

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
Київський національний університет будівництва і архітектури

**О. В. ПАНИНА**

# **BUSINESS ENGLISH FOR THE FUTURE PROFESSIONALS**

**Ділова англійська мова для майбутніх фахівців**

*Рекомендовано вченою радою  
Київського національного університету будівництва  
і архітектури як навчальний посібник для студентів  
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Містить автентичний навчальний матеріал семи основних тематичних блоків та комплекси лексичних і комунікативних завдань для розвитку навичок і умінь англомовного ділового дискурсу з тем, пов'язаних з питаннями економіки та управління і функціонування бізнесу. Наведено додатковий матеріал з бізнес-етикету та зразки варіантів модульного контролю за тематикою.

Призначений для студентів усіх спеціальностей КНУБА.

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## ВСТУП

У професійній підготовці сучасного фахівця обов'язковим є вивчення іноземних мов, тобто оволодіння певним комплексом мовленнєвих компетенцій, зокрема з англійської мови. Для майбутніх професіоналів володіння діловою англійською мовою (business English) – невід'ємна складова фахової підготовки, що зумовлено інтеграцією України у світову ділову спільноту, розвитком ділової співпраці фахівців різних країн, отже, розширенням сфери спілкування. Сучасні підходи до професійної підготовки і становлення майбутнього фахівця потребують одночасно з фаховими дисциплінами опанування англійської мови, зокрема розвитку компетенцій щодо ділового спілкування, розуміння змісту та структури ділового дискурсу, форм і засобів комунікацій. Навчання ділового спілкування англійською мовою означає також розуміння базових понять і структур у бізнесі, а також економічних, фінансових, управлінських, маркетингових, комунікаційних та інших процесів і видів діяльності.

Метою навчального посібника Business English for the Future Professionals є розвиток і вдосконалення навичок й умінь англійської мови для формування професійноорієнтованої комунікативної мовленнєвої компетенції для ефективного спілкування у діловому середовищі.

Навчальний посібник складено відповідно до навчальної програми з ділової англійської мови та сучасних методів навчання.

Оригінальні англійські тексти (A і B) призначені для аудиторної та самостійної роботи як навчальний матеріал для розвитку навичок усіх видів читання.

Студенти різних спеціальностей повинні *знати* деякі основні поняття та процеси у сфері економіки та менеджменту, а також базову словникову термінологію за бізнес-тематикою; *вміти* читати та перекладати відповідну інформацію, а також висловлюватися і спілкуватися за цією тематикою.



## Theme I: Business Activity

### STARTING UP

*This information is meant to give you general understanding of what business studies are, and why it can be important for an individual to do business studies.*

**SKIMMING** IS READING QUICKLY – WITHOUT  
READING EVERY WORD – TO FIND THE MAIN  
IDEAS

- After having read quickly this piece below, try to answer the following questions:
  - What is the text about?
  - Why is it useful to do business studies?

### Meaning of business studies

The study of business is about how individuals and groups of people organise, plan, and act to create and develop goods and services to satisfy customers.

Business is influenced by and produces impacts on the cultural, ethical, environmental, political, and economic conditions of the day.

Business Studies will help you to make more informed decisions in the everyday business of living. It gives you a better understanding of the world of work. It encourages you to think about how and why people start up in business and why you too might also consider starting a business.

As well as developing the essential transferable or 'soft' skills that employers demand, the following strengths are also cultivated through business studies:

- critical thinking and analytical skills, alongside familiarity with evaluative techniques;
- numeracy and the ability to research, interpret and use business and financial data and information;
- self-reliance, initiative and the ability to manage time, projects and resources;
- appreciation of the causes and effects of economic and other external changes,
- a creative problem-solving approach and sound, logical decision-making skills;
- effective and persuasive written and oral communication skills;
- understanding organisational behaviour and structure.

These attributes are much sought after by employers, since they build commercial awareness and allow new employees to start contributing to the organisation quickly.

## I THE PURPOSE OF BUSINESS ACTIVITY

### VOCABULARY

1. Study the key words and collocations:

needs and wants	потреби і бажання
unlimited wants	необмежені бажання
unsatisfied wants	незадоволені бажання
limited resources	обмежені ресурси
factors of production	фактори виробництва
goods and services	товари та послуги
enterprise	підприємство
entrepreneur	підприємець
entrepreneurship	підприємництво
scarcity	дефіцит, нестача
opportunity cost	альтернативні витрати (витрати, які треба нехтувати)
to provide for	забезпечувати
rational	розумний, раціональний
benefit	користь, благо, зиск
value	цінність, вартість

consumer	споживач
products	продукти, вироби
choice	вибір
make profit	отримувати прибуток

2. Match the words to their meanings:

- |                     |  |
|---------------------|--|
| 1 entrepreneur      | a) endowed with the capacity to reason;  |
| 2 choice            | b) a person who sets up a business or businesses, taking on financial risks in the hope of profit;   |
| 3 products          | c) something that is produced and sold in large quantities, often as a result of a manufacturing process;                                    |
| 4 rational          | d) obtain a financial advantage or benefit   |
| 5 make profit       | e) a range of possibilities from which one or more may be chosen;  |
| 6 limited resources | f) shortage;   |
| 7 need              | g) support smb ( <i>also financially</i> ) and make sure that it is what needed;   |
| 8 scarcity          | h) things that are made to be sold;  |
| 9 goods             | i) the state of lacking basic necessities such as food or clothes;   |
| 10 to provide for   | j) collective means represented by the reserves of minerals, land, and other natural assets, which are restricted in size, amount or extent; |
| 11 want <i>n</i>    | k) the loss of other alternatives when one alternative is chosen (the basic relationship between scarcity and choice);                       |
| 12 entrepreneurship | l) a person who purchases goods and services for personal use;   |
| 13 opportunity cost | m) a helpful or good effect, or an advantage/profit gained from something;   |
| 14 benefit          | n) a desire (or a need) for something;   |
| 15 consumer         | o) the activities associated with being an entrepreneur.   |

3. Complete these sentences with word partnerships from Task 2.
- .... is a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk.
  - People satisfy their needs and wants with .... .
  - You must trust me, you have no other .... .
  - Businesses need to .... , i.e. money, or they'll have to fire employees, cut expenses, and maybe shut the business entirely.
  - Things that are necessary for living such as food, clothing, shelter are .... .
  - In the war time there was .... in the amount of food that was available.
  - Presently the company has .... .... and therefore, cannot make renovation and bring improvements in the factory.
  - They sell leather .... such as wallets, purses, and briefcases.
  - Because resources are scarce but .... are unlimited, people must make choices.
  - The health .... of regular exercise and physical activity is hard to ignore.
  - If you have two choices - either an apple or an orange - and you choose the apple, then your .... is the orange you could have chosen but didn't.
  - Every time we purchase goods or services, whether in a shop or on the Internet, we act as .... .

## READING

- Look at the words and phrases (a) to (i) below. They are key words in the Economic Problem text (Text A). Scan for these key words in the text and try to explain their meanings.

- (a) needs and wants (b) goods (c) services (d) factors of production  
(e) capital (f) entrepreneur (g) product (h) scarcity (i) opportunity cost

**SCANNING** IS READING QUICKLY FOR SPECIFIC WORDS, DATES, NUMBERS, OR ANSWERS TO SPECIFIC QUESTIONS

Scan Text A and find the sentence that explains:

- what unlimited wants are;
  - the double reason of the economic problem.
- Next step - read the whole text to be able to answer the questions and cope with other tasks.

## **TEXT A    The economic problem: needs and wants**

All humans have needs and wants. Needs are things we can't live without, while wants are simply our desires that we can live without. We all have unlimited wants, which is true, since all of us want a new PC, a car, new graphics card, etc. that we actually do not need to live. Businesses produce goods and services to satisfy needs and wants.

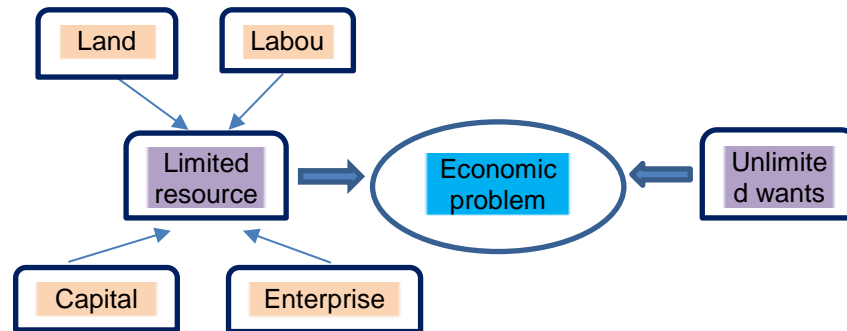
Although we have unlimited wants, there are not enough resources for everyone. Resources can be split into four factors of production, which are:

- Land: All natural resources used to make a product or service.
- Labour: The effort of workers required to make a product or service.
- Capital: Finance, machinery and equipment required to make a product or service.
- Enterprise: Skill and risk-taking ability of the entrepreneur.

Entrepreneurs are people who combine these factors of production to make a product.

With these discussed, let's move on to the economic problem. The economic problem results from limited resources and unlimited wants. This situation causes scarcity, when there are not enough goods to satisfy the wants of everybody. Because of this, we will have to choose which wants will be satisfied (that will be of more benefit to us) and which won't when buying things. For example, you would have got a book if you didn't buy the pen, or you would have a burger if you didn't buy the chips. Item that you didn't buy is the opportunity cost. Make sure that the opportunity cost isn't higher than what you bought!

In deciding to purchase or obtain one item we must give up other goods as they cannot all be purchased. The benefit that we are giving up from not having the next most desirable item is called 'opportunity cost'. It is the opportunity lost from not obtaining this item instead of the one we choose.



We live in a world of great wealth and great scarcity. Very poor people are unable to obtain the very basic requirements of life – food, clean water, shelter – and they have great and unsatisfied wants. Even very rich people may not be able to satisfy all of their wants for luxury goods and services. It should be clear to us all that there are insufficient goods to satisfy all of our needs and wants at any one time. It is the purpose of economic activity to provide for as many of our wants as possible, yet we are still left wanting more. This “shortage” of products and the resources needed to make them lead to us all having to make choices. As we cannot satisfy all of our wants we must choose which we will satisfy now and which we will forgo. If we are careful and rational, we will choose those things that give us the greatest benefit, leaving out those things of less value to us. This need to choose is not exclusive to people as consumers. All economic units have to make choices – governments, businesses, workers, charities and so on.

Businesses identify the needs of consumers or other firms. Then they purchase resources – or factors of production – in order to produce goods and services that satisfy these needs, usually with the aim of making a profit.

1. Answer the questions.

1. Will you explain what “needs and wants” mean?
2. What for are goods and services produced?
3. Who produces goods and services?

4. What do four factors of production include?
5. What is the essence of economic problem?
6. What do unlimited wants bring to?
7. Can you draw any example of the 'opportunity cost'?
8. Does an issue of choice result from the conflict of scarcity and unlimited wants?
9. How should consumers behave to get the best benefit?
10. Why do businesses first study consumers' needs and then try to satisfy them? What is their purpose?

2. Match the Ukrainian words and phrases to their English equivalents:

фактори виробництва	the issue of choice
безмежні бажання	opportunity cost
проблема вибору	consumers
альтернативні витрати	factors of production
отримувати прибуток	scarcity of resources
споживачі	unlimited wants
нестача ресурсів	to make a choice
підприємництво	to satisfy needs
робити вибір	entrepreneurship
задовольняти потреби	to make profit

3. Make the correct choice in order to complete the sentence

1. Though people have unlimited wants ...
  - a. there are goods to satisfy everybody.
  - b. this situation causes scarcity.
  - c. there're not enough resources and goods for everybody.
2. We all become ... when we buy or hire items in a private capacity for our personal use.
  - a. businesses
  - b. consumers
  - c. charitable funds

3. Every time we purchase ... .., whether in a shop or over the phone, we form a consumer contract, even if nothing is put in writing.
  - a. limited resources
  - b. goods and services
  - c. opportunity cost
4. The factors of production include land, labor, .... .... .
  - a. making profit
  - b. small and medium businesses
  - c. capital and entrepreneurship.
5. Land and labour, known as primary factors, make .... possible.
  - a. production
  - b. the problem of choice
  - c. the choice

4. Read each scenario and tell whether you are purchasing goods or services. Write the word 'goods' or 'service' in each line.

