with these problems by organization. There must be people in authority who give the orders and see that they are carried out. There is a chain of command which runs from the top – the chairperson – ...3... and the heads of departments' bottom – the shop floor and office workers who carry out the final orders. An important factor affecting the span of control is delegation. This means giving people lower in the hierarchy the ...4... . The amount of delegation depends on the structure of the organization and the type of leader. Teamwork helps to give each employee greater responsibility and a bigger outlet for his or her skills. Employees also become more deeply involved in their work and gain a greater sense of achievement. As a firm expands and its activities spread throughout a country, or over whole continents, it has to give local managers more responsibility because ...5... as for their products, labour and supplies. Production can be organized regionally so that the distribution costs are reduced [21].

- A. you would have even more responsibility.
- B. through the chief executive officer (CEO).
- C. Big firms cope with these problems by organization.
- D. the more complicated it would be to run the firm.
- E. they are more in touch with local market.
- F. authority to carry out tasks and make decisions themselves.
- G. Teamwork helps to give each employee greater responsibility.

**Task 8. Discuss with your partner the main advantages and disadvantages of running your own business. Then state six kinds of businesses which might be run by sole proprietors. Compare your answers with the whole group.**

## ***Focus on Vocabulary***

**Task 9. Match the words from each column to form word partnerships. Then make up sentences for each word partnership or find them in the text [28].**

- |              |             |
|--------------|-------------|
| 1. Financial | A. Policy   |
| 2. Pricing   | B. Profits  |
| 3. Interest  | C. Costs    |
| 4. Keep      | D. Year     |
| 5. Take      | E. Business |
| 6. Start-up  | F. Risk     |
| 7. Run       | G. Charge   |

**Task 10. Find the words according to their definition in the marked paragraph of the text.**

1. An owner of a business. (par. 1)
2. An amount of money that you must pay to the government according to your income, property, goods, etc. and that is used to pay for public services. (par. 2)
3. An amount of money that you borrow from a bank, etc. (par. 2)
4. A sum of money that a person or organization owes. (par. 5)
5. A charge or payment that is set according to a standard scale. (par. 6)

**Task 11. Fill the gaps in the sentences with the appropriate word(s).**

*Profits, responsibility, make a profit, set up, responsible, raise finance, raise capital, job satisfaction, financial control, profitable.*

1. Partnerships may also be ... in any kind of business.
2. Partnerships may have more ... ideas than a sole proprietor.
3. It may be easier to ... as each partner contributes a share.
4. How should ... be shared – equally or in proportion to capital the provided?
5. All the partners are ... for the partnership's debts.
6. Work would become more enjoyable and provide greater ... .
7. Poor management, planning and ... have closed some co-operatives.

8. A further problem is that it is often difficult for co-operatives to ... or to attract business.

9. If the company, with all its resources, cannot ..., the chances of the co-operative doing so are small.

10. Members would have a greater sense of ... and work harder to make the business succeed [2].

**Task 12. Read the text below. For questions (1 – 8) choose the correct answer (A, B, C or D).**

General partnership is composed of two or more persons (usually not a married couple) who agree to ...1... money, labor, or skill to a business. Each partner shares the profits, losses, and management of the business, and each partner is personally and equally ...2... for debts of the partnership. Formal terms of the partnership are usually contained in a written partnership ...3... . A limited ...4... is composed of one or more general partners and one or more ...5... partners. The general partners manage the business and share fully in its profits and losses. Limited partners share in the profits of the business, but their losses are limited to the extent of their investment. Limited partners are usually not involved in the ...6... operations of the business. A limited liability partnership (LLP) is similar to a general partnership except that normally a partner doesn't have personal liability for the negligence of another partner. This business structure is used most by professionals, such as accountants and lawyers [24].

A trust is a legal relationship in which one person, called the ...7... , holds property for the benefit of another person, called the beneficiary.

A ...8... is a partners' firm formed for a limited length of time to carry out a business transaction or operation.

1	A	contribute	B	move	C	introduce	D	insert
2	A	responsible	B	liable	C	relying	D	trusting
3	A	consensus	B	understanding	C	agreement	D	balance
4	A	alliance	B	assistance	C	partnership	D	cooperation
5	A	limited	B	reduced	C	restricted	D	scanty
6	A	routine	B	daily	C	every day	D	day-to-day
7	A	representative	B	broker	C	trustee	D	agent
8	A	joint venture	B	mutual firm	C	short-term firm	D	partners' firm

**Task 13. Read three descriptions of company structures and decide which one can be a limited company, a sole proprietor, a partnership. Use a dictionary to help you. Choose one of the structures and present it to the class.**

1. ... sets up and runs the company. The owner provides all the capital and has unlimited liability for business debts, even if this means selling personal assets.

2. ... In this company (AmE corporation), the capital is divided into shares, which are held by shareholders. Shareholders have certain responsibility, but they can vote at the Annual General Meeting to elect the Board of Directors. There are two types of this company:

a) in a private limited company, all shareholders must agree before any shares can be bought or sold;

b) in a public limited company, shares are bought and sold freely, for example on the stock exchange.

3. ... A group of people provide the capital, set up the company and manage it together. There are two types of companies with this structure: limited and unlimited. In the first type of company the investment is lost by its members, the members of the second type of company are responsible for all debts and may lose personal assets.

### ***Focus on Grammar***

**Task 14. Complete the following table with appropriate forms of the words.**

<b>Noun</b>	<b>Verb</b>	<b>Adjective</b>	<b>Adverb</b>
responsibility	respond	responsible	responsibly
satisfaction			
		flexible	
finance			

**Task 15. The Present Perfect links the past and the present. It is used to talk about past events which have no specific past time marker, have a present result, continue to the present or haven't happened yet. Sometimes there is a time phrase, e.g. *this week, today, so far, already, just, until now, this year, ever, never, yet, since, for* [28].**

**Write a sentence using the verbs in the Present Perfect and complete the sentences with *yet* and *already*.**

**A.** *Decide, be, present, include, finish.*

1. We ... already ... our reports. 2. But we ...not ... what to include in the report yet. 3. We ... ... the results of the experiment in it. 4. We ... never ... any report. 5. Thus it ... ... our first experience.

**B.** *Be, have, meet, see, wait, update.*

1. Mr. Bianchi ... ... out of the office this week. 2. He ... ... his own business a few years now. 3. I ... just ... Pete at a trade fair. 4. I ... ... him nearly ten years. 5. He ... ... for this promotion for a month. 6. They ... already ... their website.

**C. Use the Present Perfect in these sentences.**

1. We .....(already send) the engineer a telex.  
2. So far we ... ... (not hear) anything from the customer.  
3. ... ... you (ever visit) Indonesia?  
4. I ... ... (lose) all my traveler's cheques. Can you lend me some money?  
5. We ... ... (just print) the catalogues in English.  
6. The accountant ... ... (test) the calculations and cannot find anything wrong.

**Task 16. Write questions with *how long ...* and the Present Perfect. The first sentence is an example.**

1. *you / work / here How long have you worked here?*
2. *he / know / about this problem*
3. *she / be / a director of the company*
4. *you / want /change / the job*
5. *they / have / their website*
6. *he / be / interested / in working for us*
7. *he / have / a company car*
8. *she / be / responsible for that account*

**Task 17. Complete the sentences with the correct form of the verb in brackets.**

1. Frances (write) a report at the moment.
2. I (meet) her for a lunch tomorrow at one o'clock.

3. They (not arrive) yet.
4. She (visit) the office last week?
5. We (meet) before but I can't remember when.
6. They (buy) this house in 1978 and since that time they (live) there.
7. She (live) in London all her life.
8. She (send) a fax when the fax machine stopped working.
9. I (know) Helen since she was a little girl.
10. She (set up) her business five years ago and now she (own) it.
11. They (lead) the market now; they (become) market leaders in 1998.

**Task 18. Rewrite the following sentences using the Present Perfect or the Present Continuous or the Present Simple. The first sentence is an example.**

1. *I have solved this problem before you come. I usually solve this problem in the office. I'm solving this problem now.*
2. I have this office for six months.
3. We haven't producing it yet.
4. We haven't produced much recently.
5. Salaries have rise more than 20 % in the last three years.
6. Salaries have rise rapidly for the last three years.
7. Have you ever do business in the Far East?
8. How long have you do business there?

**Task 19. Look at the forms of the pronouns in the box. Put the pronouns in the plural.**

**Demonstrative pronouns:** this – these; that – those; such, the same

1. This is a table.
2. This is a money market.
3. That was an increase in your salary.
4. That capital had unlimited liability.
5. Is this your business in the Far East?
6. Is that a partners' meeting?
7. Is this your chance of getting a loan from a bank?
8. Is that a cash-flow plan?

**Task 20. The indefinite pronoun *some* is used in the form of *any* in negative and interrogative sentences. Fill the gaps with the pronouns *some* or *any* or their derivatives.**

1. There are ... things which are described as "free".
2. Is there ... you know about the opportunity cost?

3. There are not ... goods which are described as "free", because almost all goods have the opportunity cost.

4. There is ... difference between the selling price and the cost of production.

5. Is there ... of economics in our everyday lives?

### ***Focus on Listening and Speaking***

**Task 21. A group of colleagues are discussing their contracts. Watch the video "Changing the Employee's Contract" and answer the questions [33].**

1. How does an employer go about changing their employee's contract?

2. What are a lot of contracts based on?

3. What are the options the employer may chose the contract?

**Task 22. Watch the video again and complete the speakers' suggestions.**

1. I really think we should ...  *speak about wages, hours, holiday entitlement.*

2. How about ...

3. One way would be to ...

4. What if ...

5. Let's ...

6. I suggest ...

7. Couldn't we ...

### ***Focus on Writing***

**Task 23. The fourth type of business letters is the letter of request. Look at the expressions used in such type of letters and find which of them express *opening of the letter, explaining the problem, suggesting the problem solution, rejecting the request, closing the letter* [21].**

Please, let us know why; with reference to your letter; this is the second letter I have sent you with regard to; in your reply to my letter of (date) you promised that; we would like to know why; we must now insist; we have written to you twice (two letters); we now assume; we had expected this

matter to have been settled; we know you will appreciate the situation and hope; I'm sorry to tell you that; I would be most grateful if; I think the following solution might help us; please confirm your acceptance by; I know that since we begin; let us apologize; it is possible that your bank; would you send us a reply or; we might be able to help you with your problem; could you allow me a further ... days to clear; if you refuse my request; we may confirm.

**Task 24. Here is a reply to the letter of request written by Mr. J. Brown to Mr. D. Schubert. Read the letter and say which of the expressions belonging to request are used in the letter of reply?**

Panton Manufacturing Ltd., 54 – 59  
Riverside, Cardiff  
CF1 1JW  
Telephone (0222) 49723

20 November, 2009

D. Schubert  
Midland Bank Ltd.,  
Portman House, Great Portland Street,  
London SW167DN

Dear Mr. Schubert,

Thank you for your letter of the 15 January regarding our November statement and December invoice No. 5834.

We were sorry to hear about the difficulties you had had, and understand the situation, but we would appreciate it if you could clear the account as soon as possible, as we ourselves have suppliers to pay.

We look forward to hearing from you soon.

Yours sincerely,

Signature

J. Brown

**Task 25. Alan Green, who lives 145 Bloom Street, London, SW 115, asks the Sales Department of Electronics AG in Chicago (342 High Street, Chicago, IL) to send a new catalogue of the gadgets they advertised last week. Write down a letter of request. Compare your letter with the letter of your partner.**



## 2.2. Company's Profile

**Task 1. Some people are happier working on their own, while others like to belong to some kind of organization. Where would you personally prefer to work:**

- a) in a multinational company;
- b) in a large national corporation;
- c) in a state-run industry or service;
- d) in a small company;
- e) in a family firm;
- f) as a sole proprietor running your own business?

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help.**

1. Private limited company	A. People who have been elected to the board of a company by the shareholders to make decisions about its management and policies
2. Nominal capital	B. Annual payments made to shareholders for each share they hold in a company
3. Limited liability	C. Limiting the financial liability of shareholders to the money they have invested
4. Dividends	D. The ability to sell the assets of a firm to pay off its debts in case of closing or 'winding up' of a company
5. Shareholders	E. The amount of money which a company can raise from its shareholders. It is also known as authorized capital
6. Board of directors	F. The money a business obtains by selling shares to investors
7. Liquidity	G. A limited company whose shares can be bought and sold by the public and other firms. The company has the right to use the abbreviation <i>plc</i> after its name
8. Public limited company (plc)	H. Persons who have bought shares in a company which gives them a share in the ownership of the company and a share in any profits

9. Share capital	I. A firm whose financial liabilities are limited to the amount of money put up by shareholders. To conform with the European Union law, one person alone can now form a private limited company. Its shares cannot be sold to the public
10. Stock exchange	J. A comprehensive record on a company's activities throughout the preceding year
11. Financial statements	K. A system of giving money, food, or help free to those who are in need because they are ill, poor, or have no home
12. Charity	L. A gift for charity, humanitarian aid, or to benefit a cause. It may take various forms, including money, alms, services, or goods
13. Donation	M. Formal records of the financial activities and position of a business, person, or other entity
14. Annual report	N. A facility where brokers and traders can buy and sell securities, such as shares in stock and bonds

### ***Focus on Reading***

**Task 3. Read the text and say whether the sentences below are true or false [6].**

1. Companies can be classified into different types based on their mode of incorporation, the liability of the members, and number of the members. The most common types of companies are private and public companies. The main difference between private and public companies is the difference in trading in shares, ownership, reporting requirements and access to capital, valuation and risks.

2. An important step to go up the business ladder is forming a *private limited company (Ltd)*. The shareholders own the company. Some of the shares are owned by family friends, business associates and employees, but there are also some very large private corporations. Part of the company's

profits may be kept back, or retained to pay for improvements to the business, and some is distributed among shareholders in the form of dividends.

3. The founders of the business – or their descendants – are usually the main shareholders and directors of the firm. The chairperson of the Board of Directors takes a leading part in deciding the company's policy. He or she is often the managing director who carries out the policy day by day. In practice, therefore, the people who started the business actually own the company and control. However, their financial liability is limited to the nominal capital they invested. There are other legal formalities: for example, a company must hold an annual general meeting (AGM) and send details of the company's financial affairs to the Companies' Registration Office every year [5].

4. Limited liability is the main advantage of forming a company. There are other benefits, too. A company is legally a separate entity, distinct from a person who runs it, which means that it has certain rights that are recognized by the courts. It can buy and sell assets, make contracts, sue other companies and individuals, and it can also be sued. Small companies are often far more flexible and willing to try out new ideas than big established companies.

5. There are some disadvantages in forming a limited company. It is more expensive to set up a company than to start a sole proprietor business. A big company's accounts must be audited, which means that it has to employ an auditor as well as an accountant.

6. A public limited company (plc) is different from a private limited company, as its shares can be bought and sold by the public. Sometimes it is called a publicly held company and it is usually a corporation that issues shares of stock (a stock corporation). The shares are traded on the open market through a stock exchange. Because public companies are selling to the public, these companies are subject to many regulations and reporting requirements to protect investors. Annual reports must be made public and financial statements must be made quarterly. Holding companies, which are set up to hold and control other companies, are always public companies. Public companies are under the attention of society. Annual meetings may be attended by press and anyone with just one share of stock can attend. The big advantage to having a public company is that investment is shared by a large number of people and the shareholders don't have to be paid in case of bankruptcy. Publicly traded companies are easier to value for market analysts and investors than private companies. Both companies can be valued using the same methods, for example financial modeling [2].

7. Limited liability applies to plcs just as it does to private limited companies. In a plc, the two most important persons are the chairperson and the chief executive. In general terms, the chairperson represents the company in the outside world and takes a leading part in making policy. The chief executive is responsible for carrying out company policy and the day-to-day management of the firm.

8. A corporation is a business that is chartered by a state government and owned by shareholders or stockholders. Shareholders invest in a corporation in return for a "share" of the profits. Corporations can be small, with only three or four shareholders. They also pay more taxes than other businesses. Corporations have several advantages: corporations have limited liability. The money shareholders might lose is limited to the amount they paid for their stock, they have unlimited life. When corporate stockholders die, their shares of stock are inherited by their heirs. Meanwhile, the corporation is free to conduct its business as usual.

9. One more form of business is non-profit organizations. These organizations with "social" aims such as helping those who are sick or poor, or encouraging artistic activity, are non-profit organizations (BrE) or not-for-profit organizations (AmE). They are also called charities, and form the voluntary sector, as they rely heavily on volunteers (unpaid workers). They are usually managed by paid professionals, and they put a lot of effort into fund-raising, getting people to invest money in the organizations in the form of donations.

1. Only family members or the individuals who set up a business can be shareholders in a private limited company.

2. All company's profits may be retained to pay for improvements to the business and as dividends to shareholders.

3. CEO (Chief Executive Officer) takes a leading part in deciding the company's policy.

4. The shares can be bought and sold by the public in a plc.

5. Charities are organizations based on volunteers.

6. Limited liability is the main advantage of a public company.

7. In a plc, the chief executive is responsible for carrying out company policy and the day-to-day management of the firm.

8. A limited company is cheaper to set up than a sole proprietor business.

9. A corporation is a family business that is chartered by a state government.

10. The money shareholders might lose is limited to the amount they paid for their stock.

**Task 4. Discuss with your partner the advantages and disadvantages of a private limited company. Fill in the table.**

Advantages	Disadvantages

**Task 5. With your partner, match the sentences from 1 to 5 with the correct endings (a – e) [13].**

1. British companies donate to charities around £500 million a year	a) with loss-making companies
2. She organized fund-raising	b) in cash and, increasingly, as goods, services and time
3. Voluntary sector employees earn five to ten per cent	c) parties for the charity
4. Non-profit organizations are not to be confused	d) when they are helping people in their own social class
5. Research shows that volunteers give the best service	e) less than they would in the private sector

**Task 6. Ask your partner the following questions.**

1. What is the difference between plc and ltd?
2. Do non-profit organizations pay taxes?
3. Is it profitable for large companies to invest in charity?
4. What makes it possible for a large number of people to invest in corporations?
5. Is there any difference between a chairperson in plc and ltd?
6. Who is responsible for the investment policy in the company in plc and ltd?
7. May annual meetings be attended by press and anyone with just one share of stock?
8. Are holding companies, which are set up to hold and control other companies, always public companies?

9. Why are public limited companies subject to many regulations and reporting requirements to protect investors?

**Task 7. Discuss with your partner the advantages and disadvantages of a public limited company. Fill in the table.**

Advantages	Disadvantages

**Task 8. Read the text. Choose from (A – G) the one which best fits each space (1 – 5). There are two choices you don't need to use.**

The more people you employed ...1... . Big firms cope with these problems by organization. There must be people in authority who give the orders and see that they are carried out. There is a chain of command which runs from the top – the chairperson – ...2... – the shop floor and office workers who carry out the final orders. The most common form of organization is ...3... . A large firm might divide a country into several regions. Each would be allowed to run most of its own affair with senior managers in charge of production, planning and finance. In practice most multinationals use a mixture of organizations and try to combine them into a whole. One major problem is always how much centralization or decentralization there should be in a firm. Both have advantages and disadvantages. ...4... – in the use of skills, in buying supplies, etc. However, long lines of communication can result in slow decision-making.

Decentralization helps a firm to respond quickly to market changes and speeds decision-making. However, it can also cause doubling up of effort and might weaken the power of the parent company. In practice, most multinationals give a large amount of autonomy, or ...5... . General policy, finance, appointment of top managers and relations with other businesses are usually centrally controlled [4].

- A. The more complicated it would be to run the firm.
- B. Centralization produces economies of scale.
- C. Through the chief executive officer (CEO) and the heads of departments' bottom.
- D. Organization by function – the jobs that people do.
- E. Power to run their own affairs, to their operating companies.

- F. In practice most multinationals use a mixture of organizations.
- G. However, it can also cause doubling up of effort.

**Task 9. Look at the statements below and say what type of organization each of these is.**

1. A group of engineers who work together to provide consultancy and benign services. There are no outside shareholders.
2. A large British engineering company with 30,000 employees. Its shares are bought and sold on the stock market.
3. An American engineering company with outside shareholders.
4. An engineer who works by herself providing consultancy. She works from home and visits clients in their offices.
5. An independent British engineering company with 20 employees. It was founded by three engineers, who are shareholders and directors in the company. There are five other shareholders who do not work for the company privately.

**Task 10. Chose private or public limited companies to present to the class.**

### ***Focus on Vocabulary***

**Task 11. Find as many words of one and the same meaning as you can [25].**

1. Benefit .....
2. Liability .....
3. Reduce .....
4. Sole proprietor .....
5. Nominal capital .....

**Task 12. Find the words according to their definition in the marked paragraph of the text.**

1. One of the equal parts into which the ownership of a company is divided. (1)

2. Something that exists as a single and complete unit. (4)
3. To make a legal claim against someone, especially for money, because they have harmed you in some way. (4)
4. Someone whose job is to keep and check financial accounts, calculate taxes, etc. (5)
5. Giving something, especially money, to a person or an organization in order to help them. (9)

**Task 13. Match the words from each column to form word partnerships and find them in the text.**

- |                   |              |
|-------------------|--------------|
| 1. Financial      | a) capital   |
| 2. Nominal        | b) policy    |
| 3. (Un)limited    | c) affairs   |
| 4. Annual general | d) sector    |
| 5. Making         | e) contracts |
| 6. Voluntary      | f) liability |
| 7. Make           | g) meeting   |

**Task 14. Complete the following sentences by choosing the most appropriate words or phrases below [2].**

*CEO, retained, audit, benefits, non-profit, shareholders, distributed, asset, liability, annual general meeting.*

1. Balance sheet reduces an ... and a liability.
2. Our independent non-executive directors have a particularly valuable role especially in relation to ... .
3. There are a lot of ... for the persons who run private limited companies.
4. They enter at the peak and like those who buy ... at their peak, they suffer badly.
5. Copies of the report were ... shortly after the meeting.
6. There are other legal formalities for a limited company; such as holding an ... .. and publication of the details of the company's financial affairs.
7. Some ... are unhappy with the running of the club and are concerned with the way the recent annual meeting was conducted.



8. However, some banks have ... the more traditional method of charging commission on transactions only.

9. The biggest problems faced by the ... of a large corporation are vastly more complex than those encountered on the shop floor.

10. Private money is less important, but still significant for some areas of voluntary ... social service.

### ***Focus on Grammar***

**Task 15. Complete the following table with appropriate forms of the words [11].**

<b>Noun</b>	<b>Verb</b>
	achieve
distribution	
	determine
	spread
	expand

**Task 16. The Past Simple tense is used when we talk about completed actions, referring to a definite moment or period in the past, while the Past Perfect tense is used to refer to a completed action that happened before another one in the past. The Past Perfect tense is used with the following time phrases: *never, just, always, yet, already, this week, lately / of late, recently, for ages, ever, since* [10].**

**Use the verbs in brackets in the Past Perfect tense.**

1. I didn't know that because you ... (not tell) me. 2. When I got to the bank, it ... (to be) closed. 3. When they ... (have) lunch, they started their business trip. 4. She said that she ... (be) to Australia. 5. After they ... (do) the shopping, they went home. 6. I put the money back where I ... (find) it. 7. Since the CEO of our firm arrived, the top manager ... (leave). 8. I thought you ... (say) that you don't like writing the financial statement. 9. She couldn't see the document well because she ... (left) her glasses. 10. The business meeting ... (not begin) yet, when they arrived.

**Task 17. Complete this report by writing the correct form of the verbs given in brackets. Use either the Past Simple or the Present Perfect tenses.**

In a meeting held last Monday, the Marketing Department proposed that the company should change its advertising strategy. It ... (be) the policy in the past to use TV as the main medium for advertising our products. However, in the last year, there ... (be) a number of changes.

The cost of TV advertising ... (rise) considerably since the beginning of last year. For example, whereas a one-minute prime-time slot ... (cost) £500,000 last year, it now costs £750,000. In addition, the results of our TV advertising campaign last year ... (be) very disappointing. Market research, which we ... (conduct) between October and December last year ... (show) only a slight increase in sales following the campaign. On the other hand, sales resulting from our radio advertising campaign ... (increase) substantially since last October. This is probably because we ... (target) a younger audience through our radio campaign by linking advertising to pop music programs. What is more, the cost of radio advertising ... (not, increase) as much as TV advertising over the last year. Our conclusion is that TV advertising should be cut in favour of greater emphasis on the radio.

**Task 18. Harry Becker is Jimmy's Head of Sales. He is introducing himself and the company to new sales recruits. For sentences (1 – 10) choose the correct answer (A, B, C or D) and complete his speech.**

Good morning and congratulations on becoming a member of Jimmy's successful sales team. I'm Harry Becker, Head of Sales. First I'll introduce myself and then I'll tell you a little bit about your new company. I ...1... university 20 years ago and then ...2... to the United States. I ...3... Jimmy 15 years ago and ...4... in the Sales Department for 10 years. I ...5... Head of Sales last July and I ...6... a holiday since then. Jimmy ...7... the market leader for many years now. A year ago we ...8... our Sales Department and, since November, our turnover ...9... by 12 % and our share price by almost 5 %. Bringing us up to date, last week Jimmy launched an advertising campaign for a low-priced decaffeinated product. It will be your first job to sell this product.

1	A	left	B	was leaving	C	have left	D	had left
2	A	have gone	B	was going	C	went	D	had gone
3	A	was joining	B	have joined	C	had joined	D	joined
4	A	had worked	B	have worked	C	was working	D	worked
5	A	became	B	was becoming	C	have become	D	is becoming
6	A	have	B	had	C	haven't had	D	hadn't had
7	A	has been	B	had been	C	was	D	is
8	A	have reorganized	B	reorganized	C	were reorganizing	D	had reorganized
9	A	increased	B	had increased	C	was increasing	D	has increased

**Task 19. Use the verbs in brackets in the Past Simple tense, the Past Continuous (Progressive) tense or Past Perfect tense.**

1. When at last I reached her house, Anne just (to leave) and therefore we only had time for a few words.

2. When I (to reach) her house, Anne, (to go away) already, that is why I had no time to speak to her.

3. As he (to get) into the tram, it (to start) suddenly and he (to fall) backwards on the pavement.

4. As soon as he (to get) into the bus, the bus (to start).

5. When I (to hear) his knock, I (to go) to the door and (to open) it but I (not to recognize) him at first, because I (not to wear) my glasses.

6. Suddenly he (to realize) that he (to travel) in the wrong direction.

7. Margaret was very extravagant, she always (to buy) herself new clothes.

8. Why you (to interrupt) me? I (to have) an amusing conversation with Dick.

9. When I (to come) to his studio, he (to paint) the portrait of his wife. "You (to like) it?" "He only just (to start) when I (to see) it, so I could not judge."

10. As we (to walk) along the road we (to hear) a car coming from behind. Tom (to turn) round and (to hold up) his hand. The car (to stop).