- |   |           |
|---|-----------|
| 1. You get your hair cut.   | 1. _____  |
| 2. You buy a book from a garage sale.   | 2. _____  |
| 3. You buy your mother a flower from a flower shop.   | 3. _____  |
| 4. You hire someone to cut your lawn.   | 4. _____  |
| 5. You visit the doctor for a checkup.  | 5. _____  |
| 6. You purchase a game to give as a birthday gift.  | 6. _____  |
| 7. You pay your sister 20UAH to clean your messy bedroom.   | 7. _____  |
| 8. You buy an ice cream cone from an ice cream truck.   | 8. _____  |
| 9. You take an airplane when you go on a trip.  | 9. _____  |
| 10. Your friend sells you his old basket-ball for 200UAH.   | 10. _____ |
| 11. Give an example of a service purchased by you, your friend or anybody else. (Do not use an example from above.) |           |
| 12. Give an example of goods purchased by somebody. (Do not use an example from above.)                             |           |

## 5. Translate into English

1. Товари – це матеріальні речі, які задовольняють потреби людей.
2. Послуги – це дії, такі як стрижка волосся або ремонт автомобіля, які також задовольняють потреби людей.
3. Головне, що потрібно пояснювати дітям, це те, що товари і послуги повинні бути зроблені – вони не з'являються чарівним чином на полицях магазинів.
4. Товари і послуги виготовляють з обмежених виробничих ресурсів.
5. Підприємець ініціює виробництво товарів або послуг для задоволення потреб і бажань споживачів.
6. Ви вважаєте, що обмежені ресурси є наслідком безмежних бажань людей?
7. Коли ви купуєте товари, ви часто вирішуєте, який з двох товарів краще купити.
8. Раціональний споживач завжди обирає такі товари або послуги, які для нього найбільш корисні.
9. Вибір роблять не тільки окремі споживачі, а й компанії та різні інституції, включаючи уряд.

***"Opportunity cost: the next best alternative given up by choosing another item."***

Here is an example of making choice in everyday life. This is how the notion of 'opportunity cost' can be easily explained. Say it in English in your own words:

Алекс хоче купити як баскетбольний, так і футбольний м'яч. Але у нього є гроші тільки на один. Якщо він вибирає баскетбольний м'яч, то його альтернативними витратами буде футбольний м'яч. Треба пам'ятати, що гроші, які сплачено за товар або послугу, не є альтернативними витратами.

- Study the terms, their definitions and the examples. Try to draw your own examples of specialisation, business objectives, value added etc.

<b>Term</b>	<b>Definition</b>	<b>Examples</b>
Specialisation	Where resources are used to concentrate on producing one particular product.	Countries specialise, e.g. Qatar in oil production. Labour within a firm can specialise, too.

<b>Term</b>	<b>Definition</b>	<b>Examples</b>
Division of labour	Each worker does one specialised job.	In a computer assembly factory, each worker will perform a specialist task.
Business objectives	The targets or aims that a business is working towards.	Increase profits, increase sales, survive. Objectives can differ between businesses. The objectives of any business can change over time, e.g. survival at start-up and profits once it is established.
Value added	The difference between the selling price of a product and the cost of the bought-in materials needed to make it.	If a firm sells a product for \$15, but the materials that were bought in from other firms cost \$6 only, then the value added is \$9.
Stakeholders	Groups of people with a direct interest in the performance of a business.	Workers, customers, consumers, shareholders, residents, government, banks. These groups often have different objectives for the business.

## READING AND SPEAKING

- Below are lecture notes of a student on labour division. Skim the notes and find the main points covered in it. What is it all about?
- Into what logical parts can you split this piece up?
- Track the word 'production'. Follow the collocations with this word throughout the notes.
- Read this information in detail and complete the tasks after it.

### **Division of labour or specialisation**

Because there are limited resources, we need to use them the most efficient way possible. Therefore, we now use production methods that are as fast as possible and as efficient (costs less, earns more) as possible. The main production method that we are using nowadays is known as specialization, or division of labour.

Division of labour (specialisation) is when the production process is split up into different tasks and each specialised worker or machine performs one of these tasks.

**Pro:**

- specialised workers are good at one task. Efficiency and production output are being increased.
- less time is wasted switching jobs by the individual.
- machinery also helps all jobs and can be operated 24/7.

**Contra:**

- boredom from doing the same job lowers efficiency.
- no flexibility because workers can only do one job and cannot do others well, if needed.
- the production process stops when the worker is absent because nobody can replace him.

(1) Review the pluses and minuses of labour division. Arrange the below collocations in the corresponding groups. Be ready to explain your choice:

*Pros:*

*Cons:*

- low work efficiency due to dullness
- equipment can function around the clock
- increased production volume due to workers' specialisation
- no workers' replacement possible
- time is used effectively
- the work is done by one person only.

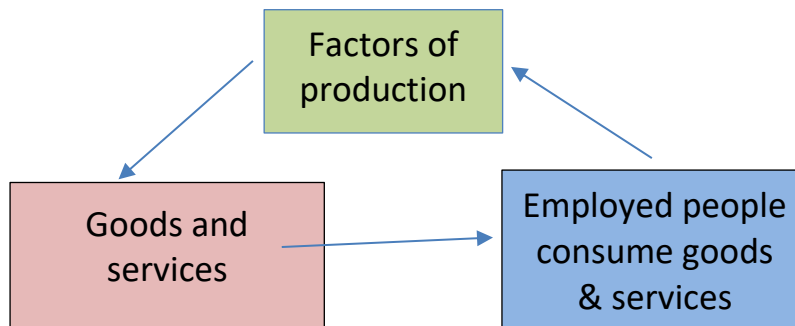
(2) Tell your speaking partner about the strengths and weaknesses of specialisation. Exchange your opinions on the issue within your group.

- Scan Text B to find the answers to these questions:
  - What is business activity about?
  - What are major business objectives?
  - Who are stakeholders? Name the types of stakeholders.
- Look at the diagram below and explain to your group why business activity is needed.

- Read the text in detail to cope with the tasks after it.

## TEXT B Business activity and business objectives

Businesses identify the needs and wants of consumers or other firms. Then they purchase resources – or factors of production – in order to produce goods and services that satisfy the needs and unlimited wants, usually with the aim of making a profit. They also employ people to have the consumers who buy the products.



**Business Objectives.** All businesses have aims or objectives to achieve. Their aims can vary depending on the type of business or these can change depending on situations. Still there are the most common objectives of different businesses, which include:

**Making Profit:** profit is what keeps a company going and is the main aim of most businesses. Normally a business will try to obtain a *satisfactory level of profits* so they do not have to work long hours or pay too much tax.

**Increase added value:** Value added is the difference between the price and material costs of a product. E.g. If the price when selling a pen is \$3 and it costs \$1 in material, the value added would be \$2. However, this does not take into account overheads and taxes. The added value can be increased by working on products, so that they become more expensive finished products. One easy example of this is a mobile phone with a camera that would sell for much more than one without. Of course, the extra camera costs additional money but as long as *prices rise more than costs*, the producer gets more profit anyway.

**Growth:** Growth can only be achieved when customers are satisfied with a business. When businesses grow, they create more jobs and make them more secure when a business is larger. The status and salary of managers are increasing. Growth also means that a business is able to spread risks by moving to other markets, or it is gaining a larger market share. Bigger businesses also gain cost advantages, called economies of scale.

**Survival:** If a business does not survive, its owners lose everything. Therefore, businesses need to focus on this objective the most when they are starting up, competing with other businesses, or in case of an economic recession.

**Service to the community:** This is the primary goal for most government owned businesses. They plan to produce essential products to everybody who needs them.

These business objectives can conflict because different people in a business want different things at different times.

**Stakeholders:** Stakeholders are a person or a group, which has interest in a business for various reasons and will be directly affected by its decisions. Stakeholders also have different objectives, which can conflict over time.

There are six types of stakeholders, and these types can be classified into two groups with similar interests.

- **Group I:** owners (employers), workers and managers (employees).
- **Group II:** customers, government, community.

*Task 1.* Choose the one word or phrase that best completes the sentence.

1. Businesses provide \_\_\_\_\_ to satisfy unlimited wants.  
(A) workers (B) needs & wants (C) goods & services (D) interests
2. There are common business \_\_\_\_\_, which all the companies aim to achieve.  
(A) objectives (B) profit (C) stakeholders (D) interests
3. Making \_\_\_\_\_ is one of the most important objectives of any business.  
(A) business (B) profit (C) decision (D) services
4. \_\_\_\_\_ is the difference between the product price and its material cost.  
(A) growth (B) the added value (C) profit (D) tax
5. A startup company needs to \_\_\_\_\_ in order not to lose business.  
(A) survive (B) pay high salaries (C) conflict (D) rely on competitors

*Task 2. With the focus on the business stakeholders and the two groups they shape, match them to their interests in business. Speak in favour of your choices. (Note that some interests may be common to different stakeholders.)*

Group I: Profit/Money

owners	high salaries, job security, growth, profit, increase of added value, increase of salary and status, return on capital, job satisfaction
workers	
managers	

Group II: Value

customers	employment, taxes, GDP increase, high quality of goods & services, pollution of the environment, national output, security, reliability of service and maintenance, social responsibility of business, safe products, value for money*
government	
community	

\* співвідношення ціни та якості

SPEAKING

I Business English Verbs (from Business English Verbs by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.)

- In pairs, read the dialogue. Then swap roles and repeat. Pay attention to the business verbs (in **bold**).

Production

A: So, where are your products made?

B: Well, the outside of the box says that they're **produced** in France, but that's not the whole story.

A: What do you mean?

B: Well, most of the parts are **manufactured** in China.

A: And are they **assembled** in France?

B: Oh, no. The parts are **put together** in a factory in Taiwan.

A: So what do you do in France?

B: We **package** them in France – we put the products into their boxes – and of course our head office is there, as well.

### 1. Replace the phrases with business verbs

(a) Our products are **put into boxes** by robots.

(b) This car details are **produced** by the new British company.

(c) Over 25% of their production has been **put together** in Mexico.

### 2. Match the words with similar meanings:

manufacture	package	fit together the parts
wrap up	put together	fabricate
assemble	produce	pack

## SPEAKING

- In pairs, ask and answer the questions about:
  - human needs and unlimited wants
  - factors of production
  - limited resources and the necessity of choice
  - opportunity cost
  - pro & con of specialization
  - business activity
  - business objectives
- Role play
  - In your group decide who is acting as businessman/employer, manager, customer, worker, community representative, governmental official. Now let each stakeholder speak about his/her interests in business and answer the questions of others.

## ESSENTIAL VOCABULARY

production

виробництво

production method

метод виробництва

production process	виробничий процес
to solve production problem	вирішувати виробничу задачу
production factors	фактори виробництва
enterprise	(1) діловитість; (2) підприємство
entrepreneur	підприємець
entrepreneurship	підприємництво
to make profit	отримувати прибуток
opportunity cost	альтернативні витрати
division of labour	розподіл праці
specialization	спеціалізація
added value	додана вартість
value for money	співвідношення ціни та якості
profit	прибуток
to make profit	отримувати прибуток
GDP (gross domestic product)	валовий внутрішній продукт
stakeholder	зацікавлена сторона
customer	споживач
owner	власник
salary	заробітна платня
job security	забезпеченість роботою
community	громада
employment	зайнятість, наймання на роботу

## II TYPES OF BUSINESS ACTIVITY

### VOCABULARY

1. Study the key words and collocations:

primary production	первинне виробництво, тобто виробництво сировини
secondary production	промислове виробництво
tertiary production	сфера виробництва послуг
to manufacture	виробляти, виготовляти
manufacturing	процес виробництва

natural resources	природні ресурси
raw materials	сировина
free market	вільний ринок
internal growth	внутрішнє зростання
external growth	зовнішнє зростання
state-owned assets	державні активи
merging	злиття

to take over a business	приєднати інший бізнес
to expand business	розширити бізнес
capital intensive business	капіталомістке виробництво
labour intensive business	трудомістке виробництво
to privatise	приватизувати
privatisation	приватизація

2. Match the words to their meanings

- |                                 |   |
|---------------------------------|---|
| 1 manufacturing                 | a) to enlarge business  |
| 2 taking over                   | b) industry that requires a large amount of labor to produce its goods/services     |
| 3 to expand business            | c) service industries   |
| 4 assets                        | d) getting control of a company by buying its shares.                               |
| 5 privatise a facility          | e) items of property owned by a person or company                                   |
| 6 tertiary production           | f) unprocessed materials used to produce goods, finished products, etc.             |
| 7 internal growth               | g) the production of raw materials for industry                                     |
| 8 labour intensive production   | h) production   |
| 9 raw materials                 | i) to transfer ownership of a business from the public sector to the private sector |
| 10 primary production           | j) the company growth through developing its business                               |
| 11 merger                       | k) a combination of two things, especially companies, integrated into one           |
| 12 capital intensive production | l) a business or industrial process   |

requiring the investment of large sums of money

3. Complete these sentences with word partnerships from Tasks 1 and 2.

- .... is the process of transferring an enterprise or industry from the public sector to the private sector.
- Fishing, forestry, and farming are industries of a .... sector.
- The tertiary sector provides .... for consumers or businesses.
- Usually.... are natural resources – for example oil, iron and wood are used in the production of goods and products.
- .... production relies mainly on labour.
- Industries that are .... are – oil refining, shipbuilding, manufacturing of cars, aircraft engines, etc.
- Fixed .... include equipment, vehicles, machinery, and even computers.
- .... .., also known as organic growth, happens when a business expands its own operations.
- Businesses can grow organically (internally) or externally, through a process of .... .
- Production of different articles on a large scale using machinery is called .... .

### SPEAKING

- Study the terms, their definitions and the examples. Try to draw your own examples of companies and organizations working in public and private sectors; countries with free market or planned economies; internal and external growth etc.

<b>Term</b>	<b>Definition</b>	<b>Examples</b>
Primary production	Industries that extract and exploit the natural resources of the earth.	Mining, agriculture, forestry, hunting and fishing.
Secondary production	Industries that manufacture goods made from the raw materials provided by the primary sector.	Car production, computer assembly, food canning and steel making.
Tertiary	Industries that provide	Travel agents, banking,

<b>Term</b>	<b>Definition</b>	<b>Examples</b>
production	services to consumers and other sectors of industry.	insurance, health services and transport.
De-industrialisation	Relative decline in the importance of a country's secondary (manufacturing) sector.	Most advanced industrialised economies are experiencing this.
Public sector	The sector of the economy in which organisations are owned and controlled by the state (government).	In most mixed economies, health services and railway services are in the public sector.
Private sector	The sector of the economy in which organisations are owned and controlled by individuals.	In most mixed economies, retailing and farming businesses are in the private sector.
Free market economy	All resources are privately owned. Prices are determined by supply and demand.	There are no 'pure' free market economies but the USA and South Korea, for example, have very large private sectors compared to the whole economy.
Planned economy	All resources are owned by the government, which also takes all major economic decisions.	Former communist countries in Eastern Europe had planned (or command) economies.
Mixed economy	Has both a private and a public sector.	Nearly all countries have mixed economies, but the balance between private and public sectors is not always the same.
Privatisation	The sale of state-owned assets such as public corporations to the private sector.	In many countries, for example, the UK and Germany, water, telephone and electricity industries have been privatised.
Capital-intensive businesses	Use a high proportion of capital equipment to produce their output.	Nuclear power plants, large automated car factories.

<b>Term</b>	<b>Definition</b>	<b>Examples</b>
Labour-intensive businesses	Use a high proportion of labour to produce their output.	Fruit picking, private schools, call centres.
Internal growth	Business growth achieved by expanding the existing business.	Retailer opening a new shop, car factory extending to raise capacity.
External growth	Business growth achieved by merging with or taking over other businesses.	Hewlett Packard taking over Compaq computers, or Chrysler merging with Daimler.

## READING

- Look at the words and phrases (a) to (i) below. They are key words in the text on levels of economic activity (Text A).

Scan Text A to:

- pick up these words and phrases and explain their meanings

(a) business production (b) primary production

(c) secondary production (d) tertiary production (e) natural resources

(f) manufacturing (g) labour force (h) transformation (i) catering service (j) industrialization.

- find the sentences where it goes about:
  - types of business production
  - primary production sector businesses
  - the percentage of the labour force involved in the secondary sector in the USA.
- Read the text in detail in order to complete the tasks that follow it.

**Text A      Levels of economic activity or three stages of production.**

The modern economy can be divided into three types of production that reflect the economic development of the society. Let's discuss and explore the interaction between the primary, secondary and tertiary sectors of the modern economy. In order the products are made and sold to people or organizations they must undergo three different production processes. Each process is implemented in the three specific business production types: primary, secondary and tertiary.

The **primary production** involves the extraction of natural resources (raw materials) from the Earth. This extraction results in raw materials and basic foods, such as coal, wood, oil, iron and corn. The primary production process includes agricultural farming, animal breeding, mining, forestry, hunting, etc. In the U.S. and similarly in the most developed countries in the world, there is a decline in the proportion of the population that works in the primary sector. Currently, only 3% of the U.S. nation's labor force is engaged in primary sector activity. This is a big change from the mid-19th century in which two-thirds of the labor force were engaged in this sector.

The **secondary production** involves the transformation of raw materials into goods. It is a manufacturing process. This transformation results in wood being made into furniture, steel being made into cars or textiles being made into clothes, as examples. The types of industries functioning in this sector are construction, car manufacturing, baking, metallurgy, machine-building, etc., i.e. all industries, whether heavy or light. The development into this sector can be attributed to demand for more goods and food, which leads to industrialization. Though the primary sector with its natural limit on how much can be extracted, influences the amount of products manufactured by the second sector. When an economy moves into the second sector, new farm techniques are used, and industrialization changes the technologies of producing, distributing and selling goods. Currently, about 20% of the U.S. labor force is involved in the secondary sector.

The **tertiary production** is the service sector. It involves the supplying of services to consumers and businesses. This sector provides services to the general population and businesses, including retail sales, transportation, catering service, banks, insurance, etc. The service industry makes up to 80% of the labor force in the developed countries. Hence, the importance of this sector nowadays is quite explicit because it provides employment to a great number of people.

1. Answer the questions.

1. What are the types of business production that correspond to the three levels of economic activity?
2. Is there economic interdependence of primary, secondary and tertiary sectors? If yes, explain why.
3. What is primary production?
4. What activities does primary business sector include?
5. What is the proportion of labour force involved in the primary sector of the more developed countries? Why?
6. How can you explain what the manufacturing process is?
7. What is the role of industrialization in the development of secondary production?
8. What examples of industries functioning in the secondary sector can you draw?
9. What is the percentage of working population engaged in the USA secondary production?
10. Can the tertiary sector be called the service sector?
11. Give examples of service industries.
12. Where does the service industry provide the highest employment?

2. Match the Ukrainian words and phrases to their English equivalents:

виробництво автомобілів	demand and supply
третинне виробництво	to attribute to smth.
сировина	retail sales
робоча сила	natural resources
діяльність первинного сектору	transformation
природні ресурси	raw materials
попит і пропозиція	to influence the amount of products
перетворення	employment of population
впливати на обсяг продукції	labour force
зайнятість населення	tertiary production
роздрібна торгівля	car manufacturing
пояснювати чимось	the primary sector activity

3. Make the correct choice in order to complete the sentence.

1. The primary sector of the economy harvests products directly from ...
  - a. the earth

- b. the economy
  - c. high technology
2. Things like hunting and fishing are parts of ...
    - a. farming production
    - b. the primary sector
    - c. employment
  3. The service industry is generally defined as an industry that ...
    - a. transforms labour force
    - b. provides demand and supply
    - c. does work for a customer
  4. The secondary sector takes raw materials from the primary sector and ....
    - a. transforms them into services
    - b. manufactures them into goods
    - c. moves them into the third sector
  5. Good example of secondary production business is ...
    - a. free market
    - b. new farm techniques
    - c. food producers who turn grains into yummy cereal and pasta.
  6. ... .., restaurants, transportation, and many more are examples of the service industries.
    - a. grocery stores
    - b. bakery
    - c. dairy
  7. In the free market economy ... are defined by supply and demand.
    - a. resources
    - b. goods
    - c. prices

***FYI:*** Some economists argue that there exists a **quaternary sector**. Quaternary production sector is said to be the part of the economy that consists of intellectual activities, such as scientific research, education and

information technology. Workers in this sector include scholars, researchers, librarians, etc.

4. Translate into English

1. Бізнес розпізнає потреби споживачів або інших фірм.
2. Компанії закупають ресурси, тобто фактори виробництва, і виробляють товари.
3. Бізнес виробляє товари і послуги з метою отримання прибутку.
4. Я знаю, що індустрія послуг охоплює ресторанний бізнес, транспорт, банки, роздрібну торгівлю, страховий бізнес тощо.
5. Яку сировину використовує первинний сектор?
6. Практика показує, що немає країн з економікою вільного ринку в чистому вигляді.
7. Що таке змішана економіка?
8. У більш розвинутих країнах приватний сектор становить переважну частину економіки.
9. Вторинний сектор це другий крок на шляху від землі до споживача.
10. Збір врожаю фруктів, кол-центри, приватні школи – це приклади трудомісткого виробництва.
11. Ти знаєш, що означає термін «приватизація»?

5. Study the examples of companies and industries below. Now arrange them in accordance with the types of business activity:

insurance, farming, fishing, brewing, oil extraction, clothes making, transport, beekeeping, coal mining, banking, computer manufacturing, hunting, retailing, forestry, wood-processing, baking, construction, catering, vegetables picking, tourism, accommodation business, ore mining, private clinic, food production, hair styling, building materials manufacture, cosmetology, shoe making.

PRIMARY SECTOR



.....  
.....

SECONDARY SECTOR



.....  
.....

TERTIARY SECTOR



.....  
.....

READING AND SPEAKING

- Skim the text below and tell the class what it is about in few sentences.
- Divide the text into logical parts.
- Track the word “industrialisation” and explain its wider meaning within the given context.
- Scan the text for benefits and problems of industrialisation in the developing world.
- Read the text in detail in order to cope with the tasks that follow it.

### *DEVELOPING or LESS DEVELOPED COUNTRIES (LDCs)*

It is very important to recognise two features of the classification of business activity. The importance of each sector in an economy changes over time. **Industrialisation** is the term used to describe the growing importance of the secondary sector manufacturing industries in developing countries. In many countries of Africa and Asia, the importance of secondary sector activity is increasing. This brings many benefits as well as problems.

#### Benefits:

- Total national output (Gross Domestic Product) increases and this raises average standards of living.
- Increasing output of goods can result in lower imports and higher exports of such products.
- Expanding manufacturing businesses will result in more jobs.
- Expanding and profitable firms pay more tax to the government.
- Value is added to the countries’ output of raw materials rather than just exporting these as basic, unprocessed products.

#### Problems:

- The chance of work in manufacturing can encourage a huge movement of people from the country to the towns, which leads to housing and social problems.
- Imports of raw materials and components are often needed, which can increase the country’s import costs.
- Much of the growth of manufacturing industry is due to the expansion of multinational companies.

(1) Agree or disagree with the statements below. Use the following English colloquialisms: Indeed! Exactly! Right you are! I agree. I disagree. That's correct. It's absolutely incorrect. I think it is true. No doubt. In my opinion .... I think it's not true. I doubt it. Not quite.

(a) Industrialisation is the term to describe the growing of the tertiary sector in the more developed countries.

(b) The export of raw materials is very profitable for the country.

(c) From the economic point of view, it is important for developing countries in Africa to continue industrialisation.

(d) The development of the secondary production industries brings benefits as well as problems.

(e) The more expands the manufacturing business the more people are employed.

(f) The government pays more tax to big firms.

(g) Unprocessed products do not have added value, that's why the profit from their export is rather low.

(h) Housing becomes a big social problem when people move from the villages to the towns.

(i) The expansion of multinational companies is a big problem for the development of national businesses.

(2) Split into two groups, A and B. Group A students ask Group B students about the benefits of the increasing secondary sector activity in developing countries. Group B students ask Group A students about the problems which this increasing activity brings. For this end, you may translate the appropriate questions provided in Ukrainian and/or ask your own questions:

Group A students: *Benefits:*

- Що описує термін «індустріалізація»?
- Які переваги приносить розвиток вторинного сектору виробництва?
- Як розвиток вторинного виробництва впливає на зайнятість населення?
- Чому зростають стандарти життя?
- Чи є збільшення експорту товарів результатом зростання виробництва?
- Як можна знизити імпорт товарів?
- Виробничий бізнес, що розширюється, призводить до збільшення робочих місць, чи не так?

– Які компанії сплачують уряду більший податок?

Group B students: *Problems:*

- Які проблеми та ризики виникають у зв'язку з розвитком виробництва?
- Чи може індустріалізація принести проблеми країні?
- Чому люди з села їдуть у місто? Які проблеми це спричинює?
- Чи потрібно збільшувати імпорт сировини в умовах індустріалізації?
- Чому зростають витрати країни на імпорт?
- Як зростання виробничого сектору залежить від розвитку бізнесу мультинаціональних компаній?
- Чи впливають глобальні компанії на індустріалізацію в Африці та Азії?

- Below read about the status of business activity in the developed countries.
- What is the term “deindustrialisation” about?
- Track the words and collocations *in italics*. Make sure you know their Ukrainian equivalents.
- What are the two main reasons of deindustrialisation? (Use the words and collocations *in italics* in your answers, as they are contextual pivot points).

#### **MORE DEVELOPED COUNTRIES (MDCs)**

In *more developed economies*, the situation is reversed. There is a general *decline* in the importance of *secondary sector activity* and an increase in *the tertiary sector*. This process is termed **deindustrialisation**. In the UK the proportion of total output accounted for by secondary industry has fallen by 15% to 23% in 25 years. The reasons for this include:

- *Rising incomes* associated with *higher living standards* have led *consumers* to spend much of their *extra income* on *services* rather than more goods. There has been substantial *growth in tourism, hotels and restaurant services, financial services* and so on – yet spending on physical goods is rising more slowly.
- As the rest of the world industrialises, so *manufacturing businesses* in the *developed countries* face much *more competition* and these rivals tend to be more *efficient* and *use cheaper labour*. Therefore, rising

imports of goods are *taking labour markets away* from the domestic secondary sector firms.