11. When I (to arrive) at the meeting, the first speaker had just finished speaking and the audience (to clap).

**Task 20. Look at the forms of the pronouns in the table. Circle the correct form of the pronoun or possessive adjective in the sentences below the table [27].**

Subject pronoun	Complement pronoun	Possessive adjective	Possessive pronoun	Reflexive pronoun
I	me	my	mine	myself
you	you	your	yours	yourself
he	him	his	his	himself
she	her	her	hers	herself
it	it	its	its	itself
we	us	our	ours	ourselves
you	you	your	yours	yourself
they	them	their	theirs	themselves

1. If they have a job for many years, (they/them) will be able to purchase goods such as cars and homes that require payments over a long period of time.

2. She speaks to (we/us/ourselves) about changes in the price of related goods, such as bread and butter or butter and margarine.

3. John bought a new luxury car for (himself/herself).

4. Just between you and (I/me), I don't like (him/his) lecture on supply and demand.

5. To find out that taco is a Mexican pie was new even for (we/us).

6. Mr. Jones cut (himself/herself/him) in everything to buy a country house.

7. If she fears losing (their/her/ours) job, she will apply to the bank for a long-term payment.

8. Everyone has to do (their/his) research in economics.

9. The budget committee decided to postpone all (his/its/their) payments.

10. As the price of a good or service rises, we will buy a smaller quantity of goods for (ourselves/us/our) only.

## ***Focus on Listening and Speaking***

**Task 21. Watch the video "How important are small businesses?" [38].  
What do these numbers refer to:**

57 m; 85 m; 11.8 m; 2012; 63 %; 94 m?

**Task 22. Watch the video "How important are small businesses?"  
once more and discuss small business problems.**

1. Small businesses as the country's main job creators need additional employees.
2. What factors disproportionately hurt small businesses?
3. Some economists consider that for strengthening the job market, job-killing taxes and regulations must be rolled back.

## ***Focus on Writing***

**Task 23. An e-mail is usually shorter than other forms of communication and the language is simple and concise. The tone of an e-mail to superiors or people outside the company should be formal. But "in-house" e-mails between colleagues can be semi-formal.**

**Match the layout of the e-mail with the sample e-mail [21].**

**A.** the name of the person sending the e-mail; **B.** the name of the person/people the e-mail is addressed to; **C.** the date; **D.** the address to the person/people who will receive the e-mail (opening); **E.** the information about the content of the e-mail; **F.** the files, documents, etc. sent separately rather than included in the actual message or body of the e-mail; **G.** the body of the e-mail; **H.** the closing; **I.** the name and the job title of the person who sends the e-mail.

### **The e-mail sample**

From: Sarah Bates, Personal Assistant

To: Tom Peterson

Sent: 12 January 20\_\_ 14:54

Subject: Re: Request for dispatch confirmation

Attachment: Invoice doc.

Dear Mr. Peterson,

Thank you for your mail. I have checked with Mr. Hickson, our Production Manager, and I can confirm that the 200 cases you ordered left our warehouse yesterday and should arrive at their destination by tomorrow at the latest. Please let me know if there is any delay.

I am sending a copy of the invoice as requested, in the attached file.

Yours sincerely,

Sarah Bates

Personal Assistant

**Task 24. Write an e-mail (February 17, 2019, 5:30 p.m.) to your business partner, Mary Roger, Top Manager of a small building firm explaining your reasons to start a new business and your ideas about the business plan.**

### 2.3. Types of Companies

**Task 1. How do you understand the word "franchising":**

- a) some political event;
- b) an agreement in which a company gives a business the right to sell its goods or services in return for a fee or a share of the profits;
- c) someone who sells a brand?

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [10].**

1. Brand	A. Working for yourself and not employed by a company
2. Franchising	B. To tell the public about a product or service in order to persuade them to buy it
3. Overdraft	C. A person, plan, etc. that is flexible, can change or be changed easily to suit any new situation
4. Agreement	D. Someone who owns shares in a company
5. Applicant	E. The main or largest part of something, most

6. Invest	F. A separate and partly independent company that is formed from parts of an existing company, or the action of forming a company in this way
7. Self-employed	G. A type of product made by a particular company, that has a particular name or design
8. A flexible labor force	H. To buy shares, property, or goods because you hope that the value will increase and you can make a profit
9. Shareholders	I. A pilot operation
10. Spin-off	J. Someone who has formally asked, usually in writing, for a job, university place, etc.
11. Bulk	K. The amount of money you owe to a bank when you have spent more money than you had in your account
12. Royalty payments	L. Promise to do something, made by two or more people, companies, organization, etc.
13. Core	M. Payments made to a company or person that has invented or developed a product by the company that sells it
14. Advertise	N. An agreement in which a company gives a business the right to sell its goods or services in return for a fee or a share of the profits
15. Trial run	O. A part of something that is important in relation to its growth, business, activity, etc.

### ***Focus on Reading***

**Task 3. Read the text and choose the best answer to the questions below the text [2].**

1. Franchising is a marketing system of creating an image in the minds of current and future customers about how the company's products and services can help them. It is a strategic alliance between groups of people who have specific relationships and responsibilities with a common goal to dominate markets, in other words keep more customers than their competitors.

2. Franchising is a network of independent business relationships that allows a number of people to share: a) a brand identification; b) a successful method of doing business; c) a proven marketing and distribution system. There are many misconceptions about franchising, but probably the most widely spread is that franchisees are "buying a franchise". In reality a big firm which has a well-known product with its own brand name, or a service, or a special kind of shop, called franchiser, allows the franchisee (a small firm or sole proprietor) to set up his or her own business and to use the firm's brand name, in return for an initial investment and continuing royalty payments.

3. To be successful in franchising it is necessary to understand the business and legal ramifications of the relationship between the franchisor and the franchisee. A big firm decides to expand large amounts of capital without investing and goes into franchising. First of all, it carries out a pilot operation or trial run to see if the idea is practical and makes a fair profit in the first year, excluding investment costs and overheads, then the company decides to go ahead. The company sets up a training scheme for franchisees, based on what has been learnt in the pilot operation. When all is ready, it advertises for franchisees. The advertisements bring many replies. The most promising applicants are interviewed. The franchiser must be very careful in selecting franchisees. If they do not succeed, they could ruin the company's reputation.

A few people are finally chosen who have the necessary capital and the right qualities. After training, they are given exclusive trading rights in their own areas and set up successful businesses. A few more people are granted franchises in the second year. Later, say in the third year, the franchiser starts to make a profit which increases greatly in later years, as the number of franchises grows.

4. There are great advantages for the franchisees, too. They have a much greater chance of success than most small businesses as the product has been tried and tested and has a secure place in the market. Franchisees also benefit from being able to use a brand name which is advertised nationally. The franchiser provides continuous support. If there are any snags or problems, the franchisee can get good advice quickly. There is a better chance of solving problems as they may already have been met and overcome in other franchises. The franchisee will probably find it easier to raise money from the banks as they are taking less of a risk with a franchise operation than with an untried small business. Some banks will provide medium-term loans of five to ten years for up to two-thirds of the start-up costs and an overdraft for working capital or money to run the business with.



5. On the other hand, there are some disadvantages. The franchisee: has less independence than other sole proprietors; will not be able to sell the business without the franchiser's agreement; does not always have the right to renew the franchise automatically; has to make continuing royalty payments to the franchiser; sometimes has to pay a mark-up, or percentage of the price, on supplies from the franchiser.

6. Many hotels, motels, gas stations, and fast-food chains are franchises. In other words, if a person buys a motel franchise, a person gets the right to use franchisor's trademark under a license and agrees to pay the motel chain a certain fee plus a portion of the profits for as long as his or her motel stays in business. In return, the chain will help the franchisee set up the motel. The chain will help in choosing a location for the building and in arranging credit. If necessary, it will train the new owner and his or her staff. Because the motel is part of the chain, the new owner benefits from the advertising campaigns that the chain runs. His or her motel will be identified by travelers with the national chain. Since most people value their time, they will decide to stay in a well-known motel chain in a strange city than to spend the time researching available lodging. The chances are that they will have stayed in a motel in this chain in another city. For that reason, once the motel is operating, the chain will oversee it to make sure that a certain quality of service is maintained [24].

1. How is a franchise business set up:

a) a permission is given by a company to someone who wants to sell its goods or services;

b) an official document is signed which gives you a permission to own or to do something for a period of time;

c) a legal agreement is concluded which allows you to use a building, car, etc. for a period of time, in return for rent?

2. When does a franchiser start to make profits:

a) immediately; b) in the first year; c) after several years?

3. Who controls a franchise business:

a) French authorities; b) the franchisor; c) the franchisee?

4. Apart from the initial investment, what is a franchisee's main source of finance:

a) a bank loan; b) a bank slogan; c) a bank salon?

5. Who trains the franchisee staff and supervises the business site selection:

- a) a chain that sells a franchise;
- b) a special organization;
- c) a chain that got a franchise?

**Task 4. What are the main advantages and disadvantages for a franchiser and a franchisee? Fill in the chart.**

Type of a company	Advantages	Disadvantages
Franchiser		
Franchisee		

**Task 5. In the business world, which of the three groups do you think is growing most quickly? Give reasons for your opinion: a) sole proprietor; b) partnership; c) franchising.**

**Task 6. Using the information about company structures complete this chart and discuss it with your partner.**

Business organization			
	Sole proprietor	Partnership	Franchising
Who owns the business?			
Where does the money to begin operations come from?			
Who makes major long-term business decisions?			
Who gets the profits?			
Who is responsible if the business loses money?			
What is the "lifespan" of the business?			
What are the advantages?			
What are the disadvantages?			

## Focus on Vocabulary

**Task 7. Match the words from each column to form word partnerships.**

trial	problems
training	payment
solve	run
royalty	rights
trading	scheme

**Task 8. Find the words according to their definition in the marked paragraph of the text.**

1. Entrance/entry contribution. (2)
2. An occasion when you test a new method or system to see if it works well. (3)
3. A subdivision of a complex structure or process. (3)
4. The amount of money you owe to a bank when you have spent more money than you had in your account. (4)
5. An amount of money that you borrow from a bank. (4)
6. A fee that one receives in exchange for allowing another to use and profit from one's property. (5)
7. The business of trying to persuade people to buy products or services. (6)

**Task 9. Complete the following sentences by choosing the most appropriate words or phrases below.**

*Core, franchise, loans, trial run, royalty payment, spin-off, advertisement, brand, invest, agreement.*

1. They put an ... in The Morning News, offering a high salary for the right person.
2. Interviewers visited them weekly with catalogues of ... and prices.
3. ... in CMG Information, invested in Internet-related businesses, declined sharply in the spring.
4. A separate and partly independent company was a ... of an existing oil and gas company.

5. The meeting concluded without formal ... .

6. This year the ... was carried out to see if the idea is practical for the new service.

7. It was easier for that firm to raise money from the banks as they are taking less of a risk with a ... operation in the first year of using the firm's brand name.

8. The company guarantees to save the ... jobs after the reorganizing of the firm.

9. Men tend to use bank credit cards, bank ... or overdrafts more than women do.

10. This ... is based on price changes during the last 30 days, when the franchiser allows it to set up its own business.

**Task 10. Fill in the gaps to read the descriptions of the following words.**

*Royalty payment, franchiser, franchising, franchisee.*

1. ... is trading under the brand name of another firm.

2. A ... is a person who pays an initial fee and royalty payments for the privilege of trading under another firm's name.

3. A ... is a firm which allows another person to use its tried-and-tested product, and to trade under its name, for a fee.

4. ... is a percentage payment made for the use of another person's or firm's invention or property.

### ***Focus on Grammar***

**Task 11. We use the Future Perfect tense to talk about actions or situations that will be completed before a certain time in the future. For example: *I will have finished the report by tonight.* Time expressions that are most commonly used with the Future Perfect verb forms are *by* and *in*. We can use *may* or *might* instead of *will* if we are less certain that the action will be completed [28].**

**Write the sentences using the Future Perfect tense.**

1. This plc might sell its smaller subsidiary company by tomorrow evening.

2. If a business borrows money from a bank, it may pay back all the money by the end of the month.

3. The firm may pay interest in the bank in a week time, even if the firm does not make a profit.

4. The company might give the asset back from the new owner in a day because this is the way to obtain the cash the company wants.

5. – When may you finish writing the urgent report about risk capital?  
– By tomorrow, I hope.

**Task 12. Complete the sentences about yourself, using the Future Perfect tense. What will you have achieved? What will you not have done?**

- a) ...by this time tomorrow.
- b) ...by next weekend.
- c) ...in a year's time.
- d) ...in five years' time.

**Task 13. Put the verb in brackets in the Future Perfect tense.**

- 1. She (buy) a new dress before the wedding takes place next week.
- 2. She (clean) the house by the time she leaves the house.
- 3. His wife (cook) lunch by the time he comes back home.
- 4. By the time they move to the new house, he (finish) painting that house.
- 5. She (leave) the house before they arrive.
- 6. He (find) a vacant seat by the time she gets on the train.
- 7. She (finish) her homework before her parents arrive home.
- 8. They (reply) all the questions by 8:00 in the evening.
- 9. My dear, I hope you (sleep) well by tomorrow.
- 10. Tomorrow, I (stay) at my mother's place for 3 months.

**Task 14. Complete the sentences using the Future Simple, Future Continuous or Future Perfect Tense.**

- 1. ... (you take) part in our play? You're really a good actor.
- 2. By next June, I ... (be) in London for ten years.
- 3. I ... (be) in London next year, doing the same old job.
- 4. This time tomorrow, Maria ... (sunbathe) on a beach in Rimini.

5. Don't make too much noise after midnight – I ... (sleep) soundly, I hope.

6. If I don't have too much work to do this year, I think I ... (finish) the novels I am planning to write.

7. You'll be late for the train. I ... (drive) you to the station if you like.

8. It's strange that when we get to Sydney, we ... (fly) half way across the world.

9. I ... (drive) to Madrid next week, so I can give you a lift.

10. Today is Tuesday. Jack says he ... (finish) his assignments by the end of the week.

**Task 15. Use the verb in brackets in the Past Simple, Present Perfect, Past Perfect or Future Perfect tenses.**

1. Alex (arrive) on Monday, but I (not see) him yet.

2. The doctor (examine) six patients by ten o'clock.

3. You (find) your pen, the one you (lose) yesterday?

4. I (not see) the exhibition yet: it (open) on Sunday, but I (be) very busy this week.

5. Max (be) in Kyiv for about two weeks now. You (see) him?

6. We (be) only three minutes late but the performance (start) already.

7. The travelers (reach) the village when it (begin) to rain.

8. The commission (not come) to a conclusion though they (hold) three meetings. So far as I know they (have) heated discussions and (not reach) any decisions at the meetings.

9. By the time a person buys a motel franchise, he (have) the right to use franchisor's trademark under a license.

10. The mother (cook) dinner and was waiting for the children.

11. I (finish) my work and am ready to go. You (do) your homework and are you free to go?

**Task 16. Complete the sentences using the Past Continuous, Past Perfect or Future Perfect tenses. Use the verb given in brackets. Sometimes more than one answer is possible.**

1. They stood under the shelter because it (rain).

2. The roads were wet because it (rain) all night.

3. He was broke. He (spend) all his money.
4. I (have) a nightmare when the alarm went off and woke me up.
5. When we came in, his hands were covered in oil because he ... (try) to fix the car all morning. Unfortunately, he (manage) to make it start.
6. When she opened the window, she was happy to see it (snow) lightly. In fact, it (snow) all night and snow (cover) all the rooftops.
7. When Mrs. Morgan came into the classroom, the pupils (run) around and (scream) at the tops of their voices. They (knock) over chairs and desks and someone (draw) funny pictures on the board.
8. Although I (set) off early, I got there late and everyone (wait) for me to start the meeting; the chairperson told me they (wait) since eight a.m.
9. When we got back from our holiday, we discovered that someone (break) into our house. The burglars, however, (drop) a piece of paper with an address on it as they (climb) out of the window.
10. The franchisee (pay) the motel chain a certain fee plus a portion of the profits by the time his or her motel stays in business.

**Task 17. When the words *either* and *neither* are followed by *or* and *nor*, the verb may be singular or plural depending on whether the noun is singular or plural. The words *either* and *neither* are singular if they are not used with *or* and *nor*.**

**Choose the correct form of the verb in the following sentences.**

1. Neither a lender nor a borrower (is/are) going to discuss this question.
2. Either a private limited company or a public limited company (is/are) filling an order.
3. Neither Jill nor his partners (has/have) seen this agreement before.
4. Either our accountant or director (is/are) being at the meeting now.
5. Either John or George (is/are) working in a private limited company.

### ***Focus on Listening and Speaking***

**Task 18. Watch the video "Perfect Competition" and tick the features of a perfectly competitive industry [43].**

- 1) there are a large number of buyers and sellers;
- 2) the product is homogenous;

- 3) easy entry and exit;
- 4) all three.

**Task 19. Watch the video "Perfect Competition" once more and answer the following questions.**

1. If a firm cannot set the price, then where does the price come from?
2. What happens if the firm doesn't like this price?
3. What is marginal revenue?
4. What are a perfectly competitive firm's profits?

### ***Focus on Writing***

**Task 20. A memo (a message in writing sent by one person or department to another in the same business organization) usually focuses on only one specific topic: conveying/requesting information; giving instructions; recommending options; informing people in the company. There are basic rules to memo writing.**

**The opening is more direct and less formal than in a letter or e-mail, with no greeting such as *Dear...* and memos usually start with the introduction to the main points. The closing is generally just the initials of the sender. Memos are less formal than business letters so the tone is neutral and the language is simple. Sentences are usually short and clear, but not brisk and bossy. Memos often conclude with a request for action.**

**Match the layout of the memo with the sample memo [21].**

#### **Memo layout**

- a) date;
- b) name of the person/people the memo is addressed to;
- c) name of the person/people sending the memo;
- d) information about the content of the memo;
- e) introduction to the subject matter;



- f) main points;
- g) conclusion, often recommending the action to be taken;
- h) closing;
- i) initials of the person sending the memo.

### **Memo sample**

- 1. date            9th June.
- 2. to              All marketing staff.
- 3. from           Alan Stewart, marketing manager.
- 4. subject        New product launch.

5. I am delighted to inform you that the Finance Committee has approved the new product plans. We need to get moving ASAP on the marketing campaign.

6. Could you send me all the present market research data on the identified target. Make this project an urgent priority.

7. I recommend we set up focus groups for more up-to-date data.

I would like to see a selection of proposed brand names by the end of this week.

The creative team must have a proposal for a print media and TV campaign.

We need to finalize and make decisions at the next meeting early next month.

8. AS

**Task 21. Write a memo to your business partner about the actions to undertake in order to buy a motel franchise.**

## **Case study 2**

### **Going into Partnership**

**Task 1. Discuss with your partner the advantages and disadvantages of your feasible solution to be a partner in any business [19].**

**Task 2. Read the description of Sandy Harrigan's bargain and answer the questions below.**

Sandy Harrigan has been a bicycle racer since she was 15. She also has great mechanical ability. During her last two years in high school, Sandy worked in Mike's Bicycle Shop. At first, she was a cashier. Then she began fixing flats on tyres. By the end of the first summer, she was overhauling (repairing) sophisticated (developed) racing bikes. By the end of the second summer, Sandy had earned a citywide reputation as an expert bicycle mechanic.

Sandy is now a freshman business major who specializes at a local community college. However, Mike Lewicki, the bicycle store owner, has invited her to become a partner in the business. But Sandy does not want to leave college, so she has to find a compromise. She will switch from day-to-day to evening classes and work at the bicycle store during the day.

Sandy and Mike next make an appointment with a lawyer to work out details of the partnership agreement. Under the agreement, Sandy will receive a percentage of the shop's profits in return for an investment of \$5,000. Part of this sum represents most Sandy's savings and part of it, a bank loan. Sandy will share in current profits as well as in whatever additional value her being involved in the business might add to its income.

If the business is successful, Sandy can expect to face a difficult decision sometime in the future. She will have to decide whether to give more time to the bicycle store or more time to her studies.

1. What made Sandy's partner propose her a share in his business?
2. How do you understand what year student Sandy is at the college?
3. Why do you think the partners made a reasonable agreement?
4. What economic term can be used to call Sandy's future alternative decision?
5. What are the risks Sandy faces by becoming a partner in the shop?
6. If Mike and Sandy decide to form a private limited company, what steps will they have to go through?

**Task 3. Critical Thinking: comparing and contrasting information.**

**Would you rather be a sole proprietor or a member of a partnership? What was the most important factor in your decision? Explain your choice in a brief paragraph.**

### 3. Human Resources

#### 3.1. Why Work

**Task 1. Discuss with your partner why people work:**

a) just for money; b) they are interested in what they do; c) they would be bored if they did nothing; d) they like working with other people.

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [13].**

1. Affiliation	A. Freedom from worry and fear; knowing that your job and salary are safe
2. Job satisfaction	B. A sense of belonging to a group or an organization
3. Security	C. Obtaining pleasure from doing work that is satisfying for its own sake
4. Self-importance	D. Supplemental advantages or perks
5. Fringe benefits	E. Company's praise
6. Company approval	F. An exaggerated view of one's own worth
7. Provide	G. Special ability, esp. ability acquired by training
8. Promote	H. To supply means of support
9. Pension schemes	I. To further encourage the progress or existence of sth
10. Skills	J. Regular payment made to a retired person as a result of his or her contribution to special funds and the state
11. Blue collar	K. The staff that hold an interview together
12. White collar	L. Manual workers who require very little training, for example a packer
13. Application forms	M. A private firm whose business is placing people in jobs
14. Employment agency	N. A learner of an experienced worker
15. Head hunters	O. Office workers, salespeople, and professionals – highly trained individuals

16. Job centre	P. Executive employment agencies, which provide employers with top management and scarce professionals for large fees
17 Semiskilled workers	Q. Manual workers who need scarcely any training to do their jobs, such as a cleaner
18. Apprentice	R. Standard forms which have to be completed by applicants for a job
19. Job profile	S. A brief description of a job and its duties which is given to job applicants
20. Unskilled workers	T. Short description of an applicant's important points
21. Applicant's profile	U. A category that includes craft workers, workers in manufacturing, and nonfarm laborers
22. An interview panel	V. Government agencies which advertise vacancies for employers and provide other services for the unemployed

### ***Focus on Reading***

**Task 3. Ask yourself before you read the text, what category of labour force you would like to belong if you are employed.**

**Task 4. Read the text and choose the best answer to the questions below the text [30].**

1. Work is an essential part of a man's life. If people did not work, the business world and the whole economy would collapse overnight. So business must try to understand why people work and provide the right motivation. One of the main reasons for working is money. Basically, people work to get enough money to satisfy their basic needs for food, water, shelter, clothes and warmth. Even when those needs have been met, money still remains a strong motivation.

2. Money is rarely the only motivation. Some people, but not all, would prefer to do any kind of job rather than sit idly at home. They would miss the company of their workmates. The sense of affiliation, of having friends, of belonging to a group, is a strong motivation for all kinds of working people.

Businesses can use this personal need to motivate the work force by: providing company uniforms or overalls; organizing company entertainments and sports events; providing free company trips for employees; producing a company newsletter or magazine so that the members feel part of a team.

3. A sense of security is another basic human need for most people. Until recently, many businesses in both the private and public sectors provided jobs for life. Businesses increase their employees' sense of security by: annual increase in their salary; providing good pension schemes; providing sick-pay schemes and private healthcare for workers; giving priority to promoting company employees when job vacancies occur; making sure that the work force knows of any changes in company policy or working conditions.

4. Another strong motivation for some people is a sense of self-importance. Everyone likes to feel important, but these people want to feel much more important than others. Money in the form of large salaries or big expense accounts is one way in which this need can be met and another is by offering fringe benefits or perks, such as: giving people glorified job titles (e.g. "police officer" instead of "policeman"); providing status symbols, such as personal assistants or secretaries. For some people, this motivation is so strong that they can become almost entirely dependent on company approval. Job satisfaction is a sense of obtaining pleasure from doing work that is satisfying for its own sake. The work you are doing is something you really want to do and use all your skills and creativity to get job satisfaction.

5. There are different categories of labour force. The largest sector of the labor force is white-collar workers. White collar refers to office workers, salespeople, and professionals – highly trained individuals such as doctors, accountants, and engineers; and so on. This sector has experienced steady growth throughout the century. Blue collar is a category that includes craft workers, workers in manufacturing, and nonfarm laborers. About 25 percent of the labor force is blue-collar workers.

6. Classifying jobs as white-collar, blue-collar, service, or farm work is one way of describing the labor force. Another way is to group workers by the level of training or education their jobs require. Unskilled workers are those whose jobs require no specialized training. Such jobs as clearing workers and farm laborers are considered unskilled. Semiskilled workers work in jobs that need some training, often using modern technology. Telephone operators, typists, and factory-production inspectors are examples of semiskilled workers. Someone who has earned a trade or craft, either through a vocational school or as an apprentice to an experienced worker,

is considered a skilled worker. Plumbers, carpenters, and computer programmers are classified as skilled. Professionals are those with college degrees and usually additional education or training, such as doctors, lawyers, teachers, and business executives.

7. It is the job of the Personnel Manager of a company and his department to manage the recruitment of a new employee. There are several ways in which staff can be obtained: in company recruitment (to inform people of new vacancies by means of firms' news bulletins and notice boards); on the recommendation of a reliable employee or trustworthy person; from job centers; through employment agencies; through executive employment agencies, or head hunters; by advertising. Advertisements are one of the most common methods of obtaining staff. To attract suitable people, an advertisement should state clearly what is being offered by the firm and what is required from the applicant [2].

1. Less and less businesses in both the private and public sectors provide jobs:

a) for life; b) temporary job; c) flexible working hours; d) freelancers' job.

2. Classifying jobs as white-collar, blue-collar, service, or farm work is:

a) one way of describing the labor force; b) the only way of describing the labor force; c) describing the labor force by the level of training or education; d) describing the labor force by a number of required jobs.

3. White collar refers to:

a) highly trained individuals only; b) office workers, salespeople, and professionals; c) skilled workers; d) freelancers.

4. Strong motivation for some people is:

a) money in the form of large salaries only; b) fringe benefits or perks; c) possibility of belonging to a group of co-workers; d) the work you are doing is something you really want to do.

5. The job of the Personnel Manager of a company and his department is:

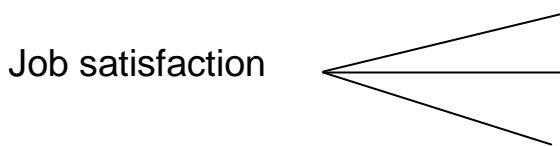
a) to manage the recruitment of new employees; b) to fire workers; c) to promote workers; d) to inform people of new vacancies.

**Task 5. Read this list of factors that can contribute to job satisfaction. How important is each factor for you? Number them in order of importance, starting with 1 – the most important one:**

- high salary;
- lots of perks, e.g. a company car, travel expenses;

- good promotion prospects;
- an opportunity, through your job, to serve others in the community/society;
- a pleasant, friendly working atmosphere;
- short working hours – not more than 35 hours a week, long holidays.

**Task 6. Many people whose work motivation is great, get some job satisfaction from their work. Find at least three important characteristic features of job satisfaction mentioned in this text.**



**Task 7. Here are some professions (jobs that require considerable training and/or qualifications) and trades (skilled manual jobs requiring on-the-job and other training). Divide them into blue-collar and white-collar labor force categories.**

Lawyer, dentist, hairdresser, refuse collector, mechanic, architect, priest, farmer, vet, librarian, physiotherapist, child-minder, police officer, accountant, engineer, scientist, chef, firefighter, civil servant, tailor/dressmaker, designer, builder, carpenter, plumber, electrician, cleaner.

**Task 8. These are the professions of people who work in business. What are their duties? Find the correct description in column B for each word in column A.**

A	B
1. The managing director	a) orders office supplies and arranges for equipment to be serviced or repaired
2. The sales manager	b) is responsible for the overall running of the firm
3. The post room clerk	c) handles payments from customers and wages for the staff

4. The receptionist	d) is responsible for supplying goods to customers
5. The personnel officer	e) answers the phone and greets visitors
6. The head of the accounts department	f) is responsible for hiring staff and for staff welfare
7. The office manager	g) collects and sends outgoing posts and distributes the incoming post

**Task 9. Now see if you can answer these questions without referring back to the text [6].**

1. Why do people get money?
2. What do you mean by the sense of affiliation?
3. What are the mechanisms businesses increase their employees' sense of security by?
4. What are the ways businesses make their employees feel important?
5. How can people become dependent on company approval?
6. What do you understand by the job satisfaction?
7. What category of workers is considered blue-collar and white-collar?
8. Is classifying jobs as white-collar, blue-collar, service, or farm workers the only way of describing the labor force?
9. Name other groups of workers classified according to the level of training or education their jobs require.
10. Who manages the recruitment of new employees in the company?

### ***Focus on Vocabulary***

**Task 10. Find as many synonyms to the following words as you can.**

1. Control.....
2. Value.....
3. Amount.....
4. Income.....
5. Benefit.....



**Task 11. Read the text carefully and find the words or expressions in the text that mean:**

a) obtaining pleasure from doing work that is satisfying for its own sake;  
b) an exaggerated view of one's own worth; c) a sense of belonging to a group or an organization; d) freedom from worry and fear; knowing that your job and salary are safe; e) fringe benefits.

**Task 12. Read the definition of the words and find the words in the marked paragraph of the text [7].**

1. Private agencies which provide employers with staff for a fee. Many of them deal mainly with office and specialist staff. (7)

2. Agencies which provide employers with top management and scarce professionals for large fees. (7)

3. Manual workers who have some specialized skills, such as a carpenter. (6)

4. A category of workers that includes craft workers, workers in manufacturing, and nonfarm laborers. (6)

5. Government agencies which advertise vacancies for employers and provide other services for the unemployed. (7)

6. Office workers, salespeople, and professionals – highly trained individuals. (6)

**Task 13. Fill in the gaps with the appropriate words below.**

*Affiliation, blue collar, skilled worker, security, self-importance, company approval, white collar, fringe benefits, semi-skilled workers, job satisfaction.*

1. ... .. is a category that includes craft workers, workers in manufacturing, and nonfarm laborers.

2. Workers who work in jobs that need some training, often using modern technology are called ... .. .

3. Office workers, salespeople, and professionals – highly trained individuals such as doctors, accountants, and engineers – are referred to as ... .. .

4. A ... .. is considered to be someone who has earned a trade or craft, either through a vocational school or as an apprentice to an experienced worker.

5. Businesses increase their employees' ... to a certain extent by providing good pension schemes, providing sick-pay schemes and private healthcare for workers, giving priority to promoting company employees when job vacancies occur, etc.

6. Money in the form of large salaries or big expense accounts is one way in which this need can be met and another is by offering ... ..

7. ... .. is a sense that the work is worthwhile, that you are doing something you really want to do and use all your skills and creativity.

8. The sense of ... , of having friends, of belonging to a group, is a strong motivation for all kinds of working people.

9. Businesses exploit people's need in perks as a form of strong motivation to give them a sense of ... .

10. Giving people glorified job titles (e.g. "police officer" instead of "policeman"); providing status symbols, such as personal assistants or secretaries is a way to motivate personnel. For some people, this motivation is so strong that they can become almost entirely dependent on ... ..

### ***Focus on Grammar***

**Task 14. The Present Perfect Continuous tense is used to talk about activities that began in the past and continue up to the present, emphasizing the length of the period. For example: *He has been working for an hour (since nine o'clock). How long have you been waiting for me?* [10]**

**Use the words in brackets in the Present Perfect Continuous tense.**

1. I ... (to miss) the company of their workmates since my retirement.
2. The workers of the firm ... (to look for) new perks for three weeks.
3. The black economy ... (to grow) fast since these last years in spite of the high rate of the risk attached to each situation that can be looked at.
4. What has made you so excited? You... (give) priority to promoting company employees?
5. I ... (to think) about the changes in company policy over these last few days.
6. He ... (to work) for 16 hours a day since he was promised to be promoted.

7. Our boss ... ( to provide) sick-pay schemes and private healthcare for us to increase our sense of security.
8. Tell me how long you ... ( to produce) a company newsletter.
9. Since the strengthening of the position of the plant the employees ... (to earn) an increased salary and there is very little possibility of their losing their job.
10. How long ... you (to receive) theatre tickets in the company box?

**Task 15. Put the verbs in brackets in the Present Continuous, Present Perfect or Present Perfect Continuous tenses.**

1. Ask her how long she ... (to write) the application form and how much she ... (to write)?
2. What business trip you ... (to prepare ) for the last two weeks?
3. I ...(to sit) for two hours in a reception room but he ... (to ring up) yet.
4. By the end of the summer the company ... (to provide) free company trips for the employees.
5. Open the letter, please. We ... (to wait) for giving priority to be promoted because new job vacancies occur.
6. He asks me how long businesses ... (to use) the employees' need to motivate the work force by organizing company entertainments and sports events.
7. Why your managers ... (to form) working groups in the factory? Because they hope that the members feel part of a team.
8. At the interview, the applicants are usually asked how long they ... (to work) at their previous job.
9. A pleasant, friendly working atmosphere is worth much when you ... (to look) for a new job.
10. Our personnel manager ... (to produce) a company newsletter for a year and a half.

**Task 16. Read the exercise and say what numerals are cardinal and what numerals are ordinal.**

**A.** 3; 13; 30; 92; 972; 500; 20; 12; 142; 1,583; 675; 120; 3,547; 57,837; 978,126; 1,352,846; 3,000,000,000.

**B.** 1st year; November 2; May 9; 21st anniversary; 3rd in turn; the 5th row; his 18th birthday; the 4th pupil; 1 September.

**Task 17. A. Read the following dates:** 17.12; 30.11; 9.05.1945; 12.04.2001; 1.01.2000; 15.08.2009; 11.09.1998; 27.09.2010.

**B. Read common and decimal fractions:**  $1/7$ ;  $1/5$ ;  $1/9$ ;  $1/3$ ;  $1/12$ ;  $1/15$ ;  $1/25$ ;  $3/8$ ;  $2/5$ ;  $4/7$ ;  $9/23$ ;  $3/4$ ;  $5/9$ ;  $6/4$ ;  $1\frac{3}{40}$ ;  $1\frac{3}{5}$ ;  $2\frac{5}{7}$ ;  $5\frac{1}{3}$ ;  $4\frac{1}{6}$ .  
3.5; 2.4; 12.3; 2.43; 52.34; 0.1; 0.25; 0.312; 132.054; 5.37; 6.4; 9.35.

**Task 18. Answer the following questions.**

1. How much is 18 plus 23? How much is 7 multiplied by 8?
2. How much is 34 plus 65? How much is 13 multiplied by 2?
3. How much is 87 plus 8? How much is 48 divided by 6?
4. How much is 78 minus 6? How much is 122 divided by 2?
5. How much is 200 minus 54? How much is 9,106 minus 257?

### ***Focus on Listening and Speaking***

**Task 19. Watch the video "Human Resource Management" and say whether the statements are true or false [40].**

1. The coach or manager never calls in a specialist to find new talents.
2. HR staff use their knowledge and experience to find the best person for the job.
3. HR staff don't monitor wellbeing or look after safety needs and act as intermediaries.
4. In a big company, helping people along a successful career path is part of HR staff responsibility.
5. HR experts are employed all over the world, which allows for great overseas employment opportunities.
6. HR managers cannot make a big difference when they connect the right people.
7. Human resources recruit team members, advise on team performance, oversee staff training options, monitor wellbeing.
8. Human resources don't facilitate change, organize salary payments and resolve grievances.

**Task 20. Name the main duties of HR staff.**

## ***Focus on Writing***

**Task 21.** Despite the widespread use of e-mails today, fax still remains a preferred means of communication for various business functions in a large number of cultures throughout the world.

These are some expressions which may be used to write a fax. Put them into four categories: 1) placing orders and bookings; 2) confirming orders and bookings; 3) giving information and answering enquiries; 4) requesting action.

a) *We wish to place an order for / to book...*

*Thank you for sending the order for...*

*Please let me know by return fax if you can meet our order / accept our booking.*

*We look forward to receiving your acknowledgement/shipment/confirmation.*

b) *Thank you for your order No. 000 / booking dated 5th March.*

*Your order/booking is receiving our immediate attention.*

*We trust the quality of our products will meet your requirements.*

*We would be interested in learning more about your products.*

*Would you mind faxing us your latest price list?*

*Could you send us, by fax, your conditions and terms of payment?*

c) *We thank you for your enquiry.*

*In accordance with your request for information...*

*We are happy to fax you the information you require.*

*Please find herewith the required price list.*

*After much reflection and discussion, we have decided to do the following:*

d) *Cancel; send; make arrangements for...*

**Task 22.** Faxes are also used to send documents such as fliers, prospectuses, invoices, order forms and other business documents. In many cases, documents are faxed first to save time, and the original and/or legal document is sent by post later. Here is a fax layout.

### **Layout**

a) letterhead;

b) name of the person/people who will receive the fax;

c) name of the person/people sending the fax;

d) sender's fax number;

- e) date;
- f) total number of pages;
- g) opening;
- h) body of the fax;
- i) closing;
- j) signature.

**Match the fax layout with the sample fax.**

**Fax sample**

1. Central Hotel  
194 Eastern Avenue  
London, WC1 4AT  
Tel: 020 798301  
Fax transmission

- 2. To: Christopher Hardy, PA
- 3. From: Lynda Martel, Purchasing Manager
- 4. Fax number: 020 755660
- 5. Date: Wednesday, 3rd April
- 6. Number of pages (including this): 3

7. Dear Christopher,

8. Thank you for your fax and thank you for looking after things so well while I'm out of the office. I've decided to stay on an extra day to catch another fashion show and I'd like you to do the following:

A. Cancel tomorrow's taxi and arrange for one same time Friday morning.

B. Send reminders about Friday afternoon's Product Managers' meeting to all participants.

C. Photocopy one copy of the attached price list and catalogue for each participant.

D. Contact Jeff Murrey from Finance and ask him if he can come. Tell him I'm bringing samples and prices of the new lines I think we should buy.

E. E-mail Mr. Cameron and explain why I'm coming back a day late.

9. See you Friday around 10 am.

10. Regards,

11. Martel.

**Task 23. Write a fax to your business partner Andrew Green, who lives in New York, 34 Park Lane, telephone 21 56701, to inform him about the changes and the new business structure of your company. Discuss your fax with your partner.**

### **3.2. Labor Force. Recruitment and Selection**

**Task 1. Say what job you are dreaming about. What working conditions would you like to have?**

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [7].**

1. Flexible hours	A. Loss of jobs caused through new technology, such as automated production lines and computerized stock control
2. Flexible work force	B. Reducing the number of people working for the company in order to save money or increase profits
3. Redundant	C. To get rid of something that you no longer need, especially workers
4. Structural unemployment	D. Employees are made redundant if their job is no longer needed. This occurs when a business, or part of it, is closed. If they have worked for the firm for two years, they are given financial compensation
5. Technological unemployment	E. A job, when someone works for part of the week
6. Work force	F. Working at home using computers and information technology to maintain contact with company headquarters
7. Full-time job	G. The staff that hold an interview together
8. Part-time job	H. A contract job that is only intended to continue for a short time, until a particular piece of work is finished
9. Temporary job	I. Employees who do not have permanent full-time jobs but work only when the business needs their labour
10. Downsizing or dismissing	J. The total number of people available for employment, including employees, the self-employed and the unemployed

11. Shed	K. Working or studying for the complete number of hours that is usually done
12. Teleworking	L. Allowing employees to choose hours of work which will fit in with the demands of their personal life
13. Alternate weeks	M. Unemployment which is caused by the decline of traditional industries, such as coalmining
14. An interview panel	N. Changing weeks

### ***Focus on Reading***

**Task 3. Read the text. Choose from (A – G) the one which best fits each space (1 – 6). There are two choices you don't need to use.**

A. In recent years, there have been dramatic changes in employment which have affected practically all members of the work force.

B. This gives employees more choice about when they work, which is particularly useful for working mothers.

C. Structural unemployment affected mainly manual workers in the primary and secondary sectors.

D. The forms provide a formal record of each applicant's qualifications and experience.

E. Over the last period of time, Britain's 100 biggest companies fired almost 400,000 workers.

F. Case studies present trainees with a business problem which they have to solve as a group.

G. Training may be done internally, within a firm itself, or externally at college or school.

1. ...1... The changes include: the decline of traditional industries such as coalmining, shipbuilding and steel-making, creating structural unemployment; technological unemployment among both manual and white-collar workers, owing to the increased use of computers and automation; organizational changes in big companies, which have reduced the size of firms and the number of managers; flexible working, which has replaced full-time jobs by a variety of part-time and temporary jobs.



2. *Structural changes.* A gradual decline in the traditional industries, gave rise to structural unemployment. Hundreds of thousands of miners, shipyard workers and steelworkers were made redundant. ...2... However, technological change, which was brought about by the increasing use of computers and automation, affected both manual and white-collar workers. Many office workers and managers were made redundant as computers took over their jobs.

3. *Organizational change.* Increasing foreign competition, particularly from the Far East, forced many British companies to become more efficient by cutting costs. Companies did this by selling off unprofitable businesses and downsizing or dismissing employees. The same amount of work was now done by a smaller number of employees contracting out the work of whole sections or departments, such as publicity. ...3...

4. *Flexible working.* To save even more money, many big companies started to replace permanent full-time jobs by part-time temporary jobs. They retained a core of key workers with special skills. These employees have full-time jobs with reasonable job security and chances of promotion. However, the remaining employees, the flexible work force, are employed only when their labor is required. This reduces a company's salaries and wages bill, but adds greatly to the employees' feeling of insecurity. There is a great range of flexible working, including short-term contracts, rise in part-time jobs, ranging from the unskilled office cleaners to the highly skilled computer consultants. This cuts a company's costs as 'temps' are employed only if there is a special job to be done. There has been an increase in teleworking, or working at home using computers and information technology to maintain contact with company headquarters.

5. *Flexible hours.* Some progressive employers look after their employees better by providing flexible hours instead of flexible work. ...4... There are various forms of flexible hours, including: flexitime or flexible working (when employees work an agreed number of hours of core time each day, but may choose when they work the rest of their hours), four-day week (which means that by working longer hours, employees do five days' work in four days and have the other three days off), term-time work, job sharing (when two people share the same job and the salary), career breaks (a period when an employee is allowed to take unpaid leave for a year or more and can return to the same job).

6. *Training.* Attitudes to training vary. All progressive firms agree that much more business training is needed. If training is to be effective, a firm must have clear objectives, such as: introducing a new process or new equipment; improving efficiency and performance; training unskilled workers; avoiding a labor shortage; reducing the supervision needed; providing greater chances for internal promotion. Trainees also need clear objectives, these might be: increasing their pay, obtaining promotion, reducing the chance of accidents. A suitable program can be planned. It may include lectures, visits, case studies, role play, group therapy, personal skills instruction, skills analysis and the discovery method, used for industrial skills training. ...5... Internal training provides constant work experience and can be more easily controlled by the firm itself. External training may be more professional and give a broader view. Training is provided for all people of 16 or 17 who are not in full-time education or a job. Training is mainly in local firms, though specialist trainers and colleges are also used.

7. The ways of company recruitment have also changed in the latest time. People applying for a job may be asked to fill in an application form. Usually this requests the following information: title of job applied for; applicant's name in full; address and telephone number; age/date of birth; nationality; sex; if married or single; if registered as disabled; schools attended (with dates); further education (with dates); qualifications and training; previous employment (names and addresses of employers, jobs held, wages or salary, reasons for leaving); any other information; references. Having every applicant's details listed in the same order helps firms to check and compare their abilities more easily, which is useful if there are any later disputes. The most suitable applicants are invited to come for an interview on a stated date and at a stated time. The staff that holds an interview is called an interview "panel". Special dressing code is also required. All applicants are given a job description, which gives an accurate picture of the work they will have to do [16].

**Task 4. Choose the best answer for each of the following statements from the text.**

1. The staff can be obtained:

a) by informing people of new vacancies by means of firms' news bulletin and notice boards;

- b) on the recommendation of a reliable employee or trustworthy person;
- c) from job centres, through different agencies, by advertising;
- d) all the above mentioned ways.

2. To attract suitable people the firm must use:

- a) the right branch of the media;
- b) classified advertisements;
- c) large display advertisements;
- d) different advertisements.

3. Having every applicant's details listed in the same order helps firms to check and compare:

- a) a formal record of each applicant's qualifications and experience;
- b) education (with dates) and training;
- c) marital status;
- d) applicant's abilities.

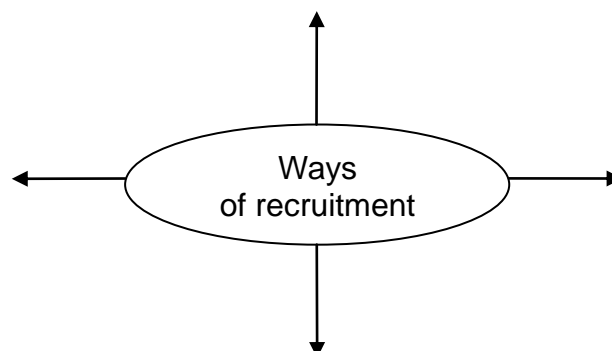
4. The most suitable applicants are invited:

- a) to come for an interview on a stated date and at a stated time;
- b) for further assessment;
- c) to take part in the interview "panel";
- d) to fill in different papers.

5. All applicants are given a job description, which gives an accurate picture of:

- a) a department of the firm in which the person will work;
- b) an accurate picture of the work they will have to do;
- c) a summary of the job;
- d) a numbered list of duties that the employee is required to perform.

**Tasks 5. There are different ways in which staff can be obtained. Draw a mind map to demonstrate these ways.**



**Task 6. Here is an example of a job description for a personnel manager (officer). Define the duties of Personnel Manager. Discuss your ideas with your partner.**

Title: Personnel Officer

Department: Secretarial Services Department

Function: To provide selection and recruitment of personnel for the needs of the department as required.

Responsible to: Secretarial Services Manager

Responsible for: No one

Duties:

**Task 7. Read the text once more and choose the best ending to each sentence according to the information given in the text [14].**

1. Internal training provides constant work experience and can be done:

- a) at college or school;
- b) at the enterprise;
- c) at home using computers and information technology.

2. Downsizing or dismissing employees means:

- a) two people share the same job;
- b) a decline in traditional industries;
- c) that much more business training is needed.

3. Temporary workers were used in some big companies:

- a) to cover for permanent employees who were ill or on holiday;
- b) to be employed only if there is a special job to be done;
- c) to be employed to have special training.

4. There are various forms of flexible hours, including:

- a) much more business training;
- b) working at home using computers;
- c) working an agreed number of hours of the core time each day.

5. Technological unemployment means:

- a) a decline in traditional industries;
- b) an increased use of computers and automation;
- c) a necessity for special training.

**Task 8. Read the list of factors that can make you choose flexible hours. Add any other factors that you think should be included in the list. How important is each factor for you? Number them in order of importance, starting with 1 – the most important one. In pairs, compare your numbering.**

*Four-day week; term-time working; job sharing; career break; working alternate weeks; teleworking.*

**Task 9. Divide the changes in employment according to the main categories which have affected all members of the work force. Fill in the table and discuss it with your partner [8].**

Structural changes	Organizational changes	Technological changes

**Task 10. You are going to be trained. Discuss with your partner the questions you are interested in.**

1. Give four reasons why a firm might set up a training program.
2. Why is it important for trainees to be motivated?
3. What objectives must the firm clear before starting a training program?
4. What objectives do the trainees need to clear?
5. How and where may training be done?

**Task 11. Actually these questions are the outline of the text. Look at the table (Task 9) and answer the questions about the changes in employment. Report your answer to the class.**

1. What kind of changes in employment have recently taken place?
2. How have the recent changes in employment affected all members of the work force?
3. What has caused many employees to be made redundant?
4. How do flexible hours benefit employees?
5. What would you do if you wanted to get a job?

## ***Focus on Vocabulary***

**Task 12. Find as many synonyms to the following words as you can.**

Downsize .....

Attend .....

Plan .....

Redundant .....

**Task 13. Find the words in the marked paragraph of the text that mean the following.**

1. Capable of being or becoming adapted. (1)
2. The condition of being out of job or redundant. (2)
3. An effort for superiority or victory over another. (3)
4. A period when an employee is allowed to take unpaid leave for a year or more and can return to the same job. (5)
5. Training which is done internally, within a firm itself. (6)
6. Asking for employment, acceptance, or admission. (7)

**Task 14. Match the words in the columns. Then use them to complete the sentences below.**

1. Flexible	a) unemployment
2. Temporary	b) change
3. Technological	c) weeks
4. Alternate	d) workers
5. Structural	e) break
6. Downsizing	f) working force
7. Short-term	g) employees
8. Increase in	h) contracts
9. Career	i) training
10. Internal	j) teleworking

1. The ... are employed only when their labor is required.
2. ... provides constant work experience and can be more easily controlled by the firm itself.

3. A period when an employee is allowed to take unpaid leave for a year or more and return to the same work is called ... .

4. There has been an ... , or working at home using computers and information technology to maintain contact with company headquarters.

5. ... increases productivity, as the same amount of work is now done by a smaller number of employees contracting out the work of whole sections or departments.

6. There is a great range of flexible working, including ... , which are given to employees instead of permanent job.

7. Manual workers in the primary and secondary sectors are affected by ... very much.

8. When two people share the same job and split the salary between them, they might work ... .

9. The process which was brought about by the increasing use of computers and automation and affected both manual and white-collar workers is known as ... .

10. ... cut a company's costs as they are employed only if there is a special job to be done [9].

**Task 15. Read the text below. For sentences (1 – 8) choose the correct answer (A, B, C, D).**

Getting a job is a very hard period in the life of most people. Companies choose ...1... from hundreds of candidates according to special rules, that's why there are special "typical" factors, influencing the employer's choice. Among such factors are: age, sex, experience, family background and marital status, personality and references.

When you go for a(n) ...2... , make sure you arrive on time. An employer will form a poor first impression if you show up late. If you realize you may be delayed, call ahead and explain the problem.

During the interview the ...3... will try to find out what kind of person you are, what experience you have, and how you can fit into the job situation.

After you have got a(n) ...4... , review the information that you wrote on your application form and resume. Be prepared to explain your skills and abilities specifically. Bring a(n) ...5... to the interview. The resume is a printed sheet that tells about your education and work experience. It serves as a written record for the employer.

Go to the interview alone; don't take your friends or children with you. Plan to arrive about ten minutes before the appointment time. Wear the proper clothes. You should have a neat, clean appearance to have a good ...6... .

During the interview be honest and modest about yourself. Pay attention as the interviewer talks; answer all the questions clearly and intelligently. Try not to seem ...7... , even if you realize that the job doesn't ...8... you.

1	A	employees	B	workers	C	labourers	D	agents
2	A	questioning	B	job interview	C	evaluation	D	talk
3	A	boss	B	manager	C	employer	D	director
4	A	session	B	consultation	C	meeting	D	appointment
5	A	short state- ment	B	resume	C	abstract	D	summary
6	A	effect	B	influence	C	impression	D	feeling
7	A	monotonous	B	tired	C	fed up	D	bored
8	A	intriguing	B	interest	C	fascinating	D	stimulating

### ***Focus on Grammar***

**Task 16. The Past Perfect Continuous tense is used when a past moment is indicated. For example: *It was one o'clock. He had been working for two hours. How long had you been working?***

**Use the words in brackets in the Past Perfect Continuous tense [27].**

1. He explained to the panel that up to that time he ... (work) as a personnel officer.

2. It was evening. An applicant ... (wait) for the decision about his case, but he had wasted time.

3. He remembered that he ... (earn) a trade as an apprentice to an experienced worker, but for how long he had forgotten.

4. She looked at the interviewee. He had studied at a vocational school. Where ... (train) he further?

5. During the latter part of the 19th century the migration to large cities occurred because of the higher wages paid to workers in the cities where industries ... (grow) all that time.



6. I was unemployed and it hadn't been out of my mind while I ... (fill) in my application form.

7. It was stated that more than 95 percent of the nation's workers ... (involve) in agriculture for two centuries in the past.

8. An interview "panel" ... (choose) applicants all the afternoon and had chosen nobody.

9. Her work required skills such as patience and the ability to pace oneself or to work according to a schedule so she ... (do) it industriously.

10. During the later part of the 19th century fewer farm workers were required. Since that time all these people ... (employ) in so called blue-collar jobs.

**Task 17. Put the verbs in brackets in the Continuous, Perfect or Perfect Continuous tense.**

1. An interview panel asked me for how long I (work) at my previous job.

2. Read the description of your future job, please, we (wait).

3. I (know) him for a long time, he recommend me to this job as a reliable person.

4. She asked him to show her what he (write) in his application form.

5. Did he say he (study) at a vocational school for three years?

6. How long you (look for) this job before you were invited to come for an interview?

7. I (sit) for two hours when the personnel manager announced the decision to be made about my case.

8. I (queue) at this employment agency for thirty minutes, when my friend came.

9. He (like) his job since he was recruited.

10. I (read) the job description when an interviewer said to come at 7:30 a.m. next morning.

**Task 18. Put questions using the question word in brackets.**

1. Structural unemployment affected mainly manual workers in the primary and secondary sectors. (Where?)

2. Part-time jobs have increased four and a half times, to over 6 million, in the last 10 years. (When?)

3. Big companies started to replace permanent full-time jobs by part-time temporary jobs. (Who?)

4. The three main purposes of training are: to instill attitudes, to transmit knowledge; to promote change; to improve skills. (What?)