Developing countries	More developed countries
Industrialisation	Deindustrialisation
a country is moving from the primary sector to the secondary sector	a country is moving from the secondary sector to the tertiary sector

\* *In both cases, these processes both earn the country more revenue.*

Reminder:

If you are looking for specific information (eg numbers or names or answers to specific questions), you don't need to start at the beginning of a text and read every word – it will take too long. You can find the answers much more quickly by *scanning*, that is reading quickly for specific words or ideas. Don't use a dictionary. when scanning.

- Look at the questions [a] to [e] below. Scan the text on privatisation (Text B) for the words in **bold**. Read the relevant sentences and answer these questions afterwards:
  - [a] What is the process of **transferring** industry from public to private sector called?
  - [b] Is the public sector run by the **government**?
  - [c] Does privatisation mean a sale of governmental **assets**?
  - [d] Why are the practices in the private sector more **efficient** than in the public sector?
  - [e] Is it correct that some **services** should be in the public sector? Why?
- Read the text in detail and translate it into Ukrainian.

## Text B      Privatisation

Privatisation is the process of transferring an enterprise or industry from the public sector to the private sector.

The public sector is the part of the economic system that is run by government agencies. Privatisation may involve either sale of government-held assets or removal of restrictions, which prevent private individuals and businesses from participating in a given industry. Privatisation involves the government selling national businesses to the private sector to increase output and efficiency.

Privatisation is an ongoing trend in many parts of the developed and developing world. Proponents of privatisation maintain that the competition in the private sector fosters more efficient practices, which eventually yield better service and products, lower prices and less corruption. On the other hand, critics of privatisation argue that some services -- such as health care, utilities, education and law enforcement -- should be in the public sector to enable greater control and ensure more equitable access.

- Case studies are often used to show how some general rules or a theory can be used in a real situation. This case study is from a text book for business studies. It depicts in a nutshell the privatisation of the railways in the late 1990s in Britain.
  - Read the case study. Think about whether privatisation was a strategy of the British government in the 80s or a single instance of a railway company ownership transfer.
  - In pairs, ask and answer the following questions:
    - What process began in Britain in 1994?
    - What enterprise was privatised by 1997?
    - What state-owned businesses were sold off by the government of Margaret Thatcher?

#### *CASE STUDY*

The **privatisation of British Rail (BR)** was the process by which ownership and operation of the railways of Great Britain passed from government control into private hands. Begun in 1994, it had been completed by 1997. Historically, the British railways had been in state ownership since 1948, with the operating arm BR controlled by the British Railways Board (BRB). Under the Conservative government of Margaret Thatcher elected in 1979, various state-owned businesses were sold off, including various functions related to the railways – Sealink ferries

and British Transport Hotels by 1984, Travellers Fare catering by 1988 and British Rail Engineering (train building) by 1989.

*Task 1.* Choose the one word or phrase that best completes the sentence.

1. The public sector \_\_\_\_\_ by government bodies.  
(A) was used (B) is sold off (C) involved (D) is run
2. The government sells off some national businesses to increase \_\_\_\_\_.  
(A) access (B) efficiency (C) restrictions (D) health care
3. Privatization may occur after a merger with \_\_\_\_\_ takes place.  
(A) another company (B) railway business (C) corruption (D) output
4. All owners want their businesses to \_\_\_\_\_.  
(A) yield (B) expand (C) ensure (D) sold off
5. The British railways owned by the state increased their efficiency after having been transferred to \_\_\_\_\_.  
(A) the public sector (B) the British government (C) the private sector  
(D) the primary sector

*Task 2.* Below is a bullet pointed list of few arguments FOR and AGAINST privatisation. Make a table with two columns in your notepad (as shown below) and put down the arguments in the corresponding columns. You need to weigh up carefully to be able to form and express your own opinions and make your own judgements on the issue.

Arguments FOR privatisation



.....  
.....

Arguments AGAINST privatisation



.....  
.....

- the decisions made by the public industries are based also on the society needs, while private companies may consider it unprofitable
- the profit motive of private business leads to much greater efficiency
- decision making in state bodies can be slow and bureaucratic
- state owned industry is accountable to the country and society
- managers and the staff in private companies are directly involved in the work they do and motivated by the results

- failing private business must change or it dies and successful one will expand having no government limits on growth
- sale of nationalized industries can raise finance for government to spend it on other state projects
- many industries if privatised can exploit consumers with high prices

## SPEAKING

I Business English Verbs (from Business English Verbs by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.)

- In pairs, read the dialogue. Then swap roles and repeat.  
Pay attention to the business verbs (in **bold**).

### Arrangements

A: Shall we **set up** a meeting to discuss the proposal?

B: That's a good idea.

A: Can we **make a date** for some time around the beginning of September?

B: That sounds okay, but I don't know exactly what I'm doing over the next few weeks so I can't **confirm** it now.

A: That's no problem. Let's **pencil in** a time and date, and I'll call you two days before so that we can **firm it up**.

- Read the piece on formalities paying attention at the business verbs (in **bold**)

### Formalities

Reginald was **chairing** the meeting today, so it was very formal. At the beginning he introduced every single person and asked us all to **exchange business cards** – which was pointless, because we knew each other already. Then he made sure that his secretary **minuted** every single point – the poor woman didn't stop writing for the whole hour. And when he **closed** the meeting he spoke for so long that three people fell asleep.

1 Match 1-4 with a-d.

- |            |                    |
|------------|--------------------|
| 1 set up   | a) a time and date |
| 2 make     | b) a date          |
| 3 exchange | c) a meeting       |

4 pencil in

d) business cards

2 Match the words with similar meanings.

preside

confirm

chair

debate

firm up

discuss

arrange

set up

- Together with your classmate make up a dialogue on setting up a meeting at your university department. Think of the topic that will be under discussion. Exchange your opinions on the candidacy of the chairperson and the secretary, and their responsibilities at the meeting. Use business English verbs.
  
- In pairs, ask and answer the questions about:
  - primary, secondary and tertiary sectors
  - pros and cons of privatisation
  - the difference in business activities in the MDCs and LDCs

## WRITING

- Write down or type in your computer definitions of the terms “privatisation” and “nationalisation”. Identify two advantages and disadvantages of both processes and enter them into a table in your Word file.

## ESSENTIAL VOCABULARY

assets

активи

profitable

прибутковий

primary production

первинне виробництво, тобто виробництво сировини

secondary production /  
manufacturing sector

промислове виробництво

tertiary production /

service sector

сфера виробництва послуг

to manufacture goods

виробляти, виготовляти товари

free market

вільний ринок

mixed economy

змішана економіка

state-owned industries	державні підприємства
merging	злиття
to expand business	розширити бізнес
capital intensive business	капіталомістке виробництво
labour intensive business	трудомістке виробництво
private sector	приватний сектор (економіки)
public sector	державний сектор (економіки)
privatisation	приватизація
to foster efficient practices	сприяти ефективним
практикам	
to transfer ownership	передавати право власності
equitable access	рівний доступ
developing countries	країни що розвиваються
less developed countries (LDCs)	менш розвинені країни
more developed countries (MDCs)	більш розвинені країни

### III FORMS OF BUSINESS ORGANISATION


#### VOCABULARY

##### 1. Study the key words and collocations:

legal organisation (structure)	правова організаційна структура
economy	економіка
economies	економіки (як економічні системи)
savings	<i>тут</i> накопичення
to be accountable to ...	бути підзвітним (комусь)
to provide full control of ...	забезпечити повний контроль над ...
state-run organisation	державна організація

local government	місцеві органи влади
to employ	наймати на роботу
employee	працівник, співробітник
sole trader	індивідуальний підприємець
partnership	партнерство
to carry on a business	вести бізнес
private limited company	закрите акціонерне товариство
public limited company	відкрите акціонерне товариство
limited liability	обмежена відповідальність
business venture	ризиковане бізнес-починання, підприємство
share	акція
to quote shares on the Stock Exchange	котирувати акції на фондовій біржі
to advertise shares for sale	рекламувати акції для продажу
shareholder	акціонер
make a profit	отримувати прибуток
decision making	ухвалення рішень

2. Match the words to their meanings

1 private  a) a person employed for wages or salary;

2 share an	b) (of a service or industry) provided or owned by individual or an independent, commercial company, not by the government;
3 employee	c) LTD, a type of privately held (small) business entity that limits the number of shareholders to 50;
4 limited liability	d) one of the equal parts into which a company's capital is divided;
5 savings	e) the state of being a partner or partners
6 sole trader	f) a business enterprise in which the expectation of gain is accompanied by the risk of loss or failure
7 business venture	g) to make money from business or investments
8 partnership	h) the simplest business structure of one person acting as the individual legally responsible for all aspects of the business;
9 make a profit	i) the liability of an owner of a company is limited to the amount invested and doesn't include debts incurred during the company's operation;
10 private limited	j) a part of one's assets, usually deposits in company savings accounts, or all of one's assets.

3. Complete these sentences with words and word partnerships from Tasks 1 and 2:

- Small start up businesses can opt to run as ... .., partnerships or private limited companies.
- Being a public company allows a business to sell ... to investors in order to raise capital.
- The company must invest into the development of rail networks to meet the needs of everyone, not just to ... ..
- A long-standing ban has been lifted and companies will now be able to advertise their ... ..
- The Amsterdam Stock Exchange is said to have been the first ... .. to introduce continuous trade in the early 17th century.
- Shares are the ... .. into which a company's capital is divided.
- ... .. process is continuous and indispensable component of managing any organization or business activities.

- A private ... .. is a type of business entity in "private" ownership used in many jurisdictions in contrast to "public" ownership, with some differences from country to country.
- As a contracting company, we provide ... .. over the processes of Client service and execution work.
- The recent tax reforms have made government more ... for its spending to the civil society.
- It is an employer's duty to protect the health, safety and welfare of his ... and other people who might be affected by his business.

## READING

- Look at the words and phrases (a) to (i) below. They are key words and phrases in the text on private and public sectors (Text A). Scan the text for these key words and phrases and try to explain how you understand them:

(a) public sector of economy (b) private sector of economy  
 (c) entrepreneurial skill (d) central government (e) state-run organisation  
 (f) 'strategic' industries (g) privatisation (h) sole trader  
 (i) limited companies

- Next step - read the whole text to be able to answer the questions after it.

### **Text A Private and public sector**

Industry may be classified in other ways, for example by public or private sector and by type of legal organisation. Some types of legal structure are only found in the private sector.

What is the private sector of the economy? The private sector comprises businesses owned and controlled by individuals or groups of individuals. In nearly every country, most business activity is in the private sector. The types and sizes of businesses in the private sector can vary considerably. In developing economies the private sector is small. This is because of the lack of entrepreneurial skill and the low levels of savings that are characteristic of this sector in these countries.

What is the public sector of the economy? The public sector comprises organisations accountable to and controlled by central or local government (the state). In most countries, certain important goods and services are provided by these state-run organizations as it is argued that

they are too significant to be left to private businesses. These usually include health and education services, defense, public law and order (police force). In some countries, important 'strategic' industries are also state owned and controlled, such as energy, telecommunications and public transport. In recent years, there has been a trend towards selling these off to the private sector, i.e. privatisation. The public sector employs more people than the private sector.

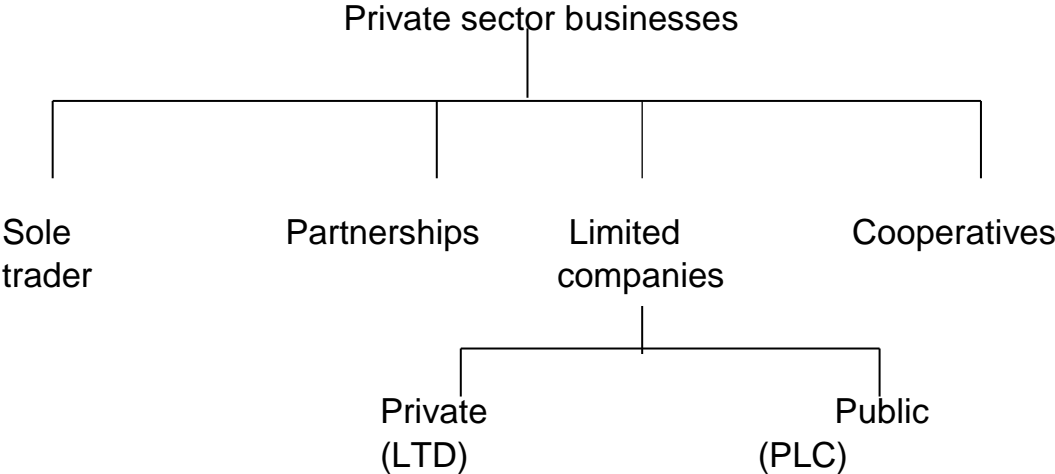


Figure 1. The private sector – legal structure

**Sole traders.** This is the most common form of business organisation. One person provides the permanent finance and in return has full control of the business and is able to keep all of the profits. Although there is a single owner in this business organisation, it is common for sole traders to employ others but the firm is likely to remain very small.

**Partnerships.** These are formed in order to overcome some of the drawbacks of a sole trader. They are agreements between two or more people to carry on a business together, usually with a view to making a profit. The agreement to work together does not create a separate legal unit; a partnership is just a grouping of individuals. When planning to go into partnership it is important to choose business partners carefully – the errors and poor decisions of any one partner is considered to be the responsibility of them all. This also applies to business debts incurred by one partner – in most countries there is unlimited liability for all partners should the business venture fail. In the UK, it is possible to set up limited liability partnerships.

**Limited companies.**

**Private limited companies.** The protection that comes from being a company is therefore substantial. Small firms can gain this protection when the owner(s) create(s) a private limited company. The word 'Limited' or 'Ltd' ('Pte' in some countries) tells us that the business has this legal form. Usually the shares will be owned by the original sole trader, relatives, friends and employees.

**Public limited companies.** These can be recognized by the use of 'plc' or 'Inc.' after the company name. It is the most common form of legal organisation for really large businesses, for the very good reason that they have access to very substantial funds for expansion. A plc has all the advantages of private company status plus the right to advertise their shares for sale and have them quoted on the Stock Exchange. These shareholders own the company, but they appoint, at the Annual General Meeting, a Board of Directors who control the management and decision making of the business.

### Limited companies

There are three distinct and important differences between companies and the two forms of 'unincorporated' business organisations that we have just studied. These are:

*Limited liability.* The ownership of companies is divided into small units called shares. People can buy these and become 'shareholders' - part owners of the business.

*Legal personality.* .....

*Continuity* ...

1. Answer the questions.
  1. What businesses does the private sector comprise?
  2. Where does business activity chiefly develop?
  3. Why is the private sector small in developing economies?
  4. What services and institutions are normally included in the public sector?
  5. Which of the two sectors exceeds in the number of employees?
  6. What is the most common form of business organisation?
  7. What kind of agreement is a partnership?
  8. Who are shareholders in private limited companies?
  9. Who control the management and decision making in public

limited companies?

10. What is the main difference between private limited companies and public limited companies?

2. Match the Ukrainian words and phrases to their English equivalents:

обмежена відповідальність	decision making
ухвалення рішень	savings
отримувати прибуток	make a profit
закрите акціонерне товариство	sole trader
акції	local government
залучати кошти (капітал)	provide control of ...
накопичення	private limited company
рекламувати акції для продажу	raise capital
працівник	limited liability
забезпечувати контроль над ...	shares
підприємець	advertise shares for sale
місцеві органи влади	employee

3. Make the correct choice in order to complete the sentence.

1. The private sector businesses are controlled by ...

- a. individuals
- b. groups of individuals
- c. stock exchange

2. The private sector is ... in developing countries.

- a. average
- b. bigger
- c. small

3. The public sector organizations are accountable to ...

- a. local government
- b. central government
- c. private companies

4. Some significant goods and services are provided by ...

- a. state owned organisations
- b. non-governmental organisations
- c. cooperatives

5. Selling industries off to private businesses is called ...
  - a. partnership
  - b. accumulation
  - c. privatization
  
6. Sole trader finances his business and ...
  - a. provides shares
  - b. keeps the profit
  - c. controls the management
  
7. Partnership is ...
  - a. a limited company
  - b. a grouping of individuals
  - c. a separate legal unit
  
8. The abbreviation "Ltd" stands for ...
  - a. public limited company
  - b. private limited company
  - c. legal personality
  
9. Shareholders are the legal ... of the company.
  - a. managers
  - b. owners
  - c. directors.
  
4. Translate into English.
  1. Економіка поділяється на державний та приватний сектори.
  2. Приватний сектор створюють компанії, якими володіють окремі люди або групи людей.
  3. У приватному секторі – найбільш розвинута ділова активність.
  4. У країнах, що розвиваються, приватний сектор невеликий та слабкий.
  5. Державний сектор економіки контролюють центральні органи влади або міська влада.
  6. У деяких країнах телекомунікаційні послуги, так само як і громадський транспорт, надають державні компанії.
  7. У багатьох країнах світу державні компанії були продані приватному бізнесу.
  8. Індивідуальний підприємець є єдиним власником свого бізнесу.

9. Партнерство – це спільна робота групи осіб, яка не є юридичною особою.
10. Компанії з обмеженою відповідальністю поділяють на акціонерні товариства закритого типу (Ltd) та відкриті акціонерні товариства, як правило - великі корпорації (Inc.).

## SPEAKING

- Name the types of companies with different legal organisation. What stands behind the abbreviations Ltd and Inc.?
- In pairs, ask each other questions about the difference between:
  - partnership and limited company
  - sole trader and private limited company
  - private limited company and public limited company
- Study the examples of private sector below and give your own examples of private sector companies whether small or big:

### Examples of the Private Sector

Small, privately owned business form the greater part of the private sector. Despite this fact, this sector boasts a rich diversity of individuals, partnerships, and groups — from small mom-and-pop stores (маленький сімейний магазин) to multi-national conglomerates.

Examples of organizations in the private sector include:

- **Sole Proprietors:** Designers, Developers, Plumbers, Repairmen
- **Partnerships:** Dentistry, Legal, Accounting, Audit, Taxation
- **Small and Medium-sized Businesses:** Retail, Hospitality, Food, Leisure, Legal Services
- **Large Multinationals:** Apple, Tesla, Disney, Procter & Gamble, PepsiCo
- **Professional/Trade Associations:** Canadian Institute of Management, American Management Association

- Discuss with your groupmates information on the private sector input in GDP (see the Box below), compare the percentage indicators per country.

#### Size of the Private Sector

The **Gross Domestic Product** (GDP) of a country represents the final value of all goods and services produced in a period of time.

In most developed countries, the private sector contributes a significant percentage towards its total GDP. The data (as of 2004) is as follows:

United States 89.46%

Canada 87.72%

Australia 85.85%

Japan 84.38%

United Kingdom 83.65%

- Now look at the questions [a] to [e] below. Scan Text B for the highlighted key words and word combinations. Read the sentences with these words, then answer the questions:

[a] How can organization achieve a **sustainable competitive advantage**?

[b] Is the **hierarchical** organizational structure in a business traditional?

[c] Whom does a department **manager** report to?

[d] How do you understand the term “**flatter**” organizational model?

[e] What is the **model** many large business companies try to follow?

[f] What does the term “**flat companies**” mean?

[g] Is a “flat” company equivalent to a **self-managed** company?

[h] Can a **boundaryless** corporation be called **virtual**?

[i] What functions might a company **outsource**?

[j] When is **traditional** hierarchy needed?

[k] Who normally **makes a decision**?

[l] What is the main idea of **modern organisation design**?

- Read the text in detail and translate it into Ukrainian.

## Text B Organizational structure

An organizational structure defines how activities such as task allocation, coordination and supervision are directed toward the achievement of organizational aims. Organizations need to be efficient, flexible, innovative and caring in order to achieve a sustainable competitive advantage. Organizational structure in a business can make operations run smoothly or poorly.



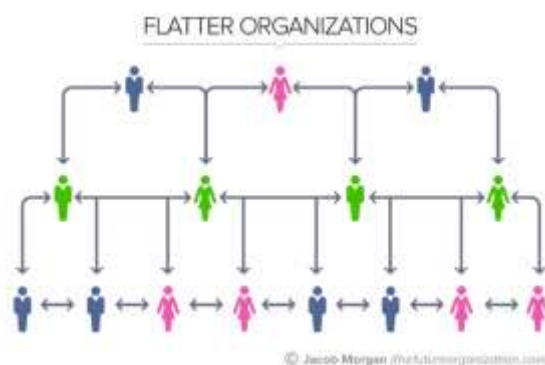
### HIERARCHICAL ORGANIZATION

The traditional organizational structure in a business is hierarchical, meaning power flows vertically and upward, and employees are departmentalized. All employees follow a chain of command. For instance, the CEO has final say on operations in all divisions, but each department has a manager who runs day-to-day operations and ultimately reports to the CEO. A common example is the military. Every soldier answers to his commanding officer, while the president of any country is at the top of the chain as commander-in-chief.

### II "FLATTER" ORGANIZATION

Another, perhaps the most practical and scalable organizational model, is the "flatter" organization.

Unlike the traditional hierarchy, which typically sees one-way communication and everyone at the top with all the information and power; a "flatter" structure seeks to open up the lines of communication and collaboration while removing layers within the organization. As you can see there are fewer layers and that arrows point both ways. For larger organizations this is the most practical, scalable, and logical approach to deploy across an entire

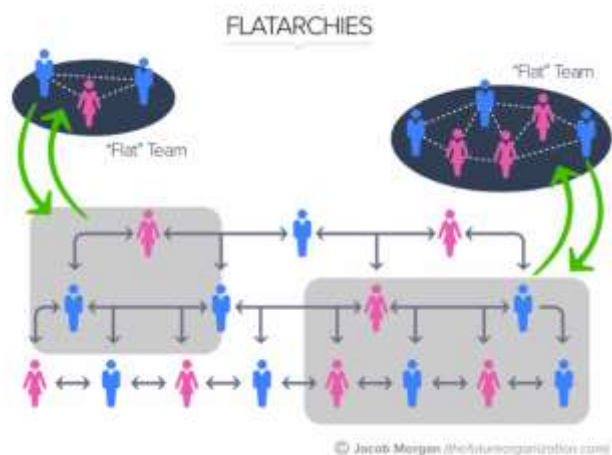


company. This is the model that most large (and many mid-size) organizations around the world are moving towards.

In flatter companies, there is still a strong focus on communication and collaboration, improving the employee experience, challenging the status quo around traditional management models, and the like.

### III FLAT COMPANIES

The term “flat companies” mean that there are usually no job titles, seniority, managers, or executives. Everyone is seen as equal. Flat organizations are also often called or referred to as self-managed organizations. The most famous example of this comes from Valve, the gaming company responsible for classics such as Half-Life, Counter-Strike, Portal, and many others. At Valve there are no job titles and nobody tells you what to work on. Instead, all the employees at Valve can see what projects are being worked on and can join whichever project they want. If an employee wants to start their own project, then they are responsible for securing funding and building their team.



### IV BOUNDARYLESS CORPORATION



One of the most popular organizational structures is the boundaryless or virtual corporation. For example, a company might outsource several basic functions, such as customer service, to another company. Other companies might allow workers to manager their projects. However, some traditional hierarchy is needed, especially when a problem arises and someone with authority needs to make a decision.

The main idea of modern organization design is to make communication more dynamic and blend individual and organizational solutions together into a cohesive whole. New designs focus on adaptability. They rely highly on employee involvement, distribute authority based on skill and have fewer rules and boundaries, resulting in a more organic structure. Boundaryless structures achieve incredible flexibility by removing geographical and communication boundaries. They form alliances with other companies and collaborate in an attempt to remove the boundaries between competitors.

*Task 1.* Choose the one word or phrase that best completes the sentence.

1. The private sector is bigger in \_\_\_\_ countries.  
(A) developing (B) developed (C) underdeveloped
2. Small businesses form the \_\_\_\_ part of the private sector.  
(A) greater (B) different (C) smaller
3. Selling industries off to private businesses \_\_\_\_ privatisation.  
(A) have to call (B) is called (C) which is called
4. Task allocation, coordination and supervision activities \_\_\_\_ by the organizational structure.  
(A) is developed (B) are defined (C) which defined
5. All employees \_\_\_\_ a chain of command.  
(A) use (B) develop (C) follow
6. In flatter companies a strong focus is made on \_\_\_\_ and collaboration.  
(A) disintegration (B) communication (C) subordination
7. Such companies are interested to improve the \_\_\_\_ experience.  
(A) employee (B) sole trader (C) employer
8. A “flat” company means that \_\_\_\_ usually no job titles, managers, or

chief executives.

- (A) there is                      (B) they are      (C) there are

9. Modern organization design \_\_\_\_\_ on dynamic communication and high employee involvement.

- (A) are considered              (B) is focused              (C) focusing

10. A manager runs day-to-day operations and ultimately \_\_\_\_\_ to the chief executive.

- (A) informs                      (B) has informed              (C) reports

## WRITING

*Task 2.* Each organizational structure has its benefits and disadvantages. Below are passages on benefits and disadvantages of different organizational structures. In your notepad or computer divide the page into two columns as shown below, and put down the arguments on benefits and disadvantages of different company types in the proper column.

### *Benefits*



1. ....
2. ....
3. ....
4. ....

### *Disadvantages*



1. ....
2. ....
3. ....
4. ....

#### *1. Traditional hierarchical company*

- employees have a clear knowledge of their role and responsibilities within the organization;
- the company makes predictable moves and is easily controlled;
- the company tends to have many rules that let managers use predetermined guidelines for managing conflict.
- the traditional structure can slow down functions in a company in today's global and Internet-driven economy;
- one-way communication;
- the top management have all the information and power.