5. Hundreds of thousands of miners, shipyard workers and steelworkers were made redundant. (How many?)

**Task 19. Complete this table with the appropriate forms of the adjectives.**

<b>Adjective</b>	<b>Comparative</b>	<b>Superlative</b>
expensive		
cheap		
reasonable		
powerful		
little		
many		
available		

**Task 20. Write the comparative and superlative forms [11].**

- a) intelligent                      more intelligent                      most intelligent  
b) wet  
c) spicy  
d) incredible  
e) safe  
f) sweet  
g) bad

**Task 21. The construction "as + adjective + as" is used to talk about things which are the same/equal in some way. For example: *This hotel is as comfortable as that one.* Not is added if the relationship is unequal. For example: *Our office is not as big as yours.***

**Complete the following constructions with appropriate forms of the adjectives: *high, expensive, quick, rich, harmful, and urgent.***

This plc can borrow money from the foreign bank because its credit ratings are as ... as necessary. The company has recently bought as ... subsidiaries as the richest companies of the country. It doesn't sell its asset, although this way is as ... as possible to raise money. Sometimes if it is as ... as essential, the company can obtain risk capital from a group of businessmen who are not as ... as big companies because the company believes that it is not as ... as it may be seen.

**Task 22. Choose the correct determiners in the following sentences.**

1. I don't want (these/this) water.
2. This is (too many / too much) information to learn.
3. A (few/little) people left early.
4. Would you like (less/fewer) coffee than this?
5. This jacket costs (too much / too many).

### ***Focus on Listening and Speaking***

**Task 23. Watch the video "Career Advice. On Becoming a Management Accountant". What do you think you would find most difficult to talk about at a job interview if you were Mathew Roberson? [32]**

- a) the reason for Mathew Roberson's current employment;
- b) his attitude and approach to his work;
- c) his past achievements;
- d) his ability to deal with feedback;
- e) his ability to work with other people;
- f) his opinion about accountant and professional trends;
- g) his salary expectations;
- h) his expectations for the future.

**Task 24. Prepare Mathew Roberson's CV and discuss it with your partner. Take Mathew Roberson's biography as an example.**

## Focus on Writing

**Task 25.** When you write curriculum vitae or CV, remember that your CV is not about getting you a job, it's about getting you a job interview. You need to think about what you might be required to do. It is your first point of contact with a potential employer, so it needs to be thoroughly designed. Your language should be formal and laconic [21].

**A.** Look at the expressions for presenting yourself and make up five sentences with these expressions.

*I've been working with; I've got quite a lot of experience of working in; I've had experience of; I've got a background in; I am interested in; I'm capable of; I'm familiar with; I've been studying; I think I'm suitable for this job; I have necessary ability, skill, knowledge; I'm full of energy, I'm able to do this work quickly; I worked for various firms; I started as; I'm writing to apply to the post of ... as advertised in; I did a degree in; I enclose my CV.*

**B.** A job application is a formal request for a job. You usually make an application by replying to an advertisement. People who apply for a job are job applicants.

Fill in your job application form. State the difference between CV and application form.

### Job application form

<i>Personal experience</i>			
Today's date	Social security No.		
Last name	First name	middle name	
Street	City		
State	Zip		
Phone number	Position desired		
<i>Education</i>			
School grade	School name/location	Favorite subjects	Usual grades
Middle/junior			
High school			

<p><i>Activities</i></p> <p>Hobbies and special interests.....</p> <p>Clubs and other organizations.....</p> <p>Future education and career goals.....</p>												
<p><i>Employer's inquiries</i></p> <p>Why are you interested in this position?</p> <p>.....</p> <p>What experiences and skills do you have which make you qualified?</p> <p>.....</p>												
<p><i>References</i></p> <p>Give below the names of two persons not related to you who have known you for at least one year</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">Address</th> <th style="text-align: left;">Business</th> <th style="text-align: left;">Years acquainted</th> </tr> </thead> <tbody> <tr> <td>1. ....</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. ....</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Date.....</p> <p>Signature.....</p>	Name	Address	Business	Years acquainted	1. ....				2. ....			
Name	Address	Business	Years acquainted									
1. ....												
2. ....												

**Task 26. Write your CV for an interview.**

### **3.3. Work and Money**

**Task 1. Ask yourself before you read the text:**

- a) What main categories of payment do you know?
- b) How much money would you like to earn?

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help [24].**

1. Gross pay	A. Pay for non-manual workers, which is based on an annual rate
2. Net pay	B. Paid for constant good performance at work

3. PAYE (Pay As You Earn)	C. Paid for working anti-social hours late at night or early in the morning
4. Salary	D. Paid for production beyond an agreed amount
5. Time rate	E. Paid when the employers must make certain deductions under PAYE from their employees' gross pay
6. Wage	F. The amount an employee receives after statutory deductions for income tax and national insurance and any voluntary deductions have been made
7. Overtime pay	G. Agreements where employers give increases in wages or other benefits in return for an increased output from the work force
8. Shift premium payments	H. A system under which employers deduct income tax and national insurance from employees' pay before they receive it
9. Piece rate	I. Pay for manual workers, which is usually based on an hourly rate plus additional payments for overtime, high productivity, etc.
10. Bonuses	J. A system in which pay increases are given for improvements in work
11. Profit-sharing schemes	K. A set rate paid to workers for each article produced
12. Merit pay	L. The total amount an employee earns
13. Take-home pay	M. A range of pay with regular increases, or increments, each year
14. Incremental pay scale	N. Schemes which set aside a proportion of a firm's profits for distribution among the work force
15. Performance-related pay	O. The basic rate for manual workers, based on an hour's work
16. Productivity deals	P. Paid for work done outside normal working hours, such as at weekends or on holidays

## ***Focus on Reading***

**Task 3. Read the key terms to the text under study and say what kind of pay the expressions below belong to.**

1. Obligatory pay.
2. Extra pay.

**Task 4. Read the text carefully and say whether the statements below the text are true or false [24].**

1. There are the governmental and private sector payments. Most manual workers receive wages calculated on an hourly basis. Non-manual white-collar workers receive salaries, calculated for the whole year or per annum. Although there are still big differences between wages and salaries and the ways in which they are paid, there have been some major changes in the last few years.

2. Although some manual workers are still paid in cash, employers pay all new manual workers in cheques. Wages used to be lower than salaries, but many manual workers now earn more than office workers. Some, with overtime, earn more than their salaried supervisors and a few earn more than some professional people. There are trade unions, which used to be concerned mainly with negotiating wages. They now negotiate salaries for many white-collar workers, e.g. bank workers or clerical staff.

3. A few firms have tried to get rid of the distinctions between manual and white-collar workers by paying annual salaries to both. However, most manual workers are still paid by the hour. White-collar workers – and a few manual workers – receive salaries, which are based on an annual, not an hourly, rate of pay. Payment is made monthly by cheques or electronically into an employee's bank account.

4. In some of the public sectors, there is still *an incremental pay scale* with a minimum and a maximum rate of pay for each kind of job. This means that an employee gets an automatic pay rise each year until the maximum salary is reached. These pay scales are negotiated nationally by trade unions and employers. Public sector employees may also receive an annual cost-of-living increase. Independent pay review bodies recommend what the increase should be for some employees, such as teachers and health workers. The government, however, makes the final decision.

5. *Private sector salaries.* Some salaries in the private sector are also decided by national agreement between unions and management. There are national incremental pay scales for various grades of jobs, with extra cost-of-living allowances for employees in particularly expensive areas. However, incremental pay scales have drawbacks. Employers are forced to give a pay rise each year whether an employee deserves it or not. Employees may lose motivation when they reach the top of their pay scale. As a result, most employees in the private sector now have some form of *performance-related pay*. Increases in pay are given only for better work. Performance is often rated against a list of achievements which have been agreed between an employee and his or her line manager, or immediate boss. Many salaried employees do not receive overtime payments, but their pay may be increased in other ways:

*commission* is paid to sales people on the goods they sell;

*annual bonuses* are paid in many service industries;

*profit-sharing or profit-related pay* is becoming increasingly common.

In small firms, pay is often negotiated by the individual. The salary is decided at the interview. Employees may be given pay rises for good work or long service; if not, they have to ask for them.

6. *The national basic wage*, or time rate, is agreed once a year in some industries by the employers and unions involved. The basic wage is decided mainly by the supply and demand for that kind of labor. Generally, wages will be low if a job can be done by almost anyone and high if a job requires qualifications and training. Other factors, such as work conditions or health risks, are also taken into account. The strength of the union and the personality of its leader will also have a great influence on the agreed basic wage.

7. *Extra payments.* Workers can receive many extra payments on top of their basic pay. Some of these are negotiated nationally and some at the firm where they work. They include:

*overtime pay* for work done outside normal working hours, such as at weekends or on holidays. Payment can vary from time and a quarter to double time;

*shift premium payments* are given for working antisocial hours late at night or early in the morning;

*piece rate*, which pays workers a set rate for each article produced. Some firms still use it, but it is more usual for home workers. One drawback is that low-quality goods may be produced, so careful inspection is required;



*bonuses* are paid for production beyond an agreed amount. A standard rate of production is fixed for each job by measuring the time taken to do it. A bonus is paid to a worker if more goods are produced in the stated time. Individual bonuses may be replaced by group or team bonuses, but this can cause resentment if there are slow-working members of the team. Company bonus schemes are based on the total output of the whole factory, but the bonus is often too small to motivate individual workers;

*profit-sharing schemes* set aside a proportion of a firm's profits for distribution among the work force. A reasonable percentage needs to be set aside to have any motivating effect on the workers;

*merit pay* for constant good performance at work may cause resentment among other workers who think their work is just as good.

8. *Take-home pay*. Employers must make certain deductions under PAYE from their employees' gross pay. Income tax and national insurance are statutory deductions, which must be made by law. Other items, such as union fees, subscriptions or savings, are voluntary deductions. What is left after all deductions is the net pay, or take-home pay.

9. *Fringe benefits*. The majority of employees receive some fringe benefits in addition to their wages or salaries. These goods or services have one great advantage for employees: either they are not taxed at all or they are taxed at a reduced rate, according to the estimated money value of the benefit. If the employees were given a pay rise instead, they would have to pay more tax. Most manual workers receive some fringe benefits. Many big firms provide pension and sick-pay schemes, and some also provide private health insurance. In addition, employees may receive free uniforms, discounts on shopping, free travel to work, subsidized meals, free sports facilities and day trips abroad. The higher you rise in a firm, the more fringe benefits you are likely to receive [2].

1. Workers cannot receive many extra payments on top of their basic pay.

2. Employees may be given pay rises for good work or long service; if not, they have to ask for them.

3. If the employees were given more fringe benefits, they would have to pay more tax.

4. Income tax and national insurance are statutory deductions, which must be made by law.

5. Merit pay for constant good performance at work will not cause resentment among other workers who think their work is just as good.

6. A standard rate of production is fixed for each job by measuring the time taken to do it.

7. Performance is often rated against a list of achievements which have been agreed between an employee and his or her line manager, or immediate boss.

8. Nowadays there are no big differences between wages and salaries and the ways, in which they are paid, there have been some major changes in the last few years.

9. The majority of employees receive some fringe benefits in addition to their wages or salaries.

10. There are no distinctions between manual and white-collar workers by paying annual salaries to both.

**Task 5. There are different kinds of payment staff can obtain. Find the correct second half in column B, for each sentence in column A.**

A	B
1. The majority of employees receive some fringe benefits	a) under PAYE from their employees' gross pay
2. Employers must make certain deductions	b) for working antisocial hours late at night or early in the morning
3. Bonuses are paid for production beyond an agreed amount	c) in addition to their wages or salaries
4. Shift premium payments are paid	d) if more goods are produced in the stated time
5. The national basic wage, or time rate, is agreed	e) for various grades of jobs, with extra cost-of-living allowances for employees in particularly expensive areas
6. National incremental pay scales pay	f) and for many white-collar workers, e.g. bank workers or clerical staff
7. Unions used to be concerned mainly with negotiating wages both for manual workers	g) once a year in some industries by the employers and unions involved

**Task 6. Some of jobs are paid wages, some are paid salaries. Could you divide the jobs according these forms of payment?**

*Boss, director, manager, hairdresser, executive administrator, secretary, clerk, skilled worker, unskilled worker, laborer, receptionist, public relations*

*officer, safety officer, security officer, union official, economist, personnel officer, sales assistant, adviser, education officer, research worker, supervisor, accountant, engineer.*

Wages	Salaries

**Task 7. Discuss these checkpoints with your partner.**

1. Which kinds of employee are usually paid wages?
2. What is the difference between gross pay and net pay?
3. Who sometimes settles the time rate for an industry?
4. What is the main drawback of piece rates? Where might they be used as a method of payment?
5. State three kinds of bonus scheme. What are some of the advantages and disadvantages?
6. Why can wages of newly employed manual workers be paid by cheque?
7. What is a fringe benefit? State two of them which a manual worker might receive and three that a manager might get.
8. What is the main advantage of a fringe benefit for an employee?
9. What is an incremental pay scale? Give three examples of employees who would be paid in that way.
10. Explain how salaries are determined in the private sector. What are the main advantages and disadvantages of each method for a firm?

**Task 8. Draw a plan to the text and retell the text according to the plan to your partner.**

***Focus on Vocabulary***

**Task 9. Find as many synonyms to the following words as you can.**

1. Control.....
2. Value.....
3. Amount.....

- 4. Income.....
- 5. Benefit.....

**Task 10. Find the words in the marked paragraph of the text that mean the following.**

- 1. An organization representing people who work in a particular industry or profession that protects their rights. (4)
- 2. The average amount of money people in a particular period of time spends on food, clothes, or a place to live. (4)
- 3. What one feels when dismissed from employment. (7)
- 4. An amount of money that is paid for each item the worker produces, rather than for the time taken to make it. (7)
- 5. The salary before tax has been taken from it. (8)
- 6. The salary after tax has been taken from it. (8)
- 7. The process of taking away an amount of money from the total or from the amount you have earned before you calculate how much tax you will have to pay on what you have earned. (8)

**Task 11. Fill in the gaps with the appropriate words below [1].**

*Negotiated, piece rate, incremental pay, bonus, performance-related pay, deductions, profit-sharing schemes, fringe benefits, merit pay, take-home pay.*

- 1. Some of the extra payments are ... nationally and some at the firm where people work.
- 2. There are national ... scales for various grades of jobs, with extra cost-of-living allowances for employees in particularly expensive areas.
- 3. Income tax and national insurance are statutory ..., which must be made by law.
- 4. If the employees were given a pay rise instead of ..., they would have to pay more tax.
- 5 ... is what employees get after all deductions have been made from their gross pay.
- 6. Performance is often rated against a list of achievements which have been agreed between an employee and his or her line manager before discharging of the ... .

7. ... set aside a proportion of a firm's profits for distribution among the work force.

8. Some firms still use ..., which pays workers a set rate for each article produced, but it is more usual for home workers.

9. Company ... schemes are based on the total output of the whole factory, but it is often too small to motivate individual workers.

10. For constant good performance at work ... is given, which will not cause resentment among the workers.

**Task 12. Find the correct second half in column B for each sentence in column A. These are all expressions that include the word *pay*.**

A	B
1. Gross pay	a) pay for work done outside normal working hours, such as at weekends or on holidays
2. Net pay	b) pay for non-manual workers, which is based on an annual rate
3. Overtime pay	c) the total amount an employee earns
4. Merit pay	d) a range of pay with regular increases, or increments, each year
5. Performance-related pay	e) pay for constant good performance at work
6. Take-home pay	f) a system under which employers deduct income tax and national insurance from employees' pay before they receive it
7. Wage	g) system in which pay increases are given for improvements in work
8. Salary	h) pay when the employers must make certain deductions under PAYE from their employees' gross pay
9. PAYE	i) pay for manual workers, which is usually based on an hourly rate plus additional payments for overtime, high productivity
10. Incremental pay scale	j) the amount an employee receives after statutory deductions for income tax and national insurance and any voluntary deductions have been made

## ***Focus on Grammar***

**Task 13. Complete the following table with appropriate forms of the words [26].**

<b>Verb</b>	<b>Noun</b>	<b>Adjective</b>
pay		
	negotiability	
insure		
		executive

**Task 14. Here is the example of the use of the Future Perfect Continuous tense.**

*(By the end of the year) I shall have been studying at the University (for some time).*

**Use the words in brackets in the Future Perfect Continuous tense. Explain their use.**

1. By 5 o'clock next Tuesday we (hold) a meeting with our business partners for an hour.

2. I (work) on this financial report for half a day tomorrow to prepare it for bank supervision.

3. By the end of the next week our receptionist (write) a letter to our subsidiary firm in Hong Kong for two days.

4. How long your bank (compete) with their business rivals by the end of next year?

5. Next month merit pay for constant good performance at work may cause resentment among the workers who do not show good results but (work) for many years by that time.

**Task 15. Put the verbs in brackets in the Future Simple, Future Continuous, Future Perfect or Future Perfect Continuous tenses.**

1. In future, merit pay for constant good performance at work (not cause) resentment among other workers who think their work is just as good.

2. White-collar workers and a few manual workers (receive) salaries, which are based on an annual, not an hourly, rate of pay next year, when the agreement between employers and trade unions is contracted.

3. An employee (get) an automatic pay rise each year until the maximum salary is reached next year.

4. Workers (pay) many extra payments on top of their basic pay next year.

5. By the end of the year employers (make) certain deductions under PAYE from their employees' gross pay for two years.

6. How long you (write) a report about the financial state of your enterprise and when you (finish) it?

7. Government (fix) national incremental pay scales for various grades of jobs, with extra cost-of-living allowances for employees in particularly expensive areas by the end of this year.

8. Many manual workers (earn) more than office workers if a firm's profit rises by the end of the accounting period.

9. By the beginning of the next month the employers (gain) on their employees working antisocial hours late at night or early in the morning for three weeks.

10. A few firms (try) to get rid of the distinctions between manual and white-collar workers by paying annual salaries to both, when they understand that it is useful.

**Task 16. Put questions to the underlined words.**

1. Incremental pay scale is a range of pay with regular increases, or increments each year. (When)

2. Some salaries in the private sector are also decided by national agreement between unions and management. (What)

3. In small firms, employees may be given pay rises for good work or long service; if not, they have to ask for them. (Where)

4. The majority of employees receive some fringe benefits in addition to their wages or salaries. (Who)

5. Generally, wages will be low if a job can be done by almost anyone and high if a job requires qualifications and training. (Why)

**Task 17. In an extended noun phrase, we can use nouns and proper names in front of a main noun to give more information. They are common in news reports because they are more concise.**

**Put these extended noun phrases in a logic order. Then write sentences using the phrase.**

- a. *George, Spanish-speaking, director, Cummins, managing.*  
*Spanish-speaking managing director George Cummins.*
- b. Australian, exam, entrance, university;
- c. luggage, lost, department, airport;
- d. Janet Jackson, American, famous, singer;
- e. report, hundred-page, new, marketing;
- f. leading, news, London-based, agency.

### ***Focus on Listening and Speaking***

**Task 18. Watch the video "How to Deal with Work and Money Stress" and complete the sentences [39].**

1. Not having a job, not having enough work and not having enough money is the perfect recipe for life to feel quite ... .
2. A recent Australian report looking at the links between mental health and unemployment found that a third of young job seekers experience anxiety ... .
3. If you're struggling with work and money, there are three things we want you to know. Number one: ...; number two: ... and number three: ... .
4. Plus, there are three things we want you to try ... .
5. You can get practical tips and resources to help with everything you need to know about looking for work and ... .

**Task 19. Say what you would do if you lost your job.**

### ***Focus on Writing***

**Task 20. Here are some expressions which may be used to write an agenda of a meeting. Try to find explanation in column B for each expression in column A. Use a dictionary if you need help [2].**

To draw up an agenda; to form a rota; the draft of an agenda; the date of the agenda; allocate responsibilities; provide a contact name; suggest alterations; boardroom; chairman; turn down; minutes; circulate an agenda.



**Task 21. Agenda is a notice of what a meeting will be about. Here is an example of a typical agenda or agenda draft. Say what parts it consists of.**

15 October, 2019.

The agent group meeting.

To attend: The Excel Corporation and Bold Elextro representatives of the agent group.

Place: Excel Head Office.

Time: 15 pm, Thursday 15 October, 2019.

Subject: Discussing the agency agreement between Excel Corporation and Bold Elextro.

#### Agenda

1. Minutes of the latest meeting.	5 min
2. Matters arising. Overheads: who will pay the cost of the extra staff, office space, telephone/telex/fax?	10 min
3. Publicity material: how will we arrange this and who will bear the costs?	10 min
4. Discussion.	20 min
5. Technical back-up and sales training: levels of Excel investment.	15 min
6. Commission: rates and payment procedures.	10 min
7. Draft schedules for activities / allocation of responsibilities.	10 min
8. Date of the next meeting.	5 min
9. A.O.B. (any other business).	5 min

For alterations to this agenda, please contact: George Rosario.

**Task 22. This is a telephone conversation between Henrik Thorsen and Jean Gaudrie about the meeting at Excel Europe next week. Write the agenda of this meeting.**

Henrik: Jean, this is Henrik.

Jean: Hi, Henrik. What can I do for you?

Henrik: Well, it's about the agenda for the next meeting of the Planning Committee.

Jean: Yes. What's the problem?

Henrik: I've been very busy since I got back from Indonesia and I haven't finished my report on the project yet.

Jean: Just a moment. Let me get my copy of the agenda. OK, I'm with you now. This is item 3 we are talking about, isn't it, Henrik?

Henrik: Yes, that's right. Could we put it back to the next meeting?

Jean: I suppose so. But I think we should all have the report well in advance of the meeting, say in a couple of weeks' time so that everybody is well prepared.

Henrik: Right.

Jean: Can you manage that?

Henrik: Yes, Jean. I'm sure I can.

Jean: Ah! While you're on, can I give you an extra item for the agenda?

Henrik: Sure. What is it?

Jean: We've received the consultant's report on Digital Communications and we must discuss it at the meeting. They make some very good suggestions, I think. So that'll be item 5, item 6 will be the date of the meeting.

Henrik: OK.

Jean: Anyway, I'll circulate a final agenda with a copy report.

Henrik: Good.

Jean: I'll see you on Tuesday 20th of May then, if not before.

Henrik: Where's the meeting, incidentally? In your office?

Jean: No, I've booked the Board Room.

Henrik: Good. See you then.

Jean: Bye.

### **Case study 3**

#### **Life at the Bottom**

**Task 1. Look at the title of the article. Try to predict what the article is about:**

a) hard life of a tramp (homeless person); b) hard life of a junior manager; c) hard life of a nurse.

**Read the article and say whether your prediction is correct.**

**Task 2. Read the article again. Do not worry about understanding every word at this stage. As you read the article, complete the table below [19].**

Marian Thiel	1976	2 years ago	now
Job			
Salary			
Town			

### **Life at the bottom: hard-up, tired but content**

Marian Thiel has been changing jobs ever since she first started working at the age of 18 when she was a sales assistant in a fashion store in Bristol. She had left school with three O-levels – Art, English. Needlework. By 1976, at the age of 31, she was senior executive in charge of public relations at Chester Barrie, a fashion menswear house based in Crewe. She was on a salary of £4,500 – plus perks. She had a secretary, a company car and first-class travel expenses. She went to the hairdresser once a week (paid for, of course) and on the strength of her job and prospects had got herself a three-bed roomed semi on the river at Congleton.

"I used to have my nails painted just to look better," she says now, almost in disbelief, "and I used to take taxis everywhere so my hair didn't get wet or blown about. I was out every day for lunch or dinner with customers. I was out of the office on business four days out of five, very often in London, France or Germany. If I went to Scotland, I flew – and there was always a chauffeur and car to meet me."

About two years ago she gave it all up to become a nurse. Her pay during her first year as a student State Registered Nurse at St. Stephen's Hospital, London, was £90 a month: £74 of that went back to Cheshire to pay for her mortgage. Suddenly she was living off £16 a month – and no expenses. "I used to walk along the streets of Westminster crying," she says. "Of course it was my decision not to let the house go – just because you make a break you don't have to give up everything."

She has now moved back to her house in Congleton in Cheshire, having transferred to a local hospital for the last year of her training. The pay is a bit better now – £140 a month with overtime – but the hours 40 are long and she finds the work physically exhausting. There are certainly no trips to the hairdresser, no spending sprees.

She admits she loves the good life, and offered the chance of a job at £10,000 tomorrow, she would jump at it. "I could pick up and live again as

though I had never been poor," she says. But, she goes on; she feels we all have a debt to society. "It's rather like the land," she says. "The times we are living in now are very materialistic, everyone's on the make, everything's got to be brighter and newer. We're all taking things out and never putting back. And what happens if you do that to the land? I certainly never wanted to be a nurse, but I realized that I had to give instead of just take."

**Task 3. After having read the article discuss the following questions.**

1. So why did she do it?
2. What happened to the normal job pattern?
3. What is the main question she had ever asked herself?

**Task 4. To the people, changing jobs means stepping up the ladder and receiving more money, a higher position, travel perhaps, more perks, the next rung on the way to a so-called better life. So what does it mean for you? Could you change your job like Marian Thiel did?**

## 4. Financial Resources

### 4.1. Management Accounting

#### Task 1. What do you think financial control means:

a) accounting and auditing of some business; b) control of banking accounts; c) management of an enterprise; d) use of financial information to control a firm's operation; e) the ways of making management decision?

**Task 2. These are the key terms to the text under study (Task 4). Read them carefully and find the best explanation. Use a dictionary for help [13].**

1. Management accounting	A. A way including variations when estimating sales, costs, etc., so that possible effects on profits, and therefore the risk attached to each situation can be looked at
2. Forecast	B. Making allowance for external events, such as strikes or a rise in prices by calculating the best and worst effects they could have on business
3. Risk analysis	C. Money which must be paid
4. Contingency planning	D. Operations with valuable papers
5. Management of chance	E. Planning for chance events
6. Financial transactions	F. Predicting events
7. Purchases	G. A book in which a firm's accounts are kept
8. Debts	H. Using financial information to control a firm's operations and to make management decisions
9. Ledger	I. Company legal responsibilities
10. Company liability	J. Buying some goods
11. Annual percentage rate (APR)	K. Cash flow which has either a credit or a debit balance
12. Factor	L. The true annual rate of interest paid when money is borrowed or goods are obtained on credit. The APR is higher than the nominal interest rate

13. Nominal interest rate	M. When a supplier allows a business customer to pay for goods and services after they are delivered, usually 30, 60, or 90 days later
14. Security	N. An asset which a borrower offers as a guarantee so that it could be used to repay a loan if that became necessary. The security could be a house or an insurance policy
15. Trade credit	O. Spending by a company on buildings, machinery, equipment, etc.
16. Prompt payment	P. An amount of money that is paid back
17. Uneven cash flow	Q. A specialist firm or bank which takes over the collecting of the debts of another firm for a fee
18. Capital expenditure	R. Payment done quickly, immediately or at the right time
19. Repayment	S. The rate of interest stated by a lender, applied to the whole loan at the start of the loan period

### ***Focus on Reading***

**Task 3. Look at the key terms to the text under study (Task 2) and say what problems are discussed in the text.**

**Task 4. Read the text and choose the best answers to the questions below the text [16].**

It is important to know the main functions of management accounting, the ways it influences the development of businesses, makes them effective, including the risks involved and opportunities arising, because of a wide range of enterprises (from one person sole proprietorships to some of the world's largest corporations) which need it. The developments of businesses are influenced by the following factors: equal opportunities, immigrants, new technologies, lower fuel prices, arms reduction, etc. To see that the firm's resources are being used in the most profitable way is the main task of

management accounting. It uses a wide range of financial information to control a firm's activities and to provide a sound financial basis on which management decisions can be made. Management accounting also has to cope with day-to-day changes and risks, or uncertainties about success or failure, by using techniques such as risk analysis. Business is greatly affected by external events, which it has to control and which are often very difficult or impossible to forecast.

These events are called chance events. If we take for example an airline's business, we may see that it could be damaged by a series of fatal air crashes in other countries and an unexpected rise in the price of fuel. Both these situations could be totally outside the airline's control, but there could be a double loss. The crashes could result in a fall in passenger bookings, while the higher fuel prices would increase costs. There are some changes which are more predictable. For example, every butcher knows that more and more people are changing to a vegetarian diet. Butchers can try to do something about that – by making their meat cheaper or more appealing or easier to cook.

Businesses have to learn to live with such risks. This has made contingency planning (planning for chance events) or management of change even more important for firms. Mathematical models are used to determine the probability of certain events and the best and the worst effects that they could have on a business.

Businesses also employ financial accountants. Their task is to keep an up-to-date record of all financial transactions, including purchases, sales, payments, debts, etc., so that a business's financial situation can be immediately known at any time. These records were once written by hand in special books called ledgers, but they are now usually entered and stored on computers. There are many software programs specially designed for keeping accounts.

All businesses need to borrow money for varying lengths of time. Some is needed for medium- or long-term capital expenditure on permanent assets such as expensive machinery or land. Some money is also required for shorter periods of a year or so. Short-term finance can be obtained in various ways: 1) bank overdrafts allow a business to spend more than it has in its current bank account, up to a limit agreed with the bank managers; 2) short-term bank loans include starter loans which provide short-term finance for

a new business. Factoring is the way of obtaining short-term finance. The firm can "sell" its debts (money owed to it by customers) to a factor. Trade credit means that firms do not normally have to pay their suppliers immediately, but have 30 to 90 days of credit when they do not have to pay their bills. The firms lose any discount offered for prompt payment and big suppliers might refuse to supply small firms with their products if they did not pay their bills on time.

Medium-term loans, like the small business loan, last for up to seven years and long-term finance is commonly needed for a variety of purposes, including buying property, equipment and other businesses, help firms which do not have enough security to obtain a normal bank loan. Long-term sources of finance for plcs include debentures and share issues.

Interest has to be paid on all bank loans. The rate of interest is calculated from the base rate. The bank adds a certain percentage to the base rate according to the degree of risk involved in giving the loan. The nominal interest rate does not give a true picture of the interest rate you are paying. Each time a monthly repayment is made, some of the original loan is paid off. Since the repayments are the same each month while the amount of loan still left to be paid off is decreasing, the true interest being paid each month is increasing. This rate, expressed as the average percentage interest paid over the whole period of the loan, is the annual percentage rate (APR). It is usually about twice as much as the nominal rate.

1. When is business successful:

- a) when it keeps a close watch on its financial affairs;
- b) when it borrows money for a short period of time;
- c) when it creates contingency planning?

2. One of the main functions of management accounting is:

- a) to pay interest on bank loans;
- b) to plan chance events;
- c) to make sure that there is enough capital to provide a sound financial basis of a firm.

3. Financial records are made:

- a) by hand in special books called ledgers;
- b) now they are entered and stored on computers;
- c) they are kept in banks.



4. Bank overdrafts allow a business:

a) to spend more than it has in its current bank account, up to a limit agreed with the bank;

b) to spend a limit it has in its current bank account;

c) to spend no money at all.

5. Trade credit means that:

a) firms have to pay their suppliers immediately;

b) firms do not normally have to pay their suppliers immediately;

c) firms have to pay when their suppliers require.

6. The bank adds a certain percentage:

a) to the base rate;

b) to the nominal interest rate;

c) to the annual percentage rate.

7. Long-term finance includes:

a) starter loans;

b) debentures;

c) debentures and share issues.

**Task 5. What is risk? Name three external risks which might affect a firm. Do it with your partner or in a group of three or four.**



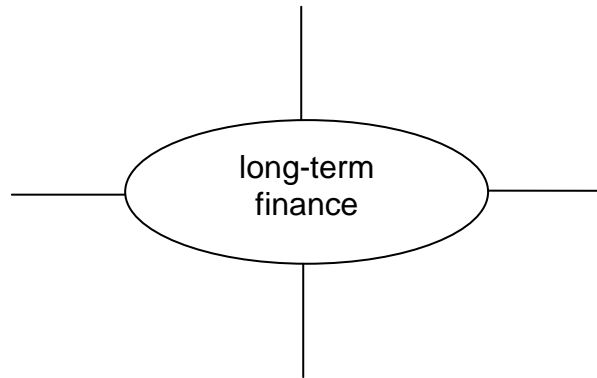
**Task 6. Explain why such technique as risk analysis is important in business today:**

- to make business successful;
- to predict changes and risks;
- to stop effects of chance events.

**Task 7. There are four main types of short-term finance. Each of them has advantages and disadvantages. What are they? Fill in the chart.**

Short-term finance	Advantages	Disadvantages

**Task 8. There are different types of long-term finance. Name at least four of them. Draw a mind map.**



**Task 9. In small groups, draw SWOT analysis of management accounting. Report it before the class [2].**

### ***Focus on Vocabulary***

**Task 10. Find as many synonyms to the following words as you can.**

1. Estimate.....
2. Rise.....
3. Total.....
4. Bill.....
5. Transaction.....

**Task 11. For sentences (1 – 10) choose the correct ending (a, b, c).**

1. To keep a close watch on financial affairs of a firm, to see that its resources are being used in the most profitable way, is the main task of:
  - a) firm management;
  - b) financial control;
  - c) management accounting.
2. To cope with different changes and uncertainties, economists use such techniques as:
  - a) mathematical models;
  - b) statistic analysis;
  - c) risk analysis.

3. External events can be:
  - a) controlled;
  - b) forecasted;
  - c) recorded.
4. Planning the most possible results of external events is called:
  - a) external control;
  - b) contingency planning;
  - c) decision planning.
5. Recording of the firm's operations with valuable papers is called:
  - a) financial payment;
  - b) financial transactions;
  - c) financial duties.
6. A book where all financial transactions of a firm are registered is called:
  - a) a bill book;
  - b) a registration journal;
  - c) a ledger.
7. The way you trust a company or a person is:
  - a) trustfulness;
  - b) simplicity;
  - c) liability.
8. When you buy goods in the shop you:
  - a) take goods;
  - b) purchase;
  - c) order goods.
9. If you borrow money from your friend you have:
  - a) a credit;
  - b) a present;
  - c) a debt.
10. If you calculate the best and worst effects external events could have on business, you:
  - a) tell fortune;
  - b) resist them;
  - c) do management of change.

**Task 12. Fill the gaps in the sentences with the appropriate word(s) below [8].**

*Operations, management of change, annual account, financial transactions, forecasts, ledger, contingency planning, factoring, trade credit, uneven cash flow.*

1. Financial information is necessary to control company ... and management decisions.
2. Special ... should obligatorily be voiced.
3. The instrument which helps to control business every year is ... .
4. Valuable papers of a firm are recorded in a ... and are kept in software programs for keeping account.
5. The most important plan of management change is ... .
6. To plan for the future by making ... is one of the main functions of financial control.
7. The new technique such as ... is used by management accounting to cope with day-to-day chance effects.
8. If a firm does not owe a large amount of money, it may obtain ... for a short period of time.
9. Businesses with an ... have a special need for overdraft.
10. The debtors should have ... when they do not have to pay their bills.

**Task 13. Find the words in italics in the sentences from the text which mean the opposite. Correct the sentences.**

1. *Short-term finance* is commonly needed for a variety of purposes, including buying property, equipment and other businesses.
2. The firm can "sell" its debts or money owed to it by customers, to a *bank*.
3. The firm loses any discount offered for *debts* and big suppliers might refuse to supply small firms with their products if they did not pay their bills in time.
4. Some business needs medium- or long-term *capital surplus* on permanent assets such as expensive machinery or land.
5. Businesses with an uneven cash flow have a special need for *non-payment*.

## Focus on Grammar

**Task 14.** A sentence can be either in the Active or Passive Voice. In an "active" sentence, the subject performs the action. In the "passive" sentence the subject receives the action. The passive structures are often used in news reports or to describe processes. The passive is formed with the appropriate tense of be + Past Participle. We use *by* if we want to mention the person or thing that performs the action. For example: *The work is done by us* [18].

### A. Study the following possible word order for Passive Voice.

Simple	Active.	<i>Hurricanes destroy a great deal of property.</i>
	Passive.	<i>A great deal of property is destroyed by hurricanes.</i>
Progressive	Active.	<i>All the sales staff will attend the meeting.</i>
	Passive.	<i>The meeting will be attended by all the sales staff.</i>
Perfect	Active.	<i>The company has ordered some new equipment.</i>
	Passive.	<i>Some new equipment has been ordered by the company.</i>

### B. Change the following sentences from Active to Passive Voice.

1. Somebody calls the president of our company every day.
2. John is calling the secretary of the head office now.
3. Does the accounts department always pay the bills?
4. Martha was delivering the documents to the department.
5. The delegates had received the information before the recess.
6. The bank hasn't found the documents I sent them.
7. The company was developing a new procedure before the bankruptcy hearings began.
8. John will have received the papers tomorrow.
9. After they have checked the report, they'll send it to their customers.
10. A Swiss bank is buying our company.

**Task 15. Put questions to the words in italics.**

1. The bank has already released all of *the money* that was accepted.  
(What?)
2. The checking accounts *require* a minimum balance nowadays.  
(What?)
3. The promotion was received by James because *his father is the president of the company*. (Why?)
4. The promotion was received by James *all over the world*. (Where?)
5. The new technique such as management of change is used by management accounting to cope with day-to-day chance effects *at the beginning of this year*. (When?)

**Task 16. Put the verbs in brackets in the correct voice and tense form.**

1. Businesses also (to employ) financial accountants.
2. Public limited liability companies (to oblige) by law to publish the annual accounts every year.
3. It is important to see that the firm's resources (to use) in the most profitable way.
4. The developments of businesses (to influence) by a great number of factors.
5. In making decisions, allowance (to make) for external events over which a firm has no control.
6. In the past, the records once (to write) by hand in special books called ledgers, but they now usually (to enter and to store) on computers.
7. Since that time business (to affect) by external events, over which it has no control and which are often very difficult or impossible to forecast.
8. Today economy (to introduce) management accounting to develop businesses and to make them effective.
9. The problem (to discuss) when the Chinese delegation (to arrive) to the meeting.
10. Some new equipment (to order) by the company before the strike began.

## ***Focus on Listening and Speaking***

**Task 17. Watch the video "Managerial Accounting" and choose the correct options a – c [41].**

1. Managerial accounting can assist in micromanaging employees through:

- a) scheduling and reporting;
- b) controlling the responsibility;
- c) comparing actual results with planned results.

2. One of the important functions of Managerial Accounting is to support:

- a) management decision-making and responsibilities;
- b) planning, directing, and controlling operations;
- c) management decision-making and responsibilities which include planning, directing, and controlling operations.

3. Directing is overseeing:

- a) day-to-day operations and forecasting;
- b) day-to-day operations as well as monitoring performance;
- c) budgeting and forecasting.

4. Controlling is the process of:

- a) comparing actual results with planned results;
- b) scheduling and other reporting;
- c) decision-making.

5. A changing global economy requires:

- a) businesses to be more flexible;
- b) businesses to be more flexible and adapt at quicker rates;
- c) casting of most businesses.

6. Planning is an information system that links several business functions for:

- a) improved and timelier decision-making;
- b) a reconfiguration of production processes;
- c) buying and holding inventory.

## ***Focus on Writing***

**Task 18. When writing minutes, you should follow the standard format. The style of language is quite formal. Sentences should be**

**short, clear and easy to read. Long speeches made at meetings should be summed up to be no longer than one page [2].**

**Here are the components of standard minutes:**

- a) subject and date of the meeting;
- b) list of participants;
- c) summary of the chairperson's introduction;
- d) summary of opinions and suggestions exchanged;
- e) action points decided upon, people assigned to each action and deadlines given;
- f) date and time of next meeting.

**Read the sample minutes of the meeting on the discussion of parking facilities and match the components of the minutes' layout with the letters a – f above.**

### **Minutes of the meeting on the discussion of parking facilities**

The meeting took place on Wednesday 25th March in the boardroom at Of-Op LTD, Mowbray Road.

Those present were Mr. Norman (the chairman), Ms. Roberts, Ms. Kramer and Mr. Griffiths. Mr. Goode sent his apologies.

Mr. Norman opened the meeting at 10.05 am. The minutes of the last meeting (Monday 23rd February) were read and approved. Parking facilities were discussed. Ms. Roberts said that the staff was unhappy because there were no parking facilities at Of-Op. She said that local meters and car parks were inconvenient and expensive. Ms. Kramer suggested that the firm should subsidize parking on meters and in the car parks. Mr. Griffiths said this discriminated against people who did not have cars. The meeting turned down Ms. Kramer's suggestion.

Mr. Griffiths said that there was room at Of-Op for six parking positions. Ms. Roberts argued that two positions were permanently taken up by company vans. Ms. Kramer suggested that the executives of Of-Op should have a rota system for parking in the remaining four places. Mr. Norman took a vote and the meeting agreed with Ms. Kramer's suggestion. Ms. Kramer said that she would draw up the rota. Mr. Griffiths and Ms. Roberts had to leave early. The discussion of holiday staffing problems was postponed until the next meeting. Mr. Norman closed the meeting at 10.55.



## 4.2. Sources of Finance for the Self-Employed

**Task 1. If you owned a firm, what sources of finance would you use? Discuss it with your partner.**

**Task 2. These are the key terms to the text under study. Read them carefully and find the best explanation. Use a dictionary for help.**

1. Sole proprietor's drawings	A. A legal contract that allows a person or organization to make payments to use something for a particular period of time in return for payment
2. Depreciation	B. A sum of money given to a person or organization for a particular purpose, often by a government
3. To lend money	C. Paying money to use something for a period of time
4. Security	D. A way of buying expensive goods by making regular payments over a period of time. Under hire purchase, the person buying goods has a right to use the goods during the time they are paying for them, but doesn't become the legal owner until the final payment has been made
5. Mortgage loans	E. The reduction in the value of an asset over a period of time
6. Grants	F. Property or other assets that you promise to give someone if you cannot pay back the money that you owe them
7. Hiring	G. An amount of money received from an employer, government or a bank to live on
8. Leasing	H. Capital obtained from financial institutions, such as banks, and from individuals willing to provide finance
9. Hire purchase or contract hire	I. You borrow money from a financial institution in order to buy something, and you pay back the money over a period of years. If you don't

	make your regular payments, you give a financial institution the right to own your property
10. Installment	J. Finance which comes mainly from own funds, profits and depreciation
11. External source	K. Regular payments that are made until all of an agreed amount has been paid
12. Internal sources	L. To let someone borrow money from you or someone; it may be a bank or other institution, which will be paid back with an additional amount of interest over an agreed period of time

### ***Focus on Reading***

**Task 3. Can companies use the same sources of finance as the self-employed? Give the reasons for your answer. Share information with your partner [30].**

**Task 4. Read the text carefully. Think whether the sentences given below the text are true or false.**

*Obtaining assets.* If you wanted to buy a radio set, you could either pay for it out of your savings or you could try to borrow the money from someone, for example an uncle. If you were a sole proprietor, you would have a similar kind of choice if you wanted to buy an asset such as a new machine. You could buy it from internal sources, such as your profits; or from external sources, such as a bank. Here is an example of how businesses obtain money for capital expenditure on assets such as machinery, vehicles, buildings and land.

*Internal sources for sole proprietors.* The main internal sources of finances for sole proprietors are:

*Owner's funds.* Sole proprietors will usually use some, or all, of their own money to start their business.

*Selling personal assets.* Very often such proprietors have to sell a valuable asset, such as a second car or an inherited collection of coins, to provide funds to start their business.

*Profits.* This is the main internal source for successful businesses. However, tax, National Insurance contributions and the sole proprietor's drawings – or money to live on – also have to come out of the profits.

*Depreciation* is another useful source of finance for sole proprietors and all other businesses. If a business buys a new computer, its value falls immediately after it is bought and continues to fall (usually very rapidly) every year after that. The business is allowed to deduct the cost of this fall in value from its profits. This reduces the profits of the business, so that it has to pay less corporation, or business, tax. The business also benefits in another way. It doesn't have to pay the expense immediately. Therefore, it has more cash available to spend on other items. Of course, the business will have to replace the asset in the end, when it will probably take out a loan to do so.

*External sources for sole proprietors.* The main external sources of finance for sole proprietors are:

*Bank loans.* These are the main external source for small proprietors. Banks provide business loans for many different purposes, including loans to start a business. A bank's decision to lend money or not depends to a large extent on whether it likes the sole proprietor's business plan. Banks usually want some security, such as the borrower's house, which is pledged, or given as a guarantee, for the loan.

*Mortgage loans.* Businesses can obtain mortgage loans to buy property in the same way as a private individual obtains a mortgage to buy a home. The money has to be paid back over a fixed number of years. Banks and insurance companies give mortgage loans to businesses.

*Government loans and grants.* There are various government grants and loans for sole proprietors and other small firms to help them start or expand their business. Some of these grants are handled by government-sponsored Training and Enterprise Councils (TECs) which cover all parts of the country.

*Hiring and leasing* These allow sole proprietors (and other businesses) to acquire assets, such as vehicles or machinery, by paying for them at regular intervals without spending large amounts of cash.

There are three main kinds of hiring and leasing: hire purchase, finance lease and contract hire. Each of them has advantages and disadvantages.

*Hire purchase.* A finance house buys an asset, such as a vehicle or a machine, and the business pays the finance house back in monthly installments (a fixed sum, plus interest). Usually, a deposit has to be paid.

The asset does not belong to the business until the last installment has been paid.

*Finance lease.* Assets can also be leased. Equal payments are made at regular intervals for a fixed period, as with hire purchase. Usually, no deposit has to be paid. The sole proprietor never owns the asset, but at the end of the fixed term, he or she receives a proportion of the amount for which it is sold.

*Contract hire.* A sole proprietor hires, or rents, a vehicle for a fixed period of time, but never owns it. Contract hire can be obtained with or without maintenance. Contract hire with maintenance is useful for sole proprietors as they do not have to worry about their car or van, but can concentrate on their core business.

*Other small businesses.* Partnerships have more or less the same kind of sources of finance as sole proprietors. They can also raise money from "sleeping partners" who invest in the business but, legally, take no part in running it.

*Franchisees* are in a different situation from most other businesses. The franchisers usually decide how much capital is needed to start the business and how it should be spent. Although a few small franchising companies quote a start-up fee of a few thousand pounds, the average start-up costs of setting up a franchise are quite high, about £45,000. The costs would be even higher for a well-known fast-food restaurant.

1. If you wanted to buy a radio, you couldn't pay for it out of your savings; you could try to borrow the money from someone.

2. Partnerships can raise money from "sleeping partners" who invest in the business but, legally, take no part in running it.

3. The sole proprietor owns the asset, and at the end of the fixed term, he or she receives a proportion of the amount for which it is sold.

4. Contract hire can be obtained with or without maintenance.

5. The start-up costs of a franchise for an unknown fast-food restaurant are very high.

6. There are three main kinds of hiring and leasing: hire purchase, finance lease and contract hire.

7. Businesses can obtain mortgage loans to buy property in the same way as a private individual obtains a mortgage to buy a home.

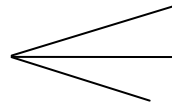
8. Government grants but never loans to sole proprietors and other small firms to help them start or expand their business.

9. Individuals will never use some, or all, of their own money to start their business.

10. A bank's decision to lend money or not depends to a large extent on whether it likes the sole proprietor's business plan.

**Task 5. What kinds of business loans does a bank provide? Draw a mind map.**

Banks provide business loans



**Task 6. Read the text carefully and think how to answer the questions. Do it with your partner or in a group of three or four members.**

1. Explain in your own words the difference between the internal and external sources for sole proprietors.

2. What in your view are the two most important internal and external sources of finance for sole proprietors? State your reason.

3. Depreciation is another useful source of finance for sole proprietors and all other businesses. It has two benefits. What are they?

4. Describe the main difference between hire purchase, finance lease and contract hire.

5. What does the term "sleeping partners" mean?

**Task 7. There are three main kinds of hiring and leasing: hire purchase, finance lease and contract hire. Each of them has advantages and disadvantages. What are they? Fill in the chart.**

Advantages	Disadvantages

**Task 8. Say what sources of finance you would choose if you were self-employed? Discuss it with your partner.**

## ***Focus on Vocabulary***

### **Task 9. Find an odd word in each line [1].**

Rent; hiring; leasing; letting; hire purchase; depreciation; contract hire.

Borrow; lend; loan; credit; finance; accredit; invest.

Decrease, increase; reduce; diminish; rebate; discount; cut.

### **Task 10. Read the sentences and find the correct word to complete them. Discuss them with your partner.**

1. Banks provide business ... for many different purposes.

a) rents; b) loans; c) cash.

2. A sole proprietor ..., or rents, a vehicle for a fixed period of time, but never owns it.

a) leases; b) hires; c) buys for cash.

3. The asset does not belong to the business until the last ... has been paid.

a) bill; b) installment; c) rent.

4. Bank loans are the main ... source for small proprietors.

a) existing; b) external; c) internal.

5. ...have more or less the same kind of sources of finance as sole proprietors.

a) self-employed; b) partnerships; c) entrepreneurs.

6. The ... usually decide how much capital is needed to start the business and how it should be spent.

a) sole proprietors; b) employers; c) franchisers.

7. Depreciation is the ...in the value of an asset over a period of time.

a) increase; b) decrease; c) reduce.

8. ... are regular payments made until all of an agreed amount has been paid.

a) investments; b) installments; c) bank loans.

9. Contract ... with maintenance is useful for sole proprietors.

a) signing; b) hire; c) subscription to a loan.

10. A ... occurs when you borrow money from a financial institution in order to buy something, and you pay back the money over a period of years.

a) loan; b) hiring; c) mortgage loan.

**Task 11. Fill the gaps in the sentences with the appropriate words(s) [2].**

*Hire purchase, grants, security, to lend, hire, sleeping partners, depreciation, profits, leasing, drawings.*

1. Equal payments are made at regular intervals for a fixed period, as with ... .

2. The sole proprietors' ... – or money to live on – also have to come out of the profits.

3. Another useful source of finance for sole proprietors and all other businesses is ... .

4. The business is allowed to deduct the cost of this fall in value from its ... .

5. Banks usually want some ... such as the borrower's house, which is pledged, or given as a guarantee, for the loan.

6. Contract ... can be obtained with or without maintenance.

7. There are various government ... and loans for sole proprietors and other small firms to help them start or expand their business.

8. ... allows a person or organization to make payments to use something for a particular period of time in return for payment.

9. A bank's decision ... money or not depends to a large extent on whether it likes the sole proprietors' business plan.

10. ... invest in business but, legally, take no part in running it.

**Task 12. There are some words which are used in certain combinations only. They are called collocations. Try to remember some collocations connected with "payment": *to make payment; to effect payment; to meet payment; to defer payment.***

**Match the collocations and the correct definitions.**

<b>Collocations</b>	<b>Definitions</b>
1. To make payment	a) to delay payment
2. To effect payment	b) to make payments on time
3. To meet payment	c) to pay an obligatory amount of money
4. To defer payment	d) to pay

## ***Focus on Grammar***

**Task 13. We often make changes when reporting sentences and questions, especially in the verb tenses. Present forms are changed into past; pronouns and references to times and places are often changed too, but if a statement is true, we don't need to change the tense. Questions are reported using *if* or *when*; the reporting verbs *tell* and *ask* are followed by an object [27].**

**Underline the reporting verb in each sentence.**

**A. Example: The presenter asked if the company was giving a special award.**

1. The reporter said that to save even more money, many big companies started to replace permanent full-time jobs by part-time temporary jobs.

2. She asked the chief executive when the firm would begin the business training.

3. An employee replied that they had just taken unpaid leave for a year or more and could return to the same, or a similar job.

4. The presenter asked if training was to be effective.

5. The trainer told the audience that labor shortage reduced the supervision needed providing greater chances for internal promotion. He said that trainees also needed clear objectives.

**B. Look at these sentences once more. Which of them report a) statements; b) questions?**

**C. Which reporting verbs are always followed by an object?**

**Task 14. Report these sentences.**

1. How often do you have training in local firms?

He asked me ... .

2. Training may be done internally, within a firm itself, or externally at college or school.

She told them ... .

3. Some progressive employers look after their employees better by providing flexible hours instead of flexible work.

He said that ... .



4. About 6 per cent of firms use teleworking extensively.

The lecturer announced that ... .

5. Hundreds of thousands of miners, shipyard workers and steelworkers were made redundant.

The top manager reported that ... .

6. Did you have external or internal training at your firm?

My friend asked ... .

7. What categories of workers were made redundant?

The correspondent asked ... .

**Task 15. Here is a meeting of the members of a computer company who are discussing holiday staffing problems. Read the discussion and write minutes of the meeting. Use reported speech.**

Ms. Roberts: We are going to discuss the staffing problem now.

Ms. Matthew: We have three vacant positions in a firm. We don't know what to do: to promote our company's workers or to hire new staff. In both cases the firm might have cost overruns.

Mr. Norman: Why don't we hire temporary staff?

Mr. Matthew: Temporary staff don't know the work.

Mr. Good: Why don't we discuss the holiday staffing problem?

Ms. Roberts: We don't discuss it now because we are still preparing the holiday scheme. It will be discussed next meeting.

Mr. Good: I'll draw up the rota.

Ms. Roberts: All right. We are waiting for your new ideas about our holiday scheme.

### ***Focus on Listening and Speaking***

**Task 16. Imagine, that you would like to start up your own business as a sole proprietor. Watch the video "Financial Resources – How to Build a Start-up" and answer the questions below [36].**

1. What are the main sources of finance you hope to obtain to start up your own business?

a) you could get the company started with your credit cards;

b) you could get the company started with the help of your friends and family;

c) you could get the company started with the help of the professional venture capitalists.

2. What kind of aid is proposed by the US authority?

a) grants to small businesses to start their companies;

b) half a million dollars to commercialize your company;

c) computers or vehicles or manufacturing products.

3. What question do you ask yourself when preparing to run a business?

a) how you are going to create customer relationship;

b) where to get a computer;

c) how to commercialize your company.