#### *2. "Flatter" company*

- the most practical and scalable organizational model;
- removes layers within the organization;

- a strong focus on communication and collaboration;
- improves the employee experience;
- no guidelines to manage conflicts;
- challenges traditional management models;
- not easily controlled.

### *3. Flat company*

- cannot be as practical or scalable for larger organizations;
- smaller and some medium size companies are able to operate in this type of an environment;
- challenging for organizations with thousands of employees;
- employees can see what projects are being worked on;
- employees can join whichever project they want;
- employees are responsible for securing funding and building their own team if they want to start their own project.

### *4. Boundaryless corporation*

- relies almost entirely on Internet, phone or email communication and require little face time;
- no centralized control;
- no allocation of resources;
- network structure linking many separate organizations together to complete a goal that benefits all;
- well-suited for rapid innovation;
- team or project-based organization with no rigid hierarchy;
- self-managed team is difficult to control and empower;
- a new style of management is required for a self-managed team;
- flexible by removing geographical and communication boundaries;

- team-based structure is considered unstable.

## SPEAKING

I Business English Verbs (from Business English Verbs *by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.*)

- Read the fragments on the ways to express your opinion and have a discussion. Read the dialogue about achieving agreement. Then swap roles and read it again. Pay attention to the business verbs in **bold**.

### Opinions

I hate people who waste my time in meetings. So if you're just going to **state the obvious**, it's probably better to keep your mouth shut. But if you really want to **make a point** about something on the agenda, if you want to **put forward** a new idea or if you want to **propose** a solution to a problem, then I'm very happy to listen. But whatever you do, don't **interrupt** me when I'm talking.

### Discussion

We've been **discussing** the plan all afternoon. Things started quietly. First we **talked over** our roles in the project and then we **debated** the good and the bad points of the plan. Unfortunately, everybody had a different opinion on the budget, so we **argued** about that for ages. It took us over an hour just to **thrash out** a solution on that one point.

### Agreement

A: Ok. Let's **summarise** the position. This is what we've decided so far.

B: I **agree** with you on point one, that's okay.

A: But we **disagree** on point two, so that's still a problem.

B: We've **compromised** on point three – I've given a bit and so have you.

Can we please **settle** this whole thing now and go home?

A: It takes such a long time to **hammer out** a deal, doesn't it?

1. Complete the sentences with business verbs:

- When you have a different opinion from another person, you ... with him/her.

- When you want to speak while another person is talking, you ... him/her.
- When you give a little and the other person gives a little, you ... .

*2. Match the words with similar meanings:*

argue	confirm	debate	discuss
firm up	hammer out	propose	
put forward	talk over	thrash out	

- Exchange opinions with your groupmates on the inconvenient schedule of lectures and classes. Discuss the ways to have it improved. Use business verbs.
- Render the dialogue on agreement with your groupmate.
- In pairs, ask and answer the questions about:
  - the difference between private and public sector
  - types of organizational structure in business
  - advantages of boundaryless (virtual) company

## **ESSENTIAL VOCABULARY**

private sector of economy	приватний сектор економіки
public sector of economy	державний сектор економіки
state-run organization	державна організація
chain-of-command	система підпорядкування
limited company	компанія з обмеженою відповідальністю
sole proprietor	індивідуальний підприємець
central government	національний уряд
local government	місцева влада
sustainable competitive advantage	стійка конкурентна перевага
hierarchy	ієрархія
top management	топ-менеджмент, вище керівництво
chief executive officer, CEO	виконавчий директор
a self-managed team	самокерована компанія

a flat company

“горизонтальна” компанія

boundaryless organization

організація, яка не має горизонтальних, вертикальних або зовнішніх обмежень, накладених попередньо визначеною структурою

#### IV FINANCING BUSINESS ACTIVITY

##### VOCABULARY

1. Study the key words and collocations:

to finance expansion of business

фінансувати розширення бізнесу

the day to day running of the business

щоденне ведення бізнесу

type of business

тип бізнесу

purchase of assets

придбання активів

the running costs

поточні витрати

production capacity

виробнича потужність

to cut unit costs

знизити витрати на одиницю продукції

to keep up with competitors

не відставати від конкурентів

long term investment

довгострокові інвестиції

to develop and market new products

розробляти і продавати нові продукти

to do marketing research

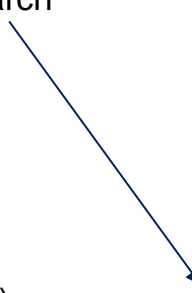
проводити маркетингові дослідження

export market(s)

експортний ринок

retail outlet	роздрібна торговельна точка
acquisition	придбання
relocation package	релокаційний пакет
installation of machinery	монтаж машин

2. Match the words to their meanings:

- |                        |  |
|------------------------|--|
| 1 the running costs    | a) the amount of money regularly spent on salaries, heating, lighting, and rent, etc.                                |
| 2 purchase of assets   | b) a country or group of countries to which goods and services from another country are sold                         |
| 3 long term investment | c) a total expenditure incurred by a company to produce, store, and sell one unit of a particular product or service |
| 4 production capacity  | d) a store that sells smaller quantities of products services to the general public                                  |
| 5 export market        | e) to promote and sell products to customers   |
| 6 to market products   | f) agreement between buyer and seller to acquire an organization's assets  |
| 7 to do research       | g) asset that a company intends to hold for more than a year   |
| 8 acquisition          | h) manufacturing performance   |
| 9 retail outlet        | i) purchase of most or all of another company's shares to gain control of that company                               |
| 10 unit cost(s)        | j) to conduct investigation  |
- 

3. Complete these sentences with word partnerships from Tasks 1 and 2.

- ... .. account differs largely from the short-term investment account in that it will not be sold for years and, in some cases, may never be sold.
- London-based CIT Bank specialises in property ..., asset management and development.
- ... .. is a volume of products that can be generated by a plant in a given period by using current resources.
- A long-term ... is an account a company plans to keep for at least a year such as stocks, bonds, real estate and cash.
- Poland has become the number one export ... for Ukrainian goods in 2019.
- A ... .. which generally sells food products and household items, properly placed and arranged in specific departments is called a supermarket.
- The Hitachi Transport System Group has advanced technology and expertise to successfully carry out removal, transportation, and ... of a wide variety of machinery.
- A company can cut ... .. by using less expensive materials or increasing production efficiency, which decreases the cost of labour per unit.
- Sole proprietorship is the most common ... of online ... due to its simplicity.
- The ... .. of a business are the amount of money that is regularly spent on things such as salaries, heating, lighting, and rent.

Reminder:  
Skimming means reading quickly in order to find out the main idea(s) of the text

## READING

- Skim the text below. Say what it is about.

- Look at the words and phrases (a) to (i) below. They are key words in Text A. Scan the text for these key words and try to explain their meanings.

(a) finance (b) assets (c) purchase of assets (d) the running costs  
(e) production (f) to market products (g) competitor (h) to do marketing research (i) to enter a new market (j) acquisition (k) employee (l) supplier

- Next step - read the text in detail to complete the tasks that follow it.

## **Text A      Why do businesses need finance?**

Finance is the money available to spend on business needs.

Right from the moment someone thinks of a business idea, there needs to be cash. As the business grows there are inevitably greater calls for more money to finance expansion. The day to day running of the business also needs money.

The main reasons a business needs finance are to:

***Start a business.*** Depending on the type of business, it will need to finance the purchase of assets, materials and employing people. There will also need to be money to cover the running costs. It may be some time before the business generates enough cash from sales to pay for these costs.

***Finance expansions to production capacity.*** As a business grows, it needs higher capacity and new technology to cut unit costs and keep up with competitors. New technology can be relatively expensive to the business and is seen as a long term investment, because the costs will outweigh the money saved or generated for a considerable period of time. And remember new technology is not just dealing with computer systems, but also new machinery and tools to perform processes quicker, more efficiently and with greater quality.

***To develop and market new products.*** In fast moving markets, where competitors are constantly updating their products, a business needs to spend money on developing and marketing new products e.g. to do marketing research and test new products in "pilot" markets. These costs

are not normally covered by sales of the products for some time (if at all), so money needs to be raised to pay for the research.

**To enter new markets.** When a business seeks to expand it may look to sell their products into new markets. These can be new geographical areas to sell to (e.g. export markets) or new types of customers. This costs money in terms of research and marketing e.g. advertising campaigns and setting up retail outlets.

**Take-over or acquisition.** When a business buys another business, it will need to find money to pay for the acquisition (acquisitions involve significant investment). This money will be used to pay owners of the business which is being bought.

**Moving to new premises.** Finance is needed to pay for simple expenses such as the cost of renting of removal vans, through to relocation packages for employees and the installation of machinery.

**To pay for the day to day running of business.** A business has many calls on its cash on a day-to-day basis, from paying a supplier for raw materials, paying the wages through to buying a new printer cartridge.

1. Answer the questions.
  1. What is finance?
  2. What are the reasons for a business to have finance?
  3. Is it necessary to have money to cover the running costs?
  4. How is it possible to keep up with competitors?
  5. What does the “new technology” imply?
  6. Why is marketing research needed in business?
  7. Are the research costs usually covered by sales of the products?
  8. How do you understand the collocation “to enter new markets”?
  9. What types of new markets do you distinguish?
  10. Why are advertising campaigns needed in entering new markets?
  11. What is acquisition in business?
  12. What are simple expenses to pay for?
  13. What costs are paid for running business daily?

2. Match the Ukrainian words and phrases to their English equivalents:

виходити на нові ринки

developing a new product

витрати на дослідження

to purchase assets

фінансувати розширення	running of the business
придбання	business needs
ведення бізнесу	research costs
конкурент	to own business
придбати активи	to finance expansion
потреби бізнесу	to enter new markets
мати бізнес	acquisition
розроблення нового продукту	competitor

3. Make the correct choice in order to complete the sentence

1. The equivalent word for the money spent on business needs is ...
  - a. products
  - b. materials
  - c. finance
  
2. To start business one needs to finance the purchase of ... .
  - a. market
  - b. vans
  - c. assets and materials
  
3. There are different types of ... .
  - a. package
  - b. business
  - c. cartridge
  
4. In order to perform efficiently a business needs new ... .
  - a. technology
  - b. cash
  - c. employing people
  
5. Higher production ... allows cutting costs per unit.
  - a. research
  - b. expenses
  - c. capacity

6. To keep up with ... a company should invest in developing and marketing a new product.
  - a. machinery
  - b. wages
  - c. competitors
  
7. Business companies are permanently doing ... .. in order to update their products.
  - a. simple expenses
  - b. advertising
  - c. marketing research
  
8. ... .. can be new countries or new types of customers.
  - a. new technologies
  - b. new markets
  - c. relocation packages
  
9. The setting up of a new retail outlet is preceded by a big ... .. .
  - a. product selling
  - b. advertising campaign
  - c. paying the wages.
  
4. Translate into English.
  1. Для розширення бізнесу неминуче потрібне значне фінансування.
  2. Нові технології потрібні для збільшення виробничих потужностей.
  3. Придбання нерухомості розглядається як приклад довгострокової інвестиції.
  4. Будь-яка компанія повинна мати гроші для покриття поточних витрат.
  5. Розроблення нового продукту потребує маркетингового дослідження та тестування продукту.
  6. Для того щоби вийти на нові ринки, треба виконати маркетингові дослідження.
  7. У 2018 році українські сільськогосподарчі виробники вийшли на 85 нових експортних ринків.
  8. Корпорація має шукати гроші для придбання нових активів.

9. Для просування нового обладнання бізнесмен запустив потужну рекламну кампанію.
10. Плата за оренду приміщення і транспорт так само, як і за опалення, електрику тощо, належить до поточних витрат.

## SPEAKING

- Say, why a business needs to get finance.
- In pairs, explain to each other the main reasons for a business to be financed. Ask each other questions on the issue.
- Look at the questions [a] to [f] below, they have words in bold. Scan the text on business accounting (Text B) for these key words, read the relevant sentences and after that answer the questions:
  - [a] What is business **accounting**?
  - [b] How can accounting be done in large **organisations**?
  - [c] What **techniques** is used by accountants to do recording?
  - [d] What are **internal** and **external** users?
  - [e] What is implied by “**liabilities**”?
  - [f] How do you understand the words “**stakeholders’ equity**”?
  - [g] How is a set of universal **accounting standards** named?
- Read Text B in detail.

## B Business Accounting

What is business accounting? Business accounting is the systematic recording, analysing, interpreting and presenting of financial information. Accounting may be done by one person in a small business, or by different teams in large organisations. Accounting is the way a business keeps track of its operations.

Business accounting consists of three basic activities: identifying, recording and communicating the economic events of a company. Accountants identify economic events such as transactions and investments. Accountants use bookkeeping techniques to systematically record economic events. Finally, accountants use financial statements to present their records to people who use accounting information.

Sometimes, accounting might also mean analyzing and interpreting financial statements and explaining the meaning of reported data.

### Accounting Information Users

Two broad groups of people use business financial statements, internal users and external users. Internal users need accounting data to help them run the company. Internal users include marketers, supervisors and financial officers. Managerial accountants manage and report information to internal users.

External users usually need accounting information for investment or legal reasons. External users include investors, creditors and government agencies. Financial accountants manage and report information to external users.

### Elements of the Accounting Equation

Business accounting financial records describe what a business is owed and what it owns. What a business owns is called “assets.” What a business owes is split into two categories, liabilities (credit debts) and stockholders’ equity (investor debts). “Assets=Liabilities+Stockholders’ Equity” is the accounting basic equation that all accountants use to record and report.

This equation is the same for a huge corporation as it is for the restaurant around the corner. Accounting red flags should go up if assets fail to equal liabilities and equity.

### Generally Accepted Accounting Principles

The agencies that regulate U.S. accounting and financial markets, the Securities and Exchange Commission, and the Financial Accounting Standards Board, created a set of universal accounting standards known as Generally Accepted Accounting Principles, or GAAP. GAAP ensure that all accountants identify, record and report the same way. GAAP dictates that accountants use the cost principle, meaning that accounting items are always recorded at their initial cost.

GAAP also imposes assumptions, such as the monetary unit assumption that describes transactions as data expressed in monetary

terms, and the economic entity assumption that legally describes business types.

*Task 1.* Choose the one word or phrase that best completes the sentence.

1. Any business controls its financial operations through \_\_\_\_\_.

(A) monitoring                      (B) transactions                      (C) accounting

2. \_\_\_\_\_ and communicating are the company's business accounting activities.

(A) investments                      (B) investing                      (C) recording

3. An accountant develops \_\_\_\_\_ to provide the chief executive and relevant authorities with the accounting information.

(A) input data    (B) financial statement                      (C) bookkeeping

4. Accounting information is used by \_\_\_\_\_ to run the company.

(A) creditor                      (B) agency                      (C) financial officer

5. Investors need financial information not only for investment but also for \_\_\_\_\_.

(A) legal reasons    (B) reporting                      (C) identification

6. The property and resources that a company owns are called \_\_\_\_\_.

(A) standards                      (B) records                      (C) assets

7. Assets must equal \_\_\_\_\_ and liabilities.

(A) stakeholders                      (B) equity                      (C) equations

8. GAPP is a complex of \_\_\_\_\_ accounting standards to ensure a single way of reporting.

(A) universal                      (B) readable                      (C) complicated

## READING AND WRITING

*Task 2.*

- Case studies are often used to show how some general rules or a theory can be used in a real situation. In the Box there is a case study related to the worst corporate accounting scandals in the 2000s. It is

an example of how accounting ethics and oversight is observed by the US government.

- Read the case study below. Browse on the Internet for the following information:
  - full names of the companies involved
  - the years of the accounting scandals
  - what happened in each particular company
  - penalty imposed on each company
- Write down or type in this information to share in class.

### **CASE STUDY**

*Ethics is fundamental to accounting because so many people depend on honest and error-free financial statements. In 2002, several high-profile accounting scandals involving AIG, Enron, WorldCom and others, crippled the economy. The government responded by initiating the Sarbanes-Oxley Act of 2002 (SOX), a law that holds company financial officers directly responsible for accounting fraud and oversight. SOX law and other accounting laws combine with ethical sensibilities to create accounting data that users can trust.*

### **Task 3.**

- Here are some basic accounting concepts and accounting terminology. Once you become familiar with some of these terms and concepts, you will feel comfortable navigating throughout certain accounting information and materials. Some of the basic accounting terms that you need to know include:

*Bookkeeping, revenues, expenses, assets, liabilities, income statement, balance sheet and statement of cash flows, accounting debits and credits, transactions.*

- Browse for the terms explanations and save them in your computer to present in class. Here is an example:

Eg. *Bookkeeping* - recording financial transactions.

### **SPEAKING**

I Business English Verbs (from Business English Verbs by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.)

- Read the fragments on finance. Then swap roles and repeat.

Pay attention to the business verbs (in **bold**).

## Finance

### *Internal Memo*

The truth is that our factories are much too old-fashioned – this company needs to **invest** in new machinery. But where's the money going to come from – how are we going to **fund** this? In our position, the only practical way to **raise money** is to **issue** more **shares**. And let's hope that people buy them, because if they don't, we're almost certain to **go bankrupt**.

## Dealing

A coffee percolator distribution company **deals** in shares. Normally they just **trade** – in other words, they buy and sell. But it's not always as simple as that. Sometimes they **go long** – they buy shares and keep them because they think their value will rise. And sometimes they sell shares that they haven't bought yet because they think their value will fall – that's called **going short**. Obviously, it's risky but they can always **hedge** by buying lots of different kinds of shares and hope that if one goes down another will go up.

### *1. Match the words with similar meanings:*

deal	put money	go bankrupt
fail	invest	trade

### *2. Complete the sentences with the verbs:*

- That company is selling shares it hasn't got, it's ... ..
- The man buys and sells shares; it means he just ...
- In order to ... the new equipment we need to ... money.
- This company production is not cost-effective, so it can't ... shares.

### *3. Replace the words in bold with business verbs or verbals:*

- The board of directors solved the problem by **putting money** into the supermarket chain.
- They didn't sell shares when their value was falling, so the firm

### **failed.**

- The retailers **buy and sell** goods and services.
- He thinks he can avoid the risk and **save** his company by splitting it up.

### **SPEAKING**

- Split into pairs or small groups. Say to each other what you know about shareholding. The following questions can be helpful:
  - What it means to be a shareholder?
  - Who are common shareholders?
  - Can employees be shareholders?
  - Who can be shareholders?
  - What are the three types of ownership structures?
  - What are shareholders' rights?

*Note:* If you have some difficulties answering the above questions, search for the explanations on the Internet.

- Make up sentences of your own using the new words and phrases from the Essential Vocabulary.

### **ESSENTIAL VOCABULARY**

finance, *n*

to start a business

the purchase of assets

to generate cash

КОШТИ

cover the running costs

to perform processes with greater quality

to develop and market new products

to enter new markets

to sell products into new markets

the running of business

on a day-to-day basis

фінанси

почати бізнес

придбання активів

генерувати грошові

покрити поточні витрати

діяти більш якісно

розробляти та продавати

нові товари

вийти на нові ринки

продавати продукцію на

нових ринках

ведення бізнесу

щодня

accounting	бухгалтерський облік
bookkeeping	бухгалтерія, рахівництво
balance sheet	балансовий звіт, баланс
to raise money	збирати кошти
to go bankrupt	збанкрутувати
to issue shares	випускати акції
financial records	фінансова документація
statement of cash flows	звіт про рух грошових коштів
accounting equation	балансове рівняння

## UNIT V BUSINESS MANAGEMENT

### VOCABULARY

1. Study the key words and collocations.

to administer business	адмініструвати бізнес
to control the affairs of the org-n	контролювати справи організації
efficiently and effectively	продуктивно і ефективно
goal-oriented	цілеспрямовано
multi-dimensional	багатовимірний
dynamic function	динамічна функція
intangible force	нематеріальна сила
a predetermined objective	заздалегідь визначена мета
to manage operations	керувати операціями
a multi-disciplinary activity	мультидисциплінарна діяльність
interconnected to one another	взаємопов'язані між собою

top level management	керівництво вищого рівня
Board of Directors	рада директорів
Chief Executive Officer (CEO)	виконавчий директор
Chief Financial Officer	фінансовий директор
middle level management	керівництво середнього рівня
lower level management	керівництво нижчого рівня
strategies	основні напрямки діяльності
policies	принципи і правила
corporate ladder	корпоративні щаблі
departmental head	керівник департаменту
division manager	начальник підрозділу /відділу

2. Match the words with their meanings:

- |   |  |
|---|--|
| 1 manage and be responsible for the running of a business, organization, etc. | a) a course or principles of action                  |
| 2 policies  | b) of or involving several dimensions or aspects     |
| 3 board of directors  | c) target-driven                                     |
| 4 strategies  | d) career advancement                                |
| 5 multi-dimensional   | e) administer a business or organisation             |
| 6 to work in a well-organised and competent way                               | f) policy designed to achieve a major or overall aim |

7 goal-oriented	g) interlinked
8 multi-disciplinary	h) non-executive directors
9 corporate ladder	i) efficiently and effectively
10 interconnected (to one another)	j) interdisciplinary

3. Complete these sentences with words and word partnerships from Tasks 1 and 2:

- ... is the administering of an organization, whether it is a business, a not-for-profit organization, or government body.
- ... .., such as members of a board of directors and a chief executive officer set the strategic goals of the organization and make decisions.
- The term "management" may refer to those people who manage an organization i.e., ....
- Branch managers, regional managers, department managers and section managers are ... .. They communicate the strategic goals of senior management to ... .. managers.
- ... .. is a group of people who jointly supervise the activities of an organization such as a business, nonprofit organization, or a government agency.
- The ... .. of a corporation or company typically reports to the board of directors and is charged with maximizing the value of the business.
- Colleges and universities around the world offer bachelor's degrees, graduate degrees, diplomas and certificates in ... .
- ... .. or "front line" managers are usually responsible for controlling and directing regular employees and assigning their tasks.

- All businesses are ... .. that is they are focused on reaching specific objectives and work towards clear and measurable targets.
- Management is considered to be ... because it has three dimensions: management of work, management of people and management of operations.

## READING

- Look at the words and phrases (a) to (i) below. They are key words and phrases in the text on management (Text A).
- Scan for these key words and phrases in Text A and explain how you understand them:
  - (a) definition (b) business environment (c) to achieve objectives
  - (d) continuous process (e) marketing (f) supervision (g) teamwork
  - (h) organisation's performance (i) formulate and implement strategies
- While scanning also find in the text:
  - definition of "management"
  - the main distinctive features of management
  - the management hierarchy that represents the position and rank of executives and managers
- Now read the whole text attentively in order to answer the questions after it.

### **Text A      What is Management?**

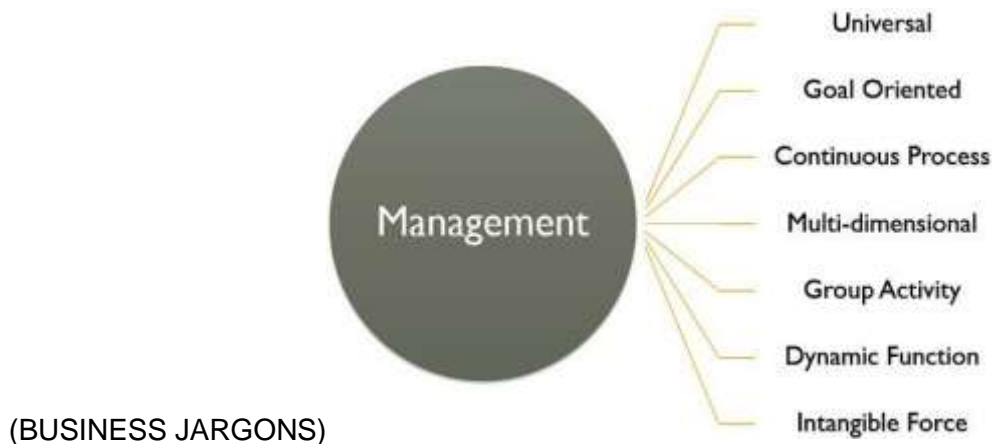
*Definition:* Management can be defined as the process of administering and controlling the affairs of the organization, irrespective of its nature, type, structure and size. It is an act of creating and maintaining such a business environment wherein the members of the organization can work together, and achieve business objectives efficiently and effectively.

Management acts as a guide to a group of people working in the organization and coordinating their efforts, towards the attainment of the common objective.

In other words, it is concerned with optimally using 5M's, i.e. men, machines, material, money and methods and, this is possible only when

there are proper direction, coordination and integration of the processes and activities, to achieve the desired results.

## Characteristics of Management



- **Universal:** All the organizations, whether profit-making or not, require management, for managing their activities. Hence management is universal in nature.
- **Goal-oriented:** Every organization is set up with a predetermined objective and management helps in reaching those goals timely, and smoothly.
- **Continuous process:** It is an ongoing process which tends to persist as long as the organization exists. It is required in every sphere of the organization whether it is production, human resource, finance or marketing.
- **Multi-dimensional:** Management is not confined to the administration of people only, but it also manages work, processes and operations, which makes it a multi-disciplinary activity.
- **Group activity:** An organization consists of various members who have different needs, expectations and beliefs. Every person joins the organization with a different motive, but after becoming a part of the organization they work for achieving the same goal. It requires supervision, teamwork and coordination, and in this way, management comes into the picture.
- **Dynamic function:** An organization exists in a business environment that has various factors like social, political, legal,

technological and economic. A slight change in any of these factors will affect the organization's growth and performance. So, to overcome these changes management formulates strategies and implements them.