**Task 17. Would you give examples of a successful business start-up?**

### ***Focus on Writing***

**Task 18. Here are the rules showing how to write a press release. Read the description and match the rule with the heading: layout, general rule, language style [21].**

A press release, also known as a news release, is simply a written statement distributed to the media. They can announce a range of news items: scheduled events, personnel promotions, awards, news products and services, sales accomplishments, etc. The steps of writing a press release are:

1. The title.

2. The first sentence says who, what, when, where, why, and how.

3. The press release headline should be brief, clear and to the point.

The press release headlines and sub-heads should be treated as the ultra-compact version of your entire press release content.

4. It should be started with the date and city for which the press release is originated.

5. The press release body copy should be compact: there is a paragraph or two to describe your company with 5 – 6 lines each. Very long sentences and paragraphs, repetition and overuse of grammar, fancy language and jargon should be avoided.

6. The first paragraph (two to three sentences) must actually sum up the press release and the further content must elaborate it.

7. Actual facts – events, product, service, people, target, goals, plans, and projects and "real" facts and contents – should be provided in the press release.

8. At the end of the section, point to your website.

**Task 19. Answer the questions about the rules of writing press releases.**

1. What is the main idea of writing a press release?

2. What is its length?

3. What information should be included if you write a press release about your company?

### **4.3. Sources of Finance for Companies**

**Task 1. What do you think about the ways companies can beget money? Are they the same ways as in case of the self-employed?**

**Task 2. Read the words. Mark the main stress above each word. Match each word with the definitions below. Use a dictionary to help you [17].**

1. Short-sighted selling of assets	A. Shares, also known as equities, which pay a varying dividend. They give the shareholders one vote for each share held at annual general meetings
2. Venture capital	B. Interest-paying loans which may be traded on bond markets
3. A high-street bank	C. One of a class of shares on which, if a company is in financial difficulty, dividends may still be paid even if they are not paid on ordinary shares
4. To go public	D. Money lent to someone so that they can start a new business

5. Debentures	E. Selling assets that are still making a big contribution to profits
6. Share capital	F. The largest amount of capital a company is allowed to have in the form of shares
7. Ordinary shares	G. A bank that has branches in many cities or places
8. Preference shares	H. Capital that a company has from investors who have bought shares
9. Nominal or authorized capital	I. To become a public company which has shares owned by public

### ***Focus on Reading***

**Task 3. Do you think small business and large companies have the same sources of finance?**

**Task 4. Read the text carefully. Think whether the sentences given below the text are true or false [3].**

1. Companies use many of the same sources of finance for capital expenditure as the self-employed. They are: profits, depreciation, bank loans, mortgage loans, government loans and grants, hiring and leasing.

Because of their structure and their size, companies also have other sources which are not available to the self-employed. The main additional sources of finance for a private limited company are the following.

2. *Selling assets.* Selling an asset, or a thing that a business owns, is a quick way of raising money. However, it is short-sighted to sell assets if they are still making a big contribution to profits. For example, let's say that a Third Division football club sells for £100,000 a player it bought for £20,000. The club makes a profit of £80,000. It uses most of the money to pay for urgently needed repairs to its stands. However, now that the club has lost its only star player, it starts to lose one game after another. Fewer people come to watch the team and the gate receipts drop from £300,000 to £200,000 – a fall of £100,000. The club has lost more than it gained by selling its star player. This is the kind of financial problem that faces many smaller Third

Division clubs with an annual budget of £1 million or so. Generally, assets should only be sold if they do not fit in with the business plan or if they are not contributing to profit. The sales of assets always need careful consideration.

3. *Venture capital.* Small companies with new ideas may find it difficult to obtain finance from the normal sources, such as the high-street banks. They can sometimes obtain venture, or risk, capital from other financial organizations or from groups of rich people who invest in companies which have good ideas. In return for the risk they are taking, the venture capitalists often demand a seat of board of directors. Thus, the example with football clubs shows that private limited companies have to rely on the generosity of rich fans to get them out of their financial difficulties.

4. *Going public.* Medium-sized companies often find it difficult to raise enough money to expand their business. One solution is to go public, or become a public limited company (plc), so that financial institutions and the public can invest in the company by buying its shares. For example, some of the top football clubs, such as Manchester United, have become plc.

5. *Finance for public limited companies.* Public limited companies (plcs) have some additional sources of finance. These include:

a) *Debentures.* The public lends money to a plc for a fixed period of time at a fixed rate of interest. The terms of the loan are set out in a document called a debenture. The interest on the debenture has to be paid even if the firm does not make a profit.

b) *Foreign loans.* Plcs with high credit ratings can borrow money from foreign banks. Multinationals also use the banks in the countries where they operate.

c) *Sale and leaseback.* Instead of selling a building outright, plcs often sell the asset and then lease it back from the new owner. In this way, they obtain the cash they want, but still keep the use of the asset.

d) *Selling subsidiaries.* Big plcs often sell their smaller subsidiary companies if they no longer fit in with their plans for future growth.

However, the main way a plc raises money is through issuing shares.

6. *Share capital.* Share capital is the money a business obtains by selling shares to institutional investors and the public. The shares may be of two main kinds: ordinary shares with a varying dividend and preference shares with a fixed dividend. A company can issue shares up to the limit of its nominal, or authorized, capital.

7. *Advantages of shares.* This method of raising money has one big advantage compared with borrowing money. If a business borrows money from a bank, it will have to pay back all the money in the end. With share capital, the money never has to be repaid, though some big companies with surplus cash now buy back some shares from their shareholders.

Shares also have another advantage. When money is borrowed from a bank, interest has to be paid at fixed intervals. With shares, a dividend, or interest, is paid to shareholders every year or half-year, but there is no legal obligation for the company to pay a dividend. In fact, if the company has financial problems, it could save money by reducing the dividend or not paying one at all.

A company, however, could not miss paying a dividend year after year without some harmful effects. If it did, shareholders would start to sell their shares. There are also great advantages for investors in owning shares compared with having other forms of savings. Not only do they get interest payments, but the value of the shares may also rise [1].

1. Companies use different sources of finance for capital expenditure than the self-employed.

2. One of the shares' advantages is that if a business borrows money from a bank, it will have to pay back all the money in the end.

3. Medium-sized companies often find money to expand their business by means of going public, or becoming a public limited company.

4. A company could miss paying a dividend year after year without some harmful effects.

5. If the company has financial problems, it could save money by reducing the dividend or not paying one at all.

6. To lease the asset back from the new owner is the way to obtain the cash the company wants, and still to keep the use of the asset.

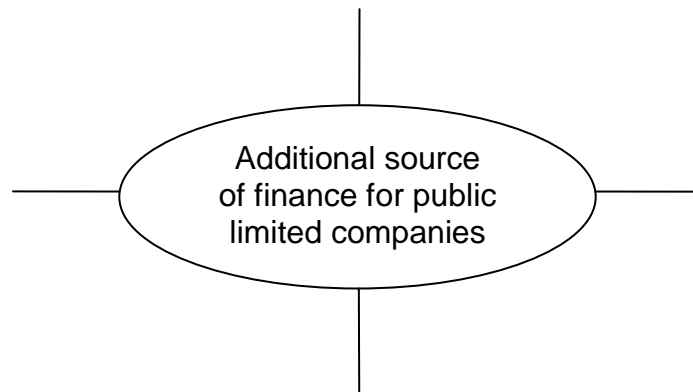
7. Share capital is the money a business obtains by buying shares from institutional investors and the public.

8. It is not necessary to pay the interest on the debenture if the firm does not make a profit.

9. It is short-sighted to sell assets that are still making a big contribution to profits.

10. Big plcs never sell their smaller subsidiary companies even if they no longer fit in with their plans for future growth.

**Task 5. What is the additional source of plcs' finance? Draw a mind map.**



**Task 6. Look through the text once more and explain the following.**

1. Why is selling of assets a popular way to raise money in business today:

- a) it is quick;
- b) it is more profitable than any other way;
- c) it always fits in with businesses plans?

2. Name the difference between ordinary shares and preference shares.

3. What is the solution for the medium-sized companies to expand their business?

4. Why do you think venture capital is also called risk capital? Are there any ways for venture capitalists to indemnify themselves?

5. State the two advantages of sale and leaseback.

**Task 7. Explain in your own words the benefits for a) investors and b) companies. Fill in the chart together with your partner.**

Investors	Companies

**Task 8. In small groups, imagine that you would need a vehicle for your business. Consider all the pros and cons of a) hire purchase and b) fixed-term lease.**

## ***Focus on Vocabulary***

**Task 9. Read the sentences and find the correct word to complete them. Discuss them with your partner [1].**

1. The public lends money to a plc for a fixed period of time at a fixed rate of interest. The terms of the loan are set out in a document called:  
a) a mortgage; b) a debenture; c) a bill.
2. Assets should only be sold if they do not fit in with the business plan or if they are not contributing to:  
a) profit; b) capital asset; c) share capital.
3. Sometimes plcs sell the asset and then:  
a) buy it back from the new owner;  
b) return it;  
c) lease it.
4. A company can issue shares up to the limit of its ..., or authorized, capital.  
a) nominal, b) share; c) venture.
5. Some companies with new ideas may find it difficult to obtain finance from the normal sources, such as:  
a) government loans and grants; b) high-street banks; c) investors.

**Task 10. Choose the word(s) below to put them in the correct place in the sentences.**

*Contributing, raising, missed, short-sighted, authorized capital, leasing, dividend, lends, debenture, value.*

1. It is ... to sell assets if they are still making a big contribution to profits.
2. A company can issue shares up to the limit of its nominal, or ... .
3. Generally, assets should only be sold if they do not fit in with the business plan or if they are not ... to profit.
4. The public ... money to a plc for a fixed period of time at a fixed rate of interest.
5. The interest on the ... has to be paid even if the firm does not make a profit.
6. The method of ... money has one big advantage compared with borrowing money.



7. There is no legal obligation for the company to pay a ... .

8. If a company ... paying a dividend, shareholders would start to sell their shares.

9. There are also great advantages for investors in owning shares compared with having other forms of savings, because the ... of the shares may rise.

10. When ... back, the companies obtain not only the cash they want, but still keep the use of the asset.

**Task 11. Find the words in the text which mean the opposite. Correct the sentences.**

1. The public *borrow*s money to a plc for a fixed period of time at a fixed rate of interest.

2. The club *loss* is £80,000.

3. The sales of assets always need *negligent* consideration.

4. A company, however, could not miss paying a dividend year after year without some *useful* effects.

5. There are also great *disadvantages* for investors in owning shares.

**Task 12. Collective nouns refer to a group of people or things. We can often use them with a singular or plural verb. The choice depends on whether we see the group as individuals or a single unit.**

*Example: Our audience is mainly young people.*

*The German audience have a choice of several music channels.*

**Here are some other useful collective nouns. Practice using them with singular and plural verbs.**

*Media, company, public, staff, committee, family.*

### ***Focus on Grammar***

**Task 13. We use modal verbs *can, can't, must, mustn't, should, shouldn't* and *needn't* to express different functions. They are:**

a) obligation. For example: *You must be there at 10. You mustn't be rude to the customers.*

b) possibility. For example: *You can change money in the departure lounge.*

c) permission. For example: *You can sign the bill now. You can't leave your bag here.*

d) advice. For example: *You should ask at the cashier. You shouldn't work so hard.*

e) necessity. For example: *She needn't check her account.*

f) ability. For example: *We can do this for you. I can't find the fax.*

*Must, can, should* and *may* are followed by the Infinitive without *to*. For example: *Can you help me?*

There is no *s* with personal pronouns *he* or *she*. For example: *She must be there at 5.* We don't use any auxiliary verb to form questions with modal verbs. For example: *Should I buy some traveler's cheques?*

The positive form of *needn't* is *need to*. It is a full verb, not a modal verb. It also has a negative form, *don't need to* (an alternative form from *needn't*) and a question form: *Do you need to leave already?*

The verbs *should* and *ought* are used to express moral obligation, advice, recommendation or some certain suggestion especially in the interrogative or negative form. For example: *You should visit her.*

We often use *have to* instead of *must* in questions: For example: *Do I have to check in over there?*

*Can't* is common in spoken English. *Cannot* is used in formal writing.

There are some verbs which are the equivalents of the modal verbs. Some of these equivalents are used if it is necessary to express the verb in the past or in the future. For example, the verb *must* has the equivalents *to have to* (it expresses the necessity of the action done under certain circumstances) and the verb *to be to* (it expresses the necessity of action done according to some schedule or prior agreement). For example: *You will have to go home (Under certain circumstances). The lessons are to begin at 9 a.m. (some schedule)* [26].

**A. Use the sentences on the right to explain the uses of modal verbs in the sentences on the left.**

You shouldn't

It is not permitted.

You mustn't

leave your traveler's cheque here.

It is not necessary.

You can't (you needn't)

It is not a good idea.

**B. What meaning is *can* used to express in each of these sentences?**

- a) Of course I can draw this scheme.
- b) You can go if you want to, but don't be late.

**Task 14. Correct the sentences.**

1. She needn't ask me – she already knows the answer.
2. He must to go to Germany tomorrow for a meeting.
3. Cans he speak German fluently?
4. He doesn't must tell her. It's a secret.
5. When do we should leave this evening?

**Task 15. Complete the sentences with *must, mustn't, can, can't, should, shouldn't or needn't*. Check your answers with your partner.**

1. I'd like to become a sole proprietor. How ... I start a small business?
2. All businesses ... to borrow money for varying lengths of time.
3. Short-term finance ... be obtained in various ways.
4. I'm sorry I ... spend more than it has in my current bank account, up to a limit agreed with the bank managers.
5. Farmers, for example, spend large sums on fertilizing the land and sowing seed, thus, they ... borrow them from a bank.
6. Big suppliers ... refuse to supply small firms with their products if they did not pay their bills on time.
7. Government-supported bank loans ... be available to provide training schemes for small businesses with up to 50 staff.
8. The business ... pay interest only on the amount overdrawn each day, so this is a relatively cheap way of borrowing.
9. The annual percentage rate ... be paid over the whole period on the loan.
10. The rate of interest ... be variable so that it changes as general interest rates rise and fall.

**Task 16. Open the brackets using the correct form of the verb.**

1. The true annual rate of interest ... (increase) when money is borrowed or goods ... (buy) on credit.

2. The business ... (pay) interest only on the amount overdrawn each day, so this ... (be) a relatively cheap way of borrowing.

3. The rate of interest stated by a lender ... (be) applied to the whole loan at the start of the loan period.

4. By using the full credit period or even extending it, a firm ... (keep) the money and uses it to pay other bills.

5. With some loans, the rate of interest ... (fix) so that it ... (remain) the same throughout the whole time of the loan.

6. At this moment cash flow ... (be) not the same on each side, so that there ... (be) either a credit or a debit balance.

7. A short-term bank loan ... (include) starter loans, which ... (provide) short-term finance for a new business.

8. However, the nominal interest rates ... (not give) a true picture of the interest rate you ... (pay).

9. Since 1995, government-supported bank loans ... (be available) for small businesses with up to 50 staff to provide training schemes for their employees.

10. Medium-term loans, like the small business loan ... (last) for up to seven years.

**Task 17. Put questions to the words in *italics*. Compare your answers with your partner.**

1. We don't use the *bank's facilities*, such as a loan or mortgage either. (What?)

2. The factor pays the firm *immediately* for about three quarters of the debts. (When?)

3. Interest has to be paid on all bank loans. The base rate is *7 per cent*. (How much?)

4. *The Small Firms' Loan Guarantee Scheme* helps firms which do not have enough security to obtain a normal bank loan. (What institution?)

5. A big company with a good credit rating might pay only 2 per cent over base rate, making a total rate of 9 per cent *to the bank*. (Where?)

## ***Focus on Listening and Speaking***

**Task 18.** Watch the video "Financial Resources. What is Research Expenditure". The speaker talks about three categories of research expenditures. Make notes on them below [37].

Salaries	Operating and program expenditures	Capital investments

**Task 19.** What do you think the expenditures of universities in Ukraine are?

## ***Focus on Writing***

**Task 20.** Here is a rule, showing how to write surveys or reports. Read the description and match its parts with the headings [21].

### ***Layout, general rule, language style.***

**A.** Reports are used to summarize information that has to be communicated to people inside or outside an organization. They are designed to provide an overview. Many different subjects can be presented in reports and some of the most common types of reports are project/progress reports, business proposals and summaries of research or results. Although the length of reports will vary depending on the amount of information and commentary they contain, most reports will be between one and six pages long. They should be clearly structured so that the reader can find the relevant information quickly. The reports may also include graphic material and are often used as the basis for an oral presentation.

### **B.** The report's structure.

Title page – indicates the subject that is being dealt with, in large font, with the name and position of the author of the report clearly indicated at the bottom of the page, together with the date of its publication.

Summary – gives a concise presentation of the report, the reasons for writing it, the most important information it contains and a general idea of its main findings. For a short report this can be simply one or two sentences.

Introduction – presents the overview, showing why the report was written and how it has been constructed.

Development section – includes the main body of information which may be divided into several subsections.

Conclusion – presents the results of the report. This might take the form of a recommendation for future action or draw the reader's attention to problems that need to be addressed.

**C.** The reports are documents that use formal writing style. The language of the report should be as clear as possible. It is not necessary to use long and complicated sentences or obscure vocabulary. Using simple language in short sentences will make it easier for the reader to assimilate your message. Try to avoid using the personal pronoun "I".

**Task 21. Answer the questions about the rules of writing reports.**

1. What is the main idea of writing reports? What is their length?
2. Fill in the chart. Match the main items of the layout with their definitions.

1. Title page	a. Gives a concise presentation of the report, the reasons for writing it, the most important information it contains and a general idea of its main findings. For a short report this can be simply one or two sentences
2. Summary	b. Includes the main body of information which may be divided into several subsections
3. Introduction	c. Indicates the subject that is being dealt with, in large font, with the name and position of the author of the report clearly indicated at the bottom of the page, together with the date of its publication
4. Development section	d. Presents the results of the report. This might take the form of a recommendation for future action or draw the reader's attention to problems that need to be addressed
5. Conclusion	e. Presents the overview, showing why the report was written and how it has been constructed

3. What can you say about grammar and vocabulary of the short report?
4. Why is it recommended to use simple language and short sentences?
5. Why shouldn't you use the personal pronoun "I" very often?

## Case study 4

### Financial News

**Task 1. What are the main topics of each of the items of the financial news presented below? [19]**

**Task 2. Read the text and discuss the questions below with your partner.**

*Newsreader:* 1. Anglia Telecom has ordered another 85 million pounds worth of digital exchange equipment as part of its 2.4 billion pounds modernization program. Most of the order is System Z equipment. This is good news for Maseys, the manufacturers of System Z. Their shares were up 10 to 365.

2. The Dollar made an unexpected recovery today, climbing four and a half cents against the Pound. Dealers in Europe found it difficult to explain the strength of the Dollar in view of the trade figures published earlier in the week. Meanwhile in Japan, news of a fall in the number of exports last month meant that the value of the Yen was at its lowest point for three months.

3. National Cash Card, one of the main credit card companies in the UK has announced a rise in its monthly interest rate from 1.75 to 1.95 % from the end of this month. This represents an annual rate on the card of 25.3 %. The increase has been criticized by consumer organizations who say that the cost of borrowing is already too high.

4. Sun Data published their six month results this afternoon. The British minicomputer company made a loss of 10.3 million pounds in the first half of the year compared with a profit of 12.5 million for the previous six months. The company blames a decline in orders and the takeover last year of Computex – the British world processor supplier.

5. Visits to the UK by high spending North Americans are increasing again, according to new travel and tourism figures from the British Tourist Authority. Two million overseas visitors came to Britain in July – 7 % more than in June. They included 440,000 North Americans, up 3 % after two months of heavy falls. Total spending by all overseas visitors in July was 745 million. The British Tourist Authority is again predicting a record year of tourism.

6. Finally, it looks as though the bad weather this summer has brought benefits to cinema owners this year. Metropolitan, the largest cinema chain in the country, has announced a profit increase of 15 % for the last three months;

they explain that the record rainfall has encouraged people to go to the cinema in ever-increasing numbers. So it really is true that "every cloud has a silver lining".

1. Complete the information below with the figures.
  - a) Value of digital exchange equipment ordered: ... .
  - b) Cost of modernization program: ... a year.
  - c) Value of Massey's shares: ... .
2. Did the Dollar go up or down?
3. How much did it change against the Pound?
4. Were the US figures good or bad?
5. Did the Yen and the value of exports from Japan go up or down?
6. Complete the information below with the figures.
  - a) Old monthly interest rate of the UK National Cash Card: ... %.
  - b) New monthly interest rate of the UK National Cash Card: ... %.
  - c) New annual interest rate of the UK National Cash Card: ... %.
7. Complete the sentences below, choosing from these items:

Year – This year / Last year;

Period – January to June / July to December;

Results – Profit / Lost;

Amount – 10.3 million pounds / 12.5 million pounds.

During the period ... to ... of ... year Sun Data results showed a ... of ....

This compares with a ... of ... for the period ... to ... of ... year.

8. Complete the information below with the figures.
  - a) Number of overseas visitors to Britain in July: ... .
  - b) Number of North American visitors to Britain in July: ... .
  - c) Total spending of overseas visitors in July: ... .

9. Underline the correct word or phrase to complete this report.

Metropolitan, the largest *theatre/cinema/supermarket* chain in the country has announced a *profit increase / profit decrease / loss* of 15 % / 50 % / 60 % the past 3/6/12 months. The reason they give is the record rainfall this *year/ spring/summer*.

10. What are the key words of each of the items?

**Task 3. Report each item in your own words before the class.**

**Task 4. In a group of three, look up today's newspapers, prepare and report on any financial story that you have read about. Pick out any short news report on companies and profit/loss situation. Check current interest rates. What contracts have been won, by whom and for what? Concentrate on facts and figures.**



# Scripts

## Micro vs Macro (1.1)

I have a question for you: if economics is simply an issue of examining, how people choose to use THIS many resources to THIS many wants. Why do we have both macroeconomics and microeconomics?

Really it's a question of scope: microeconomics deals with choices of a single entity – one product one price, one consumer, one household, one business... or even one industry.

Macroeconomics, on the other hand, deals with the actions of the economy as a whole... the country's income, which we'll call GDP, all prices (or inflation), the business sector (which is all businesses), or unemployment across the entire economy.

## Economic Systems (1.2)

Economic system is the way that a nation organizes, manages, controls the factors of production so that wealth or materials that get produced within the nation are somehow distributed to members of that population. Now, the method that gets used to manage these factors of production and determine who gets what, is really what defines the different economic system. So two ends of a spectrum: we can think about command economies versus a market economy. Now, a command economy is an economic system where the government manages all or in some cases most of the resources within the nation and oversees the types of industries that are going to operate. In a market economy, government is not involved. The resources within that nation get distributed/shared within society based on this notion of supply and demand.

**Command economies.** Let's look a bit closer at two types: first type is communism – under communism the government owns all of the factors of production and makes all the decisions on how resources within that nation will be used. Socialism could be thought of as a watered down version of communism in many ways. Government controls the critical industries but it does allow individual freedom from some individual right to own property to start off small businesses that the government doesn't consider to be critical to the overall economy.

**Communism:** how does it work? Well we could think about this idea of an entrepreneur coming up with an idea. In our case opening up a coffee shop, purchasing some land, getting a business up and running – well, in communism, that wouldn't happen. Why? Government controls all of the factors of production, makes all the decisions about which industries are going to operate. So, the government will determine how the factors of production get utilized. So, who gets capital? How does that capital get used to build certain industries? Government, under communism, owns all the resources and makes decisions that hopefully are going to benefit the most people. Within society, no individual ownership. It's about what's good for all of society, not necessarily what's good for the individual. So, an example: suppose it's middle of winter and you've got a tree out in your backyard and you need firewood so you go out back, decide to chop up the tree and have some firewood for your home. Under communism, that would be considered illegal. It's not your tree to chop down, it's the tree of the people, you just happen to be living in that house which by the way also is owned by the people. Under communism, the government would determine how many farmers there needs to be, how many employees are needed to go work in a factory, who is going to be a teacher. Everyone needs to go to school, so, governments could oversee and provide all that too. The government is controlling one of the factors of production called Labor. What happens to the output: once industry has made the products it needs to make, once all the farmers have grown their food, the students have been educated, and so forth? Well, I suppose those boxes on the screen are representative of the output of the economic system. Under communism, every member in society would be entitled to an equal share of what was produced. Within that economic system, over the course of a year or a specific period, everyone gets the same amount. The second example of a command economy is socialism. Remember, socialism – the government controls critical industries but individuals are allowed to run noncritical businesses. So, in our case government has determined that a certain factory will get built. Making a product that people need will provide jobs to citizens. Effectively they're employees of the government. An employee gets hired to be a teacher, a certain number of people get hired to work on the farm. One individual decides they don't want to do that. They've got a musical talent and they choose to use that talent to earn a living. So, what happens in socialism, is the members of society get an equal share of what society produced. However individuals who do choose to pursue businesses that are considered

to be noncritical to the overall economic system are welcome to pursue their musical talent or to pursue this other type of smaller business and sell their talents to the rest of the population.

**A market economy:** market economies are the other end of the spectrum. In the market economy, government is not involved. The market is the mechanism of the exchange of goods and services and resources are distributed by this concept of supply and demand. There's private ownership of everything, so, in our case the entrepreneur has an idea they want to get a coffee shop up and running. They need to be able to access capital, they need to be able to access labor, they need to be able to access natural resources and everything has a price. As long as the entrepreneur is able to raise the capital in order to borrow money, pay the interest back, hire the labor to do the work, purchase the natural resources required to build the coffee shop and to keep it running, they're more than welcome to do that. In a market economy, it's all about private ownership. You have a tree in your backyard and you decide you want to go out and chop the tree down for firewood. You're more than welcome to do that. In fact, you're more than welcome to chop all the trees down on your property and do whatever you want to do with it. In a market economy, there is a price for everything. Suppose the farmer wants to send his daughter to school to get an education, well, there's a price for that education. How's he going to afford to do this? Well, he produces product. So, in our case our farmer produces milk and it's got a price. The farmer takes the milk to market and tries to make it available for sale to see who would be willing to buy it. Everyone's got freedom. Some people are going to say "no", some people are going to say "yes". The farmer's daughter gets to go to school. Now, why would the farmer want to send his daughter to school in the first place? What is the point of education in a market economy?

**Opportunity.** Education will create an individual that has more skills or knowledge, all the credentials that an employer is looking for. They're then more likely to command a higher wage and generate more money in the long run, that they can in turn purchase more goods vs an individual who didn't get education. Now, how is the output in a market economy allocated in society? Those who produce, those who add value, those who have skills that are in short supply get the benefits of what the market economy has produced. Those who are unable to work, those who lack the education, don't benefit as much under a market economy. This produces the haves and the have-nots.

Now advantages of communism vs market economies: in communism, the wealth of the nation – what's been produced from economic system is shared equally amongst all members of society. Now, in market economies, what's the advantage? We get what we deserve. This notion of a student who studies very very hard for exam vs the student who didn't study at all and barely attended class. Disadvantages of communism and market economies: under communism, everyone gets the same, regardless of how much they contributed, regardless of how hard they work, regardless of how smart they are. It's all about equality. So, in this case, the student who didn't do any work got a B, but so did the student who worked very hard. There is very little motivation. In market economies, the big downside is potential for greed and all the negative things that can happen along with that greed. Is there a way to blend the best parts of each of these systems? This is called a mixed economy.

**A mixed economy** is an economic system that features characteristics of both command and market economies. What's interesting, most of the economies in the world are, in fact, mixed economic systems. They have elements of the market economy, but they also have elements of a command economy where government gets involved. This even includes the United States and Canada – two economic systems that we tend to view as being very capitalistic. Canada has a mixed economy. In what ways is Canada's economy like a command economy? Well, government manages and regulates the businesses. There's a whole variety of rules and regulations and laws that various levels of government within Canada impose upon business. It keeps our water clean; it prevents people from going out and chopping down all the trees and ruining a wildlife habitat and ensures that the products that we purchase are safe. So, all these rules are imposed by government in order to look after the best interests of all of the society. Government is also the provider of essential services in Canada and in many mixed economic systems. Government builds roads, provides the police force, hospital, prints the money – can you imagine a private corporation in charge of printing nation's money? Now, what ways is Canada's economy like a market economy? Well, if mom and dad have enough money to send the student to school and they work hard and they get a good education, hopefully, they get a job that allows them to make more money, they can buy a fancier car than those who haven't worked as hard or haven't been fortunate enough to go to school and they can live in and purchase nicer homes. People who are

unable to go to school – for a variety of reasons – and people who don't work hard, may not get a job that they like, may not be able to afford fancy cars, and may not have comfortable or luxurious living conditions. So to review: we could view economic systems as being two ends of a spectrum. So, the high government control over the spectrum of command economies. Two examples: communism and socialism are the opposite end of the spectrum where there's low government control: the market economy. Somewhere in the middle is a mixed economy.

### **Demand (1.3)**

**A.** The law of demand states: more of good will be bought – the lower its price, the less will be bought – the higher its price, *ceteris paribus*. Well, what does it mean? All the law of demand really says that there is an inverse relationship between price and the quantity demanded. Price goes up, amount bought goes down. At a low price, people are much more willing to buy; at a high price, people don't want buy much. What about that last part, the Latin – *ceteris paribus*? Well, *ceteris paribus* means "all else being equal" or "other things the same". So, the law of demand says that there will be an inverse relationship between price and quantity demanded as long as nothing else changes.

**B.** Look at it this way: if you are a consumer, what makes you willing to buy (or not willing to buy) a product or service? Of course, price affects your willingness or unwillingness to purchase, but what else? Income? Sure, the amount of income, particularly your disposable income, will affect your willingness and/or ability to buy. Luxury or necessity? Absolutely.

**C.** What about different tastes and preferences? Naturally, your tastes and preferences help to determine your willingness or unwillingness to purchase, but what determines your tastes and preferences? Of course, your personal tastes and preferences have been a lifetime in the making, and are always changing, but a few determining factors are: age, gender, religion, and social status. What else affects your willingness to buy? How about... weather, or climate? What about expectations for the future? How many factors are there, that affect an individual's willingness to buy – or not? The number of factors is endless, and I, for one, don't like to think about an infinite number of things at once. If I'm going to model the willingness to purchase, I want to narrow my focus to only two factors.

**D.** What will the two factors be? Well, think back to the Law of Demand: the focus is on quantity demanded and price. Quantity demanded, or what you buy, of course depends on all the factors just mentioned. Quantity demanded is a function of: price of the product, price of substitute products, price of complementary goods. It depends on the income, it depends on the weather, politics... all this stuff! But if I were to focus just on quantity demanded and price, what do I do with everything else? Well, remember that "all else constant" part? We recognize that all of these other factors are important to the decision, but for right now, we'll assume that they're constant, and unchanging. How does this work? Well, imagine that you are in the market to buy a house. You consider a lot of variables, right? Your income, mortgage rates, which neighborhoods have good schools and other amenities. Is this just a starter home, or will you be there for a long time? And of course you will look at home pricing.

**E.** Suppose you've already given thought to your budget, mortgage rates, neighborhood amenities, whether a Walmart is being built nearby, etc., and you also find that right now, housing is going for \$150 a square foot. At this price, and given all those other factors, you have determined that you would be willing to purchase a 1500 ft house. What if the market slows down, and price per square foot drops to \$100? Keep in mind that all the other variables will be unchanged – same income, same mortgage rates, same neighborhood amenities, same everything – except that the price per square foot has changed. The Law of Demand says that you would then be willing to purchase more square footage (well, wouldn't you ... ?), perhaps 2000 ft? What if the market headed up again such that the price per square foot increases to \$200? All else constant, you would not be willing, or able, to buy as much house as before – maybe at \$200 per square foot, everything else remaining the same, the quantity demanded will be more like 1000 ft ? In the end, if you were to plot out each of these price-quantity combinations, you would start to see the inverse relationship described by the Law of Demand. Now, of course, there are more possible prices than just these three, but we can see the general pattern now, and other prices would fit in with that existing pattern.

Do you notice that these points are starting to trace out a line? Well, this line – really, this collection of all possible price-quantity demanded combinations – is the demand curve.

## **Changing the Employee's Contract (2.1)**

We often get asked how an employer goes about changing their employee's contract. Now, the contract is the agreement between the two sides and it's not necessarily all going to be on paper. A lot of it needs to be written though: wages, hours, holiday entitlement, but you'll probably find that a lot of your contract is based on verbal agreements too. Contracts can change by degrees over time. For instance, the employee may come in one day and ask whether they can start working late on Fridays from now on. And if the employer agrees with this, then the contract has just been varied. If the employer wants to try and change the contract, then there are various different ways that they can try and do that. The first one will be to look through the contract itself and see whether there are any clauses that actually allowed the employer to make a change. Another option would be to speak directly to the employees to try and work towards that agreement. The employer may choose to consult with them to try and get that agreement and that's what we'd normally recommend as this stands a much better chance of preserving the employment relationship than if the employer suddenly announces that they're going to change everything tomorrow. Finally, the employer may choose to give a correct period of notice to try and change the contract but in doing this they need to be aware that it could be a dismissal and a re-engagement with all the risks that might involve. There will be different procedures to follow depending on the number of staff involved and which method the employer decides to use but we'd always recommend that you start by speaking to your employees and trying to get their agreement. A failure to do any of this could result in a breach of contract.

## **How Important Are Small Businesses (2.2)**

We hear a lot about large companies in the news, but small business is the engine of the U.S. economy. America is home to more than 28 million small businesses that employ 57 million workers. And when you add owners and employees together, that's a community of roughly 85 million hard-working Americans dependent on the success of small business – most of the private-sector workforce. Small business owners are America's most important job creators: U.S. small businesses accounted for almost two-thirds of the net new jobs created between 1993 and 2013 – a grand total of 11.8 million new career opportunities. In 2012, small businesses created more

than 2.1 million net new jobs. Small businesses are the country's main job creators, because they are often growing and looking for new markets to expand. To do so, they need additional employees along the way. Large businesses, on the other hand, generally stay the same size, hiring new employees to replace departing ones. Unfortunately, high taxes and recent government regulations in health care, finance, and labor disproportionately hurt small businesses and prevent them from growing and adding new jobs to the economy. Big business with big profits can afford to comply with red tape in a way that small businesses just starting out cannot. As a result, small businesses still haven't recovered completely from the Great Recession – and it shows by the chronically weak labor market. More than 94 million Americans are not working or actively looking for jobs. The labor force participation rate – which measures the percentage of employees and job-seekers in the U.S. – is less than 63 percent, the lowest figure since the late 1970s. To bring small businesses back, and strengthen the job market, job-killing taxes and regulations must be rolled back. Job creators should be encouraged to hire more employees, not forced to reduce career opportunities. With 85 million people depending on the success of small business, it's easy to see why small business is too big to fail.

### **Perfect Competition (2.3)**

What do you remember about perfect competition? I mean, how would you recognize a perfectly competitive industry if you ran across one? In perfect competition, 1) there are a large number of sellers (there are a large number of buyers too, but we won't be worrying about that just now). No individual is large enough to affect the market; 2) the product is homogeneous, or identical, or non-differentiated. For example, milk. When you go to buy 2 % milk at the supermarket, what brand do you buy? If you're like me, you buy whatever's on sale. I have no brand loyalty whatsoever, because milk is milk; 3) there's perfect information. It's actually not enough for products to be identical; everyone has to know that the products are identical. Otherwise, we can be fooled by things like pretty packaging, or celebrity endorsements. In a perfectly competitive industry, firm versus firm advertising is useless. All you'd be doing is driving up your own costs, and then customers would just buy from a cheaper competitor. However, you may see industry-wide advertising, like a "Got milk?" campaign, "pork, the other white meat", or "beef – it's what's for dinner". These kinds of campaigns raise demand for



each firm's product across the industry; 4) easy entry and exit. Because firms can enter and exit the industry at will, long-term profits would be affected, but we'll get to that in just a bit. For the individual firm owner, the combined effect of these characteristics is that he/she has no power to control price, and will earn zero economic profit in the long run. Let me ask you this: if the individual firm cannot set the price, then where does the price come from? Think back to our market activity earlier in the semester: in a market with lots of buyers and sellers, the price is determined collectively by the market supply and market demand. This, then, is the prevailing price for each firm. What happens if the firm doesn't like this price? If it tries to charge more than  $P^*$ , all of the customers will go someplace else. So, the firm would be forced back down to  $P^*$ . If it tries to charge less than  $P^*$ , then all customers in the industry will come to this firm. Sounds good, right? Wrong. This firm cannot accommodate the entire industry demand – costs would skyrocket, and the firm would be forced back up to  $P^*$  to get rid of some of the customers. All of this means that the firm is a price taker, forced to accept  $P^*$ , the market-determined equilibrium price. Note that this also means, because the firm charges  $P^*$  regardless of the quantity demanded, that  $P^*$  represents the firm's demand, as well. Remember that perfectly elastic demand curve from earlier this semester, where consumers are so hypersensitive to price that price is all that matters? Well that's this market structure. OK, so – you're producer in a perfectly competitive market, and you have no control over the price that you can charge. Is there anything you do have control over, that you can make decisions about? A perfectly competitive firm may not be able to choose its price, but it can choose how much output to produce. The firm owner will choose the level of output that will maximize his/her profits. So – you're a firm owner in a perfectly competitive industry, you can't choose the price that you charge, but you can select the amount of output that you produce. In order to maximize profit, you will always choose the level of output where marginal revenue equals marginal cost. Take a look at the perfectly competitive firm and see where this occurs. Hmm... I need to choose output such that marginal revenue equals marginal cost, but right now I don't see marginal revenue OR marginal cost! Let's start with marginal revenue. Marginal revenue is the additional revenue that you earn when you sell an additional unit of output. For a perfectly competitive firm, since all units are sold for the same price, each unit sold always adds the same amount of revenue,  $P^*$ . For example, if price is \$5, then the total revenue for zero units is \$0, for one unit is \$5, for two units is \$10, and so on. Selling one more unit generates five

additional dollars of revenue each time. Therefore marginal revenue is equal to the equilibrium price. Note that this is only true for perfect competition. What about marginal cost? Well, marginal cost is actually pretty easy – we constructed the cost curves, marginal cost included, before knowing anything about market structures. Those cost curves are the same regardless of the structure we're operating in. This means that the marginal cost for the perfectly competitive firm is just... marginal cost (remember that J-shaped, Nike-swish thing), and now all we need to do is select the level of output where marginal revenue equals marginal cost. Now, because there are no average cost curves in this diagram yet, I can't actually show you how large or small the profits are; only that  $q^*$  will be the best level of output for this particular producer, based on the profit-maximizing rule. Let's look at just one example of how to find profit using this model, then we'll do more cases in class. What if my perfectly competitive producer is operating in an industry where price is greater than the cost per unit? I can already tell that this producer will be making profits, since there's more coming in for each unit than there is being paid out in cost, but let's see what it looks like. Notice that I positioned the average cost curves below the price line. Where is  $MR = MC$ ? This gives me  $q^*$ . At  $q^*$ , what is the total revenue coming in? Revenue is the price I can charge times the number of units that I sell. In this case, the green area. At  $q^*$ , what's the total cost of producing this output? It's the cost per unit, ATC, times the number of units I sell – in this case the red area. The amount of revenue (in green) that doesn't get chewed up by the costs (in red) is profit. In this case, I've indicated profit by the blue area. In the short run, this producer earns positive profits. Why do I say "in the short run"? Because those short run profits attract the sharks – other outside firms see the profits and enter the industry to set up shop. This causes industry supply increase, driving the price downward. In the end, the entry only stops when there are no more profits to attract the sharks; until price is equal to average total cost, and the firms just break even. In the long run, a perfectly competitive firm's profits are always equal to zero.

### **Human Resource Management (3.1)**

When sporting teams and work teams have plans to improve themselves, or simply have a vacancy, the coach or manager usually calls in a specialist to find new talents. In companies, that specialist is the HR or human resources manager. HR staff kicks into action and starts the search

for interested recruits. Recruiting is a huge part of making great teams. From the group of wannabes, HR staff use their knowledge and experience to find the best person for the job. HR managers are a vital link in the company's overall structure, making sure that the people match the company's purpose. But human resources staff do much more than find stars for the team, they provide expert advice to managers about how they can improve their team's performance and suggest training options to optimize staff potential. HR staff also monitor wellbeing, look after safety needs and sometimes act as intermediaries. Both sides need HR when differences arise. And importantly, they make sure people get paid fairly. They then follow up to ensure when jobs change, so does the pay. Keeping capable staff saves time and money in the long run, so HR managers play a big part in staff retention. In a big company, helping people along a successful career path is part of this responsibility. HR managers can make a big difference when they connect the right people. They help shape the business by facilitating change, then everyone benefits. HR experts are employed all over the world, which allows for great overseas employment opportunities. So in summing up, human resources recruit team members, advise on team performance, oversee staff training options, monitor wellbeing, facilitate change, organize salary payments and resolve grievances. Your training starts here. Recruit yourself into HR by enrolling in a business course at Monash University.

### **Career Advice on Becoming a Management Accountant (3.2)**

My name is Mathew Roberson. I'm a management accountant or financial analyst and I work for IBM. I'm responsible for a contract and what we do is monitor the cost in the revenue coming into the account on a month-by-month basis and then performing sort of analysis on those figures. I like the fact that I do a number of sort of different things and the support structure is very good. I think IBM really do look after their graduates and which is certainly something that I think attracted me to the company in the first place. My father's in the Armed Forces and my mother was a lecturer in critical geopolitics. I went to boarding school at 7 until 18 which I found fantastic really and I think it gave me a real sense of independence and responsibility. Quite early I played a lot of sport. I like to think I worked hard enough, particularly enjoyed languages and so I ended up studying French and Spanish at University. My parents never put any pressure on me to either go into the Armed Forces or to go into, you know, academia or anything like that.

If there was any pressure at all it was may be at university. There was sort of a healthy competitive pressure that you know you were expected to go on and achieve in the workplace which I thought was actually a really positive influence on me. For me, University wasn't such a big step up as I think a lot of my peers possibly found. It just purely based on the fact that I went to boarding school. So, I felt it was quite sort of comfortable in that environment being away from home, just because that's all really that I had known. I left University and I worked in recruitment for a year which actually I quite enjoyed but I did feel that it wasn't possibly for me and I think I always felt deep down that it wasn't something that was going to challenge me particularly long-term. Once I decided that finance was what I wanted to go into then by BMC had been my first job since. Then I'm training to be an accountant as well, I'm doing Seema which is the Chartered Institute of Management Account and that was something that I was particularly interested in, becoming a qualified professional. Despite being an accountant I'm not particularly mathematical and never really have been. I've always been more of an arts person so I actually need a calculator whereas other people might be able to do it in the head but certainly not me. I've always been fairly in sports, yeah, play football a lot and I play for a suddenly team on Sundays in London and I play five aside a couple of weeknights. Travelling has always been something that's interested me. Along with obviously my languages I lived in France and Spain for a year and I went to university in Bordeaux and Barcelona. So, I've travelled fairly extensively in those two countries but I've also had been to the States and Australia and places like that which I've seen. I don't think there's been any one individual person that's inspired me and I like to think that I've taken on board sort of advice and inspiration from a number of people either from school or friends or family but I wouldn't be able, I wouldn't think it would be fair to just sort of actually attribute. You know who I am just to the inspiration of one particular person. I suppose my dream is to get as far as I possibly can doing what I'm doing. I'm very ambitious and motivated and I'm very keen to sort of maximize the opportunity that I've been given here and we see how far I can go.

### **How to Deal with Work and Money Stress (3.3)**

Here, at Reach Out, we get that not having a job, not having enough work and not having enough money is the perfect recipe for life to feel quite ...

Feeling useless, worthless and not good enough is pretty common, but we want you to know that not having a job or not having enough work is not just about you. There are stacks of staff going on in the economy that makes landing that job a pretty tough task. In a nutshell, a big cause of the high youth unemployment rate was the Global Financial Crisis of 2007. While more than ten years have passed since the GFC, we've still got a figure of one in three young Australians currently unemployed or underemployed. And for those who live in regional rural and remote areas that figure is actually way higher. A recent Australian report looking at the links between mental health and unemployment found that a third of young job seekers experience anxiety, a quarter experienced depressions and close to half affected by stress. So, if you're struggling with work and money, there are three things we want you to know. Number one: you're not alone. With youth unemployment pretty high here in Australia, dealing with feeling crap about not having work and not having money is unfortunately pretty common. Number two: this is not forever. Things will change in your life and you will not always be feeling this bad. And number three: you are still a valuable person. It's really easy to tie your identity to your job and a sense of contributing, but job or no job you are still a person with a whole stack of stuff to be proud of. Plus, there are three things we want you to try. One: talk to someone about how you're feeling. Whether it's friends, family or even a counselor or your GP, if you're feeling down it's important to talk and get some help. You can also check out our forums and chat to a stack of supportive people who've been there and who get it. Two: check out some of the links below. We got together with a bunch of young people from across Australia who've all struggled with money and job stress and they shared their tips on what can help. And three: check out our "best of the web" guides about employment and money. You can get practical tips and resources to help with everything you need to know about looking for work and how to budget, even when you have hardly any money stressing about work and money is really tough and while you may not be able to create a job out of thin air, there are things you can do to make yourself feel better.

### **Managerial Accounting (4.1)**

Hello, and welcome to Managerial Accounting. Managerial Accounting differs in several ways from Financial Accounting. While the focus of Financial

Accounting is to provide external users with information about the company, Managerial Accounting focuses on internal users like business owners and managers. Managerial Accounting uses financial statements and other financial data to support management decision-making but does not have any standards and guidelines to follow when it comes to analyzing data to support decision-making. There is no GAAP equivalent for Managerial Accounting. One of the important functions of Managerial Accounting is to support management decision-making and responsibilities. Those include planning, directing, and controlling operations. Planning involves setting goals and objectives as well as how to achieve them. Managerial Accounting aids in this function through budgeting and forecasting primarily. Directing is overseeing day-to-day operations as well as monitoring performance. This is commonly done through an old school approach of MBWA, which stands for "Management by Wandering Around". This approach is equal parts effective and annoying as it tends to lead to micromanaging employees. Managerial Accounting can assist in this function through scheduling and other reporting. Controlling is an important part of management's responsibility and one that is aided by managerial accounting. It is the process of comparing actual results with planned results. The difference between the two is known as variances. Managerial Accounting is heavily involved in this function. All of these functions and responsibilities help support management decision-making. The decision-making is a never-ending casting of most businesses. In fact, because of this, the role of management accountants is changing. A changing global economy requires many businesses to be more flexible and adapt at quicker rates than in the past. Without improvements to technology this would be difficult for management accountants to support ERP, JIT, TQM, Lean Manufacturing, ISO 9001 – these acronyms are the alphabet soup of Managerial Accounting. Briefly, ERP stands for Enterprise Resource Planning and it is an information system that links several business functions for improved and timelier decision-making. JIT stands for Just In Time, which is an inventory management system. Buying and holding inventory is expensive. Just In Time means that inventory is purchased and delivered right when it is needed. TQM stands for Total Quality Management. This focuses on reducing or eliminating waste and defects in processes and products. This lowers warranty costs as well as waste and scrap costs. Lean Manufacturing is a reconfiguration of production processes to eliminate wasteful, redundant, or unnecessary activities. ISO 9001 is an international organization of standards dealing with quality and continuous improvement.

These concepts have led to big improvements in operational efficiencies and profitability. Technological improvements have allowed management accountants to be right in the middle of these movements. Because of changing technologies, management accountant skills are also changing and expanding. And they include a strong knowledge of financial and managerial accounting, good analytical skills, general business knowledge, the ability to collaborate and work on a team, good oral and communication skills, and that's skills with an S not with a Z. The final topic I'd like to introduce is the professional organization for managerial accountants. The Institute of Management Accountants, or IMA, as it's more commonly referred to, is the largest professional body of management accountants. It is estimated that nearly 85 % of working accountants do so in some Managerial Accounting function. In fact, my entire career was in various fields of Managerial Accounting. There is also a certification exam for management accountants who have a four-year degree. It is the CMA exam and passing it makes one a Certified Management Accountant. The IMA has a code of ethics for its members to follow. The IMA's overarching ethical principles include honesty, fairness, objectivity, and responsibility. Within this code there are four key ethical standards. Let's look at each of them briefly. Competence relates to maintaining an appropriate level of professional expertise. This is often done by completing professional continuing education requirements. Confidentiality relates to keeping information confidential. Managerial accountants have access to sensitive and confidential information, so confidentiality is a must. Integrity relates to conducting one's activities in an honest and transparent manner. Finally, credibility relates to disclosing and communicating all relevant information fairly and objectively. And that concludes this short video on the Introduction to Managerial Accounting.

## **Financial Resources – How to Build a Start-up (4.2)**

And that brings us to financial resources. How are we going to get this start-up off the ground? If you're doing a web, mobile, it seems quite possible that you could get the company started with your credit cards, friends and family, crowd funding like quick starter, local angels that is investors who are not professional venture capitalists, but might make some small investments. Again, if all you need is a laptop and Amazon Web Services account, you could be up and running developing an app, but just keep in mind that when you're asked to do the financial calculations, there might be great to actually

code the app but how are you going to create customer relationships and get, keep, and grow your business? And so financial resources actually get you back to thinking about other demand creation activities in customer relationships and the cost of your channel as well, so while you could get started here, it's interesting to start pre-computing, what other amounts of capital I will need later on, in the life cycle of my company. If you have something in a physical channel or something in the enterprise that requires millions of dollars, I just thought, you're more than likely to approach venture capital firms or corporate partners, so not only can you get money from corporate partners, from the United States, there's some government financing that's available that is coming from a university, the first place I would, what are called, SBIR or STTR grants and later be as large as half a million dollars to commercialize your company or your technology. Also, the small business administration in the United States offers grants to small businesses to start their companies. In your country, there might be the equivalent of government fund. Now, once your start-up is up and running and you're generating orders and revenue, there are some other alternatives, so for example, you might be able to go to a bank and hand them finance, the lease of expensive physical equipment. You're buying tons of computers or vehicles or manufacturing products. You might actually be able to get what's called the lease lines, so you don't have to pay cash for them. The second is if you actually have purchase orders from customers, but these customers don't pay for an extended period of time, 60, 90, 180 days, you could actually take those confirmed purchase orders to keep what's called factors and factors make a business out of kind of lending you money on that purchase order at a discount. And so if you need cash, factoring is a normal part of financing in certain industries. And then finally, if you're buying expensive component, typically hardware in building your system, the vendor clearly wants to sell that equipment to you but you might not have that cash upfront or cash is more important than your mother right now and your start-up, and so you're trying to conserve it. You sometimes can actually get a venture to finance or defer or loan you the money to buy something and that's another way to kind of preserve your financial resources lease – a contract by which property is given to a person for a specified period.

### **Financial Resources. What is Research Expenditure (4.3)**

ASTI classifies agricultural research expenditures following three different categories: salaries, operating and program expenditures, and finally, capital



investments. Under salaries, we clearly include the wages, the salaries of agricultural researchers and technical support staff, but also any other staff remuneration packages of permanent or temporary staff, including things like health insurance or pensions or any other benefits. They should all be included under salaries. It's also important that you include the labor cost of those scientists that are not on the official payroll, that perhaps have a consultancy contract within certain agriculture R&D agencies. Those costs should really also be reported under salaries and not under operating costs. And the next section, operating and program expenditures, those are all the costs associated with running agriculture research programs to keep laboratories operating, et cetera. So, it does include items such as electricity, gasoline, agricultural input, staff training, travel, maintenance, and any other cost associated with running research programs. And, finally, capital expenditures. Capital expenditures include all investments related to the purchase or rental of items that last longer than a year. So, things like buildings, laboratory equipment, cars, computers, office furniture, et cetera. ASTI aims to collect information on the actual expenditures made by an agricultural R&D agency. We don't collect budgeted or projected expenditure information. It's also important to include all funding sources. So, don't only report the cost categories, so salaries, operating costs, or capital investments that are funded by the government, but any other funding sources should be reported as well, including donors or income that's generated internally through the sale of goods and services. ASTI does not collect any financial information from universities, and we're actually looking into ways of getting a better sense of the expenditures of universities. But so far, ASTI has not collected any information on financial information from universities, because it's very difficult for universities to provide this information, simply because of their mandate. Typically, a university might, for example, spend 80 % of its time on teaching and 20 % of its time on research, and the problem is that if we start collecting information just on research projects, the universities tend to underreport on any other items. What ASTI has done up to date is just estimated university expenditures by assuming that average expenditures per researchers at universities are roughly the same as average expenditures per researcher in the government sector. If there's a very good reason to assume that average expenditures per researcher in the university sector are significantly higher or lower than in the government sector, ASTI makes adjustments.

## References

1. Англійська мова. Автентичні тексти : навчально-практичний посібник / В. О. Петренко, Н. О. Бутковська, В. Л. Пугачова, В. Г. Вем'ян. – Харків : Вид-во ХНЕУ, 2008. – 184 с.
2. Борова Т. А. Іноземна мова за професійним спрямуванням. Кроки до підприємницької діяльності : підручник / Т. А. Борова, Н. О. Бутковська. – Харків : Вид-во. "ІНЖЕК", 2010. – 336 с.
3. Економічні тексти та практичні завдання з теми "Використання сучасних ІТ-технологій у підприємницькій діяльності" навчальної дисципліни "Англійська мова" для студентів усіх напрямів підготовки всіх форм навчання / уклад. Д. Ю. Нестеренко, О. О. Слюніна. – Харків : Вид-во ХНЕУ, 2009. – 43 с.
4. Економічні тексти та практичні завдання з теми "Економічна стабільність" навчальної дисципліни "Англійська мова" для студентів усіх напрямів підготовки всіх форм навчання / уклад. Л. М. Луніна. – Харків : Вид-во ХНЕУ, 2009. – 24 с.
5. Економічні тексти та практичні завдання з теми "Маркетингова діяльність" навчальної дисципліни "Англійська мова" для студентів усіх напрямів підготовки всіх форм навчання / уклад. Р. М. Агаджанова. – Харків : Вид-во ХНЕУ, 2008. – 32 с.
6. Економічні тексти та практичні завдання з теми "Маркетингова діяльність" навчальної дисципліни "Англійська мова за професійним спрямуванням" для студентів спеціальностей 6.050100 "Управління персоналом та економіка праці", "Економіка підприємства" всіх форм навчання / уклад. Р. М. Агаджанова. – Харків : Вид-во ХНЕУ, 2007. – 32 с.
7. Іноземна мова за професійним спрямуванням. Кроки до підприємницької діяльності : лексико-граматичні завдання / С. В. Уразова, О. Ю. Коваленко, А. В. Боровський. – Харків : Вид-во "ІНЖЕК", 2011. – 128 с.
8. Лазаренко Т. В. "Англійська мова" : навчально-практичний посібник для студентів напряму підготовки "Облік і аудит" / Т. В. Лазаренко, К. Ф. Чеботар. – Харків : ХНЕУ, 2009. – 204 с.
9. Методичні рекомендації та практичні завдання з теми "Управління рекламною діяльністю" навчальної дисципліни "Англійська мова" для студентів II курсу спеціальностей 8.050201, 8.050208, 8.050108, 8.000007 денної форми навчання / уклад. В. В. Синельникова. – Харків : Вид-во ХНЕУ, 2006. – 28 с.

10. Практичні завдання з навчальної дисципліни "Іноземна мова" (англійська) для студентів I-го курсу всіх напрямів підготовки усіх форм навчання / уклад. С. Б. Фоміна. – Харків : б. в., 2015. – 32 с.

11. Солодушкина К. А. Modern English Grammar Practice : сборник упражнений на базе экономической лексики / К. А. Солодушкина. – Санкт-Петербург : Антология, 2005. – 352 с.

12. Текстові завдання для перевірки знань з навчальної дисципліни "Англійська мова за професійним спрямуванням для студентів за напрямками підготовки 0501 "Економіка і підприємництво", 0502 "Менеджмент" усіх форм навчання. Ч. 1. / уклад. І. М. Поченікіна, О. В. Полежаєва, Г. В. Єніна. – Харків : Вид-во ХНЕУ, 2007. – 48 с.

13. Bradley R. Essentials of Economics / R. Bradley. – New York : Mc Graw Hill Inc., 1993. – 367 p.

14. Business Contacts / N. Brieger, J. Comford, S. Hughes, C. West. – London : Prentice-Hall International, 1987. – 144 p.

15. Eastwood Jh. Oxford Practice Grammar with Practice-Plus CD-Rom. Intermediate / Jh. Eastwood. – Oxford : Oxford University Press, 2008. – 380 p.

16. Evans V. Career Paths: Information Technology / V. Evans, J. Dooley, S. Wright. – Newbury : Express Publishing, 2011. – 122 p.

17. Frenedo E. English for Accounting / E. Frenedo, S. Mahoney. – Oxford : University Press, 2010. – 304 p.

18. Hashemi L. English Grammar in Use / I. Hashemi, R. Murphy. – Cambridge : Cambridge University Press, 1995. – 248 p.

19. Huggett R. Business Case Studies / R. Huggett. – Cambridge : CUP, 1990. – 106 p.

20. Huggett R. Business Studies for GCSE / R. Huggett. – London : Collins Educational, 1997. – 220 p.

21. Littlejohn A. Company to Company. A new approach to Business correspondence in English / A. Littlejohn. – Cambridge : CUP, 1993. – 120 p.

22. Longman Business English Dictionary. – Harlow : Pearson Education Limited, 2000. – 536 p.

23. MacKenzie I. Management and Marketing / I. MacKenzie. – Boston : Tomson, 1997. – 144 p.

24. Miller R. Economics / R. Miller, R. Scribner. – New York : Arsenal Technical High School, 1998. – 596 p.

25. O'Driscoll N. Meeting and Discussion / N. O'Driscoll, A. Pilbeam. – London : Longman, 1992. – 96 p.

26. Pohl A. Test Your Professional English. Accounting / Alison Pohl. – London : Penguin English Guides, 2002. – 24 p.
27. Shepherd Jh. Ways to Grammar / Jh. Shepherd, R. Rossner, J. Taylor. – London : Longman, 1993. – 342 p.
28. Stanlake G. F. Starting Economics / G. F. Stanlake. – London : Longman, Group UK Limited, 1995. – 596 p.
29. White G. Business Initiatives / G. White, S. Drake. – Harlow : Longman, 1999. – 137 p.
30. Yates C. Economics / C. Yates. – London : Longman, Prentice Hall, 1992. – 272 p.
31. BBC World Service. Learning English [Electronic resource]. – Access mode : <http://www.bbc.co.uk/worldservice/learningenglish/grammar/learnit/learnitv65.shtml>.
32. Career Advice. On Becoming a Management Accountant [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=yL5OBGoYHn4&t=44s> (3.43).
33. Changing the Employee's Contract [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=F3brC1vJkDo>.
34. Demand [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=uXIZIn6W7Ew>.
35. Economic Systems [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=d8ivuSUfTg4&t=146s>.
36. Financial Resources – How to Build a Startup [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=iFqhUZmPmWQ&t=4s>.
37. Financial Resources. What is Research Expenditure [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=GYrhIBmpWao&t=53s>.
38. How important are small businesses [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=7MTal216nQA>.
39. How to Deal with Work and Money Stress [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=0rfMRFVaZFY&t=3s>.
40. Human Resource Management (6.50) [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=A2HFusWQIeE>.
41. Managerial Accounting [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=1KaDbcQYQHA&t=2s>.
42. Micro vs Macro [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=w8tUlq7Blsg>.
43. Perfect Competition [Electronic resource]. – Access mode : <https://www.youtube.com/watch?v=61GCogalzVc&t=27s>.

# Key

## 1. Elements of Business

### 1.1. What Is Economics About

**Task 2.** 1. F; 2. D; 3. P; 4. A; 5. K; 6. B; 7. E; 8. O; 9. L; 10. G; 11. J; 12. N; 13. H; 14. C; 15. M; 16. I.

**Task 4.** 1. D; 2. C; 3. A; 4. B; 5. D.

**Task 6.** 1. F; 2. G; 3. D; 4. C; 5. B.

**Task 9.** 1. Decision-making; 2. Individual agent; 3. Output; 4. Normative; 5. Economizing; 6. Scarcity; 7. Entrepreneurship.

**Task 10.** 1. A; 2. B; 3. C; 4. D; 5. A; 6. B; 7. B; 8. D; 9. B; 10. A.

**Task 12. B.** 1. What is the true cost of the equipment? 2. When is any economic problem mentioned? 3. Where is scarcity a world-wide problem and a feature of all societies? 4. Who puts a lot of questions which economics tries to answer? 5. Why is a business person always looking out for chances?

**C.** 1. is; is; 2. have, is; 3. has; 4. are; 5. are; 6. is; 7. is; 8. are.

**Task 13. D.** 1. there are; 2. there is; 3. there are; 4. there is; 5. there is.

**Task 14. A.** 1. is not raining; 2. speaks; 3. is waiting; 4. are you listening; 5. do you listen to; 6. flows; 7. is flowing; 8. write down, are not writing; 9. improves; 10. is staying; stays.

**B.** 1. doesn't belong; 2. am using; 3. need; 4. does he want; 5. is he looking; 6. believes; 7. is checking; 8. am selling; 9. think, do not use; 10. is reading.

**C.** 1. do not study; 2. is taking place; 3. grows; 4. write, am writing; 5. is sitting; 6. is happening; 7. works; 8. are remaining; 9. are you looking, am looking; 10. are expanding, are contracting.

**Task 15. A.** 1. is; 2. are being; 3. think; 4. are you thinking, am thinking; 5. have; 6. I'm having; 7. see; 8. see; 9. I am seeing; 10. tastes; 11. is tasting; 12. smells.

**B.** 1. likes; 2. know; 3. have; 4. is having; 5. have; 6. need; 7. do you realize; 8. don't understand; 9. is thinking; 10. think; 11. are you tasting; 12. do they agree; 13. contains; 14. see.

**Task 17.** 1. e; 2. d; 3. a; 4. c; 5. b.

**Task 20.** 1. A; 2. B; 3. I; 4. L; 5. D; 6. G; 7. C; 8. H; 9. J; 10. E; 11. F; 12. K.

## 1.2. Types of Economic System

**Task 1.** 1. C; 2. B; 3. A; 4. D.

**Task 2.** 1. H; 2. D; 3. N; 4. Q; 5. K; 6. B; 7. I; 8. C; 9. P; 10. O; 11. G; 12. J; 13. A; 14. E; 15. L; 16. F; 17. M.

**Task 5.** 1. A; 2. B; 3. C; 4. D; 5. E; 6. F.

**Task 8.** 1. little or no government control; 2. freedom of enterprise; 3. freedom of choice; 4. private property; 5. profit incentive; 6. competition.

**Task 11.** 1. sharing economy; 2. command (planned) economic system; 3. values; 4. profit incentive; 5. mixed economy.

**Task 12.** 1. b; 2. d; 3. a; 4. c; 5. b.

**Task 13.** 1. Command system; 2. Taxes; 3. Revenue; 4. Profit incentive; 5. Infrastructure; 6. Freedom of enterprise; 7. Flexible; 8. Market economic system; 9. barter trade; 10. pure system.

**Task 15. A.** 1. E; 2. A; 3. C; 4. D; 5. F; 6. B.

**B.** 1. the; 2. the; 3. the; 4. the; 5. no article; 6. no article; 7. the; 8. no article; 9. the; 10. no article; 11. the; 12. no article; 13. no article; 14. no article; 15. no article; 16. no article; 17. the; 18. the; 19. no article; 20. no article; 21. no article.

**Task 16.** 1. no article; 2. a, no article; 3. no article, the, no article; 4. an; 5. no article, no article; 6. no article, the; 7. an; 8. the, the, the; 9. the, a; 10. no article, no article, no article.

**Task 20.** 1. was preparing, were describing; 2. was producing, was manufacturing; 3. was developing; was working; 4. were sitting, was visiting; 5. includes, provides.

**Task 21.** 1. was writing; 2. was phoning; 3. was raining; 4. was investigating; 5. ordered.

**Task 23.** 1. solved; 2. were informing; 3. was buying, was filling in; 4. went; 5. were taking part, were preparing; 6. owned; 7. handled; 8. existed; 9. influenced; 10. was collecting, was finishing.

**Task 28. B.** 4; 3; 5; 1; 2.

## 1.3. Economic Resources

**Task 2.** 1. F; 2. C; 3. A; 4. I; 5. K; 6. B; 7. L; 8. D; 9. E; 10. O; 11. N; 12. M; 13. G; 14. H; 15. J.

**Task 3.** A. Demand; B. Supply.

**Task 4.** 1. one of the most fundamental concepts of economics; 2. how much of a product or service is desired by buyers; 3. is known as the demand relationship; 4. is a reflection of supply and demand; 5. the lower the quantity demanded; 6. the quantities that will be sold at a certain price; 7. because selling a higher quantity at a higher price increases revenue; 8. the percentage change in quantity supplied is greater than the percentage change in price.

**Task 6.** Changes in income; changes in peoples' preferences for goods and services; changes in peoples' expectations.

**Task 8.** 1. B; 2. D; 3. C; 4. E; 5. F.

**Task 11.** 1. peoples' expectations; 2. marginal utility; 3. inferior goods; 4. supply; 5. prices of inputs.

**Task 12.** 1. demand; 2. law of supply; 3. inferior goods; 4. profit incentive; 5. price elastic; 6. diminishing marginal utility; 7. changes in prices; 8. inelastic demand; 9. utility; 10. equilibrium.

**Task 18.** b. If the records are written by hand, they will be put in the ledger; c. If chance events happen, they will affect your business; d. If we inform them about the risk immediately, it will help their firm; e. When a strike takes place, it will have the worst effect on a business; f. Business of any size will not succeed, unless it is kept a close watch on.

**Task 19.** 1. will hire; 2. will decide; 3 will pay; 4. shall/will sign; 5. will make; 6. hurry; 7. is waiting; 8. substitute; 9. shall/will discuss; 10. demand.

## 2. The Company

### 2.1. The Forms of Business Organizations

**Task 2.** 1. B; 2. D; 3. A; 4. E; 5. H; 6. I; 7. C; 8. F; 9. G; 10. L; 11. J; 12. M; 13. N; 14. O; 15. K.

**Task 3.** 1. b; 2. c; 3. c; 4. a; 5. a.

**Task 4.** 1. Sole proprietor; 2. Partnership; 3. Cooperative; 4. Private company; 5. Public company.

**Task 7.** 1. A; 2. D; 3. B; 4. F; 5. E.

**Task 9.** Financial year; pricing policy; interest charge; keep profits; take risk; start-up costs; run business.

**Task 10.** 1. Sole proprietor; 2. Tax; 3. Loan; 4. Capital; 5. Cash-flow plan.

**Task 11.** 1. Set up; 2. Profitable; 3. Raise capital; 4. Profits; 5. Responsible; 6. Job satisfaction; 7. Financial control; 8. Raise finance; 9. Make a profit; 10. Responsibility.

**Task 12.** 1. A; 2. B; 3. C; 4. C; 5. A; 6. D; 7. C; 8. A.

**Task 13.** 1. A sole proprietor; 2. A limited company; 3. A partnership.

**Task 15. A.** 1. have finished; 2. have not decided; 3. have included; 4. have presented; 5. has been.

**B.** 1. has been; 2. has had; 3. have met; 4. haven't seen; 5. has waited; 6. have updated.

**C.** 1. have sent; 2. have not heard; 3. have you ever visited; 4. I have lost; 5. have printed; 6. has tested.

**Task 16.** 2. Has he known; 3. Has she been; 4. Have you wanted; 5. Have they had; 6. Has he been interested in; 7. Has he had; 8. Has she been responsible for.

**Task 17.** 1. is writing; 2. am meeting; 3. haven't arrived; 4. did she visit; 5. have met; 6. bought, have lived; 7. has lived; 8. was sending; 9. have known; 10. set up, owns; 11. are leading/lead, became.

**Task 20.** 1. Some; 2. Anything; 3. Any; 4. Some; 5. Anything.

## 2.2. Company's Profile

**Task 2.** 1. I; 2. E; 3. C; 4. B; 5. H; 6. A; 7. D; 8. G; 9. F; 10. N; 11. M; 12. K; 13. L; 14. J.

**Task 3.** 1. true; 2. true; 3. false; 4. true; 5. true; 6. false; 7. true; 8. false.

**Task 5.** 1. e; 2. c; 3. b; 4. a; 5. d.

**Task 8.** 1. A; 2. C; 3. D; 4. B; 5. E.

**Task 9.** 1. Partnership; 2. Plc; 3. Corporation; 4. Sole proprietor; 5. Private limited company.

**Task 12.** 1. Share; 2. Entity; 3. To sue; 4. Auditor; 5. Charity.

**Task 13.** Financial affairs; nominal capital; (un)limited liability; annual general meeting; making contracts; voluntary sector; make capital.

**Task 14.** 1. Asset; 2. Audit; 3. Benefits; 4. Shares; 5. Were distributed; 6. Annual general meeting; 7. Shareholders; 8. Retained; 9. CEO; 10. Non-profit.

**Task 17.** 1. was; 2. were; 3. had risen; 4. cost; 5. were; 6. conducted; 7. showed; 8. had increased; 9. targeted; 10. had not increased.

**Task 18.** 1. A; 2. C; 3. D; 4. B; 5. A; 6. C; 7. A; 8. B; 9. D.



**Task 19.** 1. Was leaving. 2. reached, went away. 3. was getting, started, fell. 4. got, started. 5. heard, went, opened, didn't recognize, was not wearing. 6. realized, was traveling. 7. was ... buying. 8. did ... interrupt, was having. 9. came, was painting, did ... like, was starting, saw. 10. were walking, heard, turned, held up, stopped. 11. arrived, were clapping.

**Task 20.** 1. they; 2. us; 3. himself; 4. me, his; 5. us; 6. himself; 7. her; 8. his; 9. its; 10. ourselves.

### 2.3. Types of Companies

**Task 2.** 1. G; 2. N; 3. K; 4. L; 5. J; 6. H; 7. A; 8. C; 9. D; 10. F; 11. E; 12. M; 13. O; 14. B; 15. I.

**Task 7.** trial run; training scheme; solve problems; royalty payment; trading rights.

**Task 8.** 1. Investment; 2. Trial run; 3. Ramification; 4. Overdraft; 5. Loan; 6. Royalty payment; 7. Advertising.

**Task 9.** 1. advertisement; 2. brands; 3. shares; 4. spin-off; 5. agreement; 6. trial run; 7. franchise; 8. core; 9. loans; 10. royalty payment.

**Task 10.** 1. Franchising; 2. Franchisee; 3. Franchiser; 4. Royalty payment.

**Task 11.** 1. will have sold; 2. will have paid; 3. will have paid; 4. will have given; 5. will have finished.

**Task 13.** 1. will have bought; 2. will have cleaned; 3. will have cooked; 4. will have finished; 5. will have left; 6. will have found; 7. will have finished; 8. will have replied; 9. will have slept; 10. will have stayed.

**Task 14.** 1. are you taking; 2. will have been; 3. will be; 4. will be sunbathing; 5. will be sleeping; 6. will have finished; 7. will drive; 8. will have flown; 9. am driving; 10. will have finished.

**Task 15.** 1. Arrived, haven't seen; 2. had examined; 3. have you found, lost; 4. haven't seen, opened, have been; 5. has been, have you seen; 6. were, had already started; 7. reached, began; 8. hasn't come, held, had, didn't reach; 9. will have had; 10. had cooked; 11. have finished, have you done.

**Task 16.** 1. was raining; 2. had rained (or: had been raining); 3. had spent; 4. was having; 5. was trying, hadn't managed; 6. was snowing, had snowed (or: had been snowing), had covered; 7. were running, screaming, had knocked, had drawn; 8. had set, was waiting, had waited; 9. had broken, had dropped, were climbing; 10. will have paid.

**Task 17.** 1. is going; 2. is filling; 3. have seen; 4. are being; 5. is working.

**Task 19.** 1. A perfectly competitive firm may not be able to choose its price, but it can choose how much output to produce. 2. You will choose the level of output where marginal revenue equals marginal cost. 3. Marginal revenue is the additional revenue that you earn when you sell an additional unit of output. 4. A perfectly competitive firm's profits are always equal to zero.

**Task 20.** 1. A; 2. B; 3. C; 4. D; 5. E; 6. H; 7. F.

### 3. Human Resources

#### 3.1. Why work

**Task 2.** 1. B; 2. C; 3. A; 4. F; 5. D; 6. E; 7. H; 8. I; 9. J; 10. G; 11. U; 12. O; 13. R; 14. M; 15. P; 16. V; 17. L; 18. N; 19. S; 20. Q; 21. T; 22. K.

**Task 4.** 1. a; 2. c; 3. b; 4. a – d; 5. a – d.

**Task 6.** 1. something you really want to do; 2. all your skills; 3. creativity.

**Task 8.** 1. b; 2. d; 3. g; 4. e; 5. f; 6. c; 7. a.

**Task 11.** a) job satisfaction; b) self-importance; c) affiliation; d) security; e) company approval.

**Task 12.** 1. Employment agencies; 2. Head hunters; 3. Skilled workers; 4. Blue-collar workers; 5. Job centres; 6. White-collar workers.

**Task 13.** 1. blue collar; 2. semi-skilled workers; 3. white collar; 4. skilled worker; 5. security; 6. fringe benefits; 7. job satisfaction; 8. affiliation; 9. self-importance; 10. company approval.

**Task 15.** 1. has been writing; has written; 2. have prepared; 3. have been sitting, hasn't rung; 4. has been providing / has provided; 5. are waiting; 6. have been using; 7. have formed / did form; 8. have been working; 9. are looking; 10. has been producing.

**Task 19.** 1. False; 2. True; 3. False; 4. True; 5. True; 6. False; 7. True; 8. False.

#### 3.2. Labor Force. Recruitment and Selection

**Task 2.** 1. L; 2. I; 3. D; 4. M; 5. A; 6. J; 7. K; 8. E; 9. H; 10. B; 11. C; 12. F; 13. N; 14. G.

**Task 3.** 1. A; 2. C; 3. E; 4. B; 5. G.

**Task 4.** 1. d; 2. d; 3. a; 4. a; 5. d.

**Task 7.** 1. b; 2. b; 3. a; 4. c; 5. b.

**Task 13.** 1. flexible; 2. unemployment; 3. competition; 4. career break; 5. internal training; 6. applying for a job.

**Task 14.** 1. flexible working force (1f); 2. internal training (10i); 3. career break (9e); 4. increase in teleworking (8j); 5. downsizing employees (6g); 6. short-term contracts (7h); 7. structural unemployment (5a); 8. alternate weeks (4c); 9. technological change (3b); 10. temporary workers (2d).

**Task 15.** 1. A; 2. B; 3. C; 4. D; 5. B; 6. C; 7. D; 8. B.

**Task 17.** 1. had been working; 2. are waiting; 3. had known; 4. had written; 5. had been studying; 6. had been looking for; 7. had been sitting; 8. had been queuing; 9. has liked, 10. was reading.

### 3.3. Work and Money

**Task 2.** 1. L; 2. F; 3. H; 4. A; 5. O; 6. I; 7. C; 8. P; 9. K; 10. D; 11. N; 12. B; 13. E; 14. M; 15. J; 16. G.

**Task 5.** 1. c; 2. a; 3. d; 4. b; 5. g; 6. e; 7. f.

**Task 10.** 1. trade union; 2. pay; 3. resentment; 4. piece rate; 5. gross pay; 6. net pay; 7. deduction.

**Task 11.** 1. negotiated; 2. incremental pay; 3. deductions; 4. fringe benefits; 5. take-home pay; 6. performance-related pay; 7. profit sharing schemes; 8. piece rate; 9. bonus; 10. merit pay.

**Task 12.** 1. c; 2. j; 3. a; 4. e; 5. g; 6. h; 7. i; 8. b; 9. f; 10. d.

**Task 15.** 1. will not cause; 2. will receive; 3. will get; 4. will be paid; 5. will have been making; 6. will have been writing, will have finished; 7. will have fixed; 8. will be earning; 9. will have been gaining; 10. will try.

**Task 17.** b. Australian university entrance exam; c. airport lost luggage department; d. American famous singer Janet Jackson; e. new marketing hundred-page report; f. a leading London-based news agency.

## 4. Financial Recourses

### 4.1. Management Accounting

**Task 2.** 1. H; 2. F; 3. A; 4. E; 5. B; 6. D; 7. J; 8. C; 9. G; 10. I; 11. L; 12. Q; 13. S; 14. N; 15. M; 16. R; 17. K; 18. O; 19. P.

**Task 4.** 1. a; 2. c; 3. b; 4. a; 5. b; 6. a; 7. c.

**Task 11.** 1. c; 2. c; 3. b; 4. b; 5. b; 6. c; 7. c; 8. b; 9. c; 10. c.

**Task 12.** 1. operations; 2. financial transactions; 3. annual account; 4. ledger; 5. contingency planning; 6. forecasts; 7. management of change; 8. factoring; 9. uneven cash flow; 10. trade credit.

**Task 13.** 1. long-term finance; 2. a factor; 3. prompt payments; 4. capital expenditure; 5. overdraft.

**Task 14.** 1. is called; 2. is being called; 3. are the bills paid; 4. were being delivered; 5. had been received; 6. haven't been found; 7. was being developed; 8. will have been received; 9. has been checked; 10. is being bought by.

**Task 15.** 1. What has the bank already released? 2. What do the checking accounts do? 3. Why was the promotion received by James? 4. Where was the promotion received by James? 5. When is the new techniques such as management of change used by management accounting?

**Task 16.** 1. employ; 2. are obliged; 3. are being used; 4. are influenced; 5. is made; 6. were written, are entered and stored; 7. has been affected; 8. is introducing; 9. was being discussed; arrived; 10. had been ordered.

**Task 17.** 1. a; 2. c; 3. b; 4. a; 5. b; 6. a.

## 4.2. Sources of Finance for the Self-Employed

**Task 2.** 1. G; 2. E; 3. L; 4. F; 5. I; 6. B; 7. C; 8. A; 9. D; 10. K; 11. H; 12. J.

**Task 9.** letting; finance; increase.

**Task 10.** 1. b; 2. a; 3. b; 4. b; 5. b; 6. c; 7. b; 8. b; 9. b; 10. c.

**Task 11.** 1. hire purchase; 2. drawings; 3. depreciation; 4. profits; 5. security; 6. hire; 7. grants; 8. leasing; 9. to lend; 10. sleeping partners.

**Task 12.** 1. d; 2. b; 3. c; 4. a.

## 4.3. Sources of Finance for Companies

**Task 2.** 1. E; 2. D; 3. G; 4. I; 5. B; 6. H; 7. A; 8. C; 9. F.

**Task 4.** 1. f; 2. t; 3. t; 4. f; 5. t; 6. t; 7. f; 8. f; 9. t; 10. f.

**Task 9.** 1. b; 2. a; 3. c; 4. a; 5. b.

**Task 10.** 1. short-sighted; 2. authorized capital; 3. contributing; 4. lends; 5. debenture; 6. raising; 7. dividend; 8. missed; 9. value; 10. leasing.

**Task 15.** 1. can; 2. need; 3. can; 4. can't; 5. must; 6. can; 7. should; 8. must; 9. must; 10. must.

**Task 16.** 1. increases, are bought; 2. pays, is; 3. is; 4. keeps; 5. is fixed, remains; 6. is, is; 7. includes, provides; 8. do not give, are paying; 9. have been available; 10. last.

НАВЧАЛЬНЕ ВИДАННЯ

**Борова Тетяна Анатоліївна**  
**Бутковська Наталія Олександрівна**

**ІНОЗЕМНА МОВА**  
**(ЗА ПРОФЕСІЙНИМ СПРЯМУВАННЯМ):**  
**ОСНОВИ БІЗНЕСУ ТА ПІДПРИЄМНИЦТВА**

**Навчальний посібник**

**(укр. та англ. мовами)**

*Самостійне електронне текстове мережеве видання*

Відповідальний за видання *Т. А. Борова*

Відповідальний редактор *М. М. Оленич*

Редактор *З. В. Зобова*

Коректор *З. В. Зобова*

План 2019 р. Поз. № 23-ЕНП. Обсяг 197 с.

---

Видавець і виготовлювач – ХНЕУ ім. С. Кузнеця, 61166, м. Харків, просп. Науки, 9-А

---

*Свідоцтво про внесення суб'єкта видавничої справи до Державного реєстру*  
**ДК № 4853 від 20.02.2015 р.**