- **Intangible force:** Management can neither be seen nor touched but one can feel its existence, in the way the organization functions.

All the functions, activities and processes of the organization are interconnected to one another. And it is the task of the management to bring them together in such a way that they help in reaching the intended result.

### Levels of Management



(HRMP, Human Resource Management Practice)

The three management levels form the management hierarchy, that represents the position and rank of executives and managers in the chart.

1. **Top-Level Management:** This is the highest level in the organizational hierarchy, which includes Board of Directors and Chief Executives. They are responsible for defining the objectives, formulating plans, strategies and policies.
2. **Middle-Level Management:** It is the second and most important level in the corporate ladder, as it creates a link between the top and lower-level management. It includes departmental and division heads and managers who are responsible for implementing and controlling plans and strategies which are formulated by the top executives.
3. **Lower Level Management:** Otherwise called as functional or operational level management. It includes first-line managers, foreman, supervisors. As lower-level management directly interacts with the workers, it plays a crucial role in the organization because it

helps in reducing wastage and idle time of the workers, improving the quality and quantity of output.

1. Answer the questions.

1. What is management?
2. Does the process of administering and controlling depend on the nature, type and structure of organisation?
3. How can business objectives be achieved effectively?
4. What are the main parameters of management?
5. Is the process of management ongoing or intermittent?
6. Explain, why the management process is multi-dimensional.
7. Does the group activity require management? Why?
8. How is the dynamic function of management displayed?
9. How can you explain what the intangible force of management is?
10. What are the management levels?
11. What is the task of management?
12. What are the top level management responsible for?
13. Which level is crucial in the management hierarchy?

2. Match the Ukrainian words and phrases to their English equivalents:

динамічна функція	common objective
начальник відділу	implement plans
продуктивно	policies
відповідати за ...	interconnected
досягти результатів	efficiently
бізнес середовище	dynamic function
взаємопов'язані	be responsible for
контролювати, наглядати	achieve results
принципи і правила	supervise
спільна мета	head of division
втілювати плани	business environment

3. Choose the letter of the underlined word or phrase that is not correct.

1. Management is essence for an organised life and necessary to run all

A

B

types of organisations.

C

2. Whether management is an art or science, will continue be a subject of debate.

A

B

C

3. Practically, all CEO's are university graduates. Hence, the reason for to include business degree programs in all academic institutions.

A

B

C

4. Management is a sets of principles relating to the functions of planning,

A

B

C

organizing, directing and controlling.

5. Application of these principles efficiently and effectively is crucial in to achieve business goals.

A

B

C

6. The concept of management is as old as the human race themselves.

A

B

C

7. A village open market in a tribe or a large department store in a modern city servicing the same needs in a similar fashion.

A

B

C

8. The basic form of management and organizational structure seems to have exist since the beginning of the organized human activity.

A

B

C

9. The Egyptian pyramids, built as early as 3000 BC., require the organised efforts of over 1,00,000 workers.

A

B

C

4. Make the right option to complete the sentence.

1. The modern organisation is very much ... and complex with many technological innovations.

- a. updated
- b. sophisticated
- c. general

2. Management, as ..., is not only an essential element of an organized society but also an integral part of life when we talk about managing our lives.
  - a. a system
  - b. achieved
  - c. a result
  
3. The late President of the United States, John F. Kennedy once said that, the role of management in our society ... .. in human progress.
  - a. are important
  - b. be ignored
  - c. is critical
  
4. A study of various people around the world shows good examples ... organizational structures and organizational evolution over the years.
  - a. in
  - b. over
  - c. of
  
5. For example, let us look at the managerial role of a simple housewife and how she uses the managerial ingredients in ... the home.
  - a. supporting
  - b. managing
  - c. functioning
  
6. She monitors and controls the household budget and ... and other activities.
  - a. expenses
  - b. products
  - c. services
  
7. ... of management in a systematic and scientific way as a distinct body of knowledge is only of recent origin.
  - a. the research
  - b. knowledge
  - c. the study
  
5. Translate into English.

1. Менеджмент має важливе значення для організованого життя і є необхідним для управління всіма видами організацій.
2. Управління життям означає досягнення життєвих цілей.
3. Керівництво створює та підтримує ділове середовище, в якому члени організації можуть співпрацювати і продуктивно й ефективно досягати бізнес-цілей.
4. Усі організації, прибуткові чи неприбуткові, потребують керівництва для управління їхньою діяльністю.
5. Для досягнення спільної мети компанія потребує координації, контролю та нагляду, а також командної роботи.
6. Менеджмент – це не тільки керування людьми, а й управління різними процесами й операціями.
7. Будь-яка компанія чи організація існує в діловому середовищі, в якому функціонують різні соціальні, політичні, правові, технологічні й економічні фактори.
8. Управління – це нематеріальна сила, яку можна відчувати через правильну організацію роботи компанії.
9. Менеджмент нижчого рівня відіграє важливу роль в організації, тому що безпосередньо впливає на підвищення якості та кількості продукції.

## READING AND SPEAKING

- Below are definitions of management developed by different authors. Run through them and say which definition:
  - is the most applicable in your opinion;
  - you like most of all and why.
- Now read the definitions attentively and summarize the main characteristics of management in a short statement. Use the following conversational clichés in order to:

start observation: *as to ...; speaking of ...; with respect to ...; concerning ...; regarding/with regard to ... when it comes to ...; as far as ... is concerned;*

express approval: *there is no (little) doubt that ...; nobody doubts that ...; it is right to say that ...;*

express doubt or disagreement: *it looks unlikely that ..., it's rather questionable if ...; there's doubt as far as this is concerned, this doesn't seem to be so;*

Many management thinkers have defined management in their own ways. Here are some of them:

“... a set of activities directed at the efficient and effective utilization of resources in the pursuit of one or more goals.” (*D.D. van Fleet and T.O. Peterson*)

“...working with human, financial and physical resources to achieve organizational objectives by performing the planning, organizing, leading and controlling functions.” (*L.C. Megginson, D.C. Mosley and P.H. Pietri*)

“Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way.” (*F.W. Taylor*)

“Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals can co-operate towards attainment of the group goals.” (*Harold Koontz*)

“Management is a problem-solving process of effectively achieving organizational objectives through the efficient use of scarce resources in a changing environment.” (*R. Kreitner*)

- In pairs or in small groups make your point regarding management:
  - having a universal nature;
  - as a continuous process that never ends as long as the organisation operates;
  - as a group for business coordination and supervision.
- Below is Text B. Look through the text and say what it is about in one or two sentences.
- Look at the questions [a] to [f], they have words in bold. Scan Text B for these words, read the sentences containing them and then answer the questions:

- [a] What **ability** management require except specialized knowledge?
- [b] How many **functions** of management are identified now?
- [c] Whom do managers discuss the **short-** and **long-term goals** with?
- [d] Can the improvement of **company sales** be the organisation's goal?
- [e] Is **assigning work** the important element of organizing?
- [f] What management function do **motivating** and **communicating** imply?
- [g] What should managers do to work towards **the success of a company**?

- Find in the text the sentence that explains:
  - what the planning function includes;
  - how managers ensure the implementation of all functions.
- Read the text attentively and be ready to do the tasks that follow.

## **Text B      Functions of Management**

While most positions and departments within a business are tasked with specific duties based on particular knowledge, expertise, or company needs, managers can have a broader and more complex set of responsibilities. More than just specialized knowledge, management requires an ability to navigate numerous procedural, structural, and interpersonal challenges in the process of guiding one's team to the completion of various goals.

Originally identified by Henri Fayol as five elements, there are now four commonly accepted functions of management that encompass these necessary skills: planning, organizing, leading, and controlling.

### **Planning**

One main role of a manager is creating a plan to meet company goals and objectives. This involves allocating employee resources and delegating

responsibilities, as well as setting realistic timelines and standards for completion.

Managers deal with planning when they meet with company leadership to discuss short- and long-term goals, and when they communicate the specifics of a new project to their team.

This step involves mapping out exactly how to achieve a particular goal. Say, for example, that the organization's goal is to improve company sales. The manager first needs to decide which steps are necessary to accomplish that goal. These steps may include increasing advertising, inventory, and sales staff. These necessary steps are developed into a plan. When the plan is in place, the manager can follow it to accomplish the goal of improving company sales.

### **Organizing**

Along with planning, a manager's organizational skills can help to ensure a company or departmental unit runs smoothly. From establishing internal processes and structures to knowing which employees or teams are best suited for specific tasks, keeping everyone and everything organized throughout daily operations are important functions of management.

After a plan is in place, a manager needs to organize his or her team and materials according to the plan. Assigning work and granting authority are two important elements of organizing.

Managers also need to be able to reorganize in response to new challenges. For example, it could mean significantly altering a team's internal structure and roles in response to company growth.

### **Leading**

Managers should be comfortable and confident commanding their team members' daily tasks as well as during periods of significant change or challenge. This involves projecting a strong sense of direction and leadership when setting goals and communicating new processes, products and services, or internal policy.

Leadership can manifest itself in a number of ways. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees. Often, managers may function as leaders even during small personal interactions by modeling supportive, encouraging, and motivational qualities.

### **Controlling**

To ensure all of the above functions are working toward the success of a company, managers should consistently monitor employee

performance, quality of work, and the efficiency and reliability of completed projects. Control (and quality control) in management is about making sure the ultimate goals of the business are being adequately met, as well as making any necessary changes when they aren't. Manager needs to continuously check results against goals and take any corrective actions necessary to make sure that his area's plans remain on track.

*Task 1.* Choose the one word or phrase that can complete the sentence.

1. Managers need to have not only specialized knowledge but also a big scope of different \_\_\_\_\_.

- A. results                      B. actions                      C. responsibilities

2. Planning, organizing, leading, and controlling are all the major \_\_\_\_\_ of management.

- A. coordination                      B. plans                      C. functions

3. The plan \_\_\_\_\_ by the manager has to meet the company's goals and objectives.

- A. developed                      B. involved                      C. working

4. The goals, which managers normally \_\_\_\_\_ with the company CEO should be short-termed and long-termed.

- A. break in                      B. discussed                      C. discuss

5. \_\_\_\_\_ is one of the important functions of management.

- A. functioning                      B. entertaining                      C. organizing

6. If the company \_\_\_\_\_, there is an urgent need to start changing its structure as well as the roles of the team members.

- A. has plans                      B. is growing                      C. has performed

7. When there is a challenge, managers may function as \_\_\_\_\_.

- A. leaders                      B. experts                      C. employees

8. Corrective actions and/or changes \_\_\_\_\_ if the business goals are not achieved.

- A. were important                      B. will be                      C. are necessary

9. \_\_\_\_\_ the performance of employees is one of the manager's tasks.  
A. monitoring                      B. to start                      C. challenging
10. The effectiveness of a project \_\_\_\_\_ heavily \_\_\_\_\_ the manager work.  
A. depend on                      B. depends on                      C. dependent on

*Task 2. Say whether these sentences are True, False, Not given:*

1. Manager ensures that the right person is appointed to the right job.
2. The controlling function of management involves a number of steps to be taken to make sure that the performance of the employees is as per the plan.
3. Planning, the first function of management, implies guiding, supervising and motivating the subordinates.
4. Coordination is not the function of management; it is the essence of management.
5. Once the plans are formulated, the next step is to organise the activities of the team and resources.
6. A manager is not only a team leader, but he or she is also a planner, organizer, cheerleader, coach, problem solver, and decision maker - all rolled into one.
7. Managers never communicate the goals and objectives of a new project to their teams.

***FYI:*** In his original work "Administration industrielle et générale; prévoyance, organisation, directing, coordination, controle" (1916), **Henri Fayol** (the French management theorist) identified five primary functions:

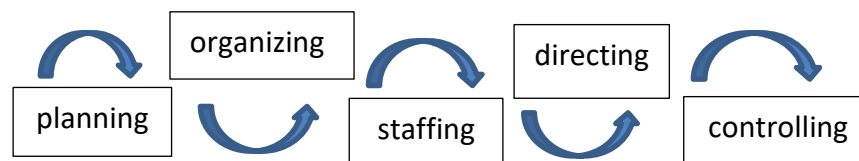
▪Planning    ▪Organizing    ▪Directing    ▪Co-ordinating    ▪Controlling

Lately scholars of management combined the directing and coordinating function into one leading function.

SPEAKING

- View the graphic below. What's the difference in functions of management as suggested by Henri Fayol, and those given in the graph?
- Explain your understanding of the Staffing function. What word is it derived from and why? Share your opinion with the class.

## Functions of Management



- **Staffing:** After a manager discerns his area's needs, he may decide to beef up his staffing by recruiting, selecting, training, and developing employees. A manager in a large organization often works with the company's human resources department to accomplish this goal.
- In his classic book, *The Nature of Managerial Work*, Henry Mintzberg describes a set of ten roles that a manager fulfills. These roles fall into three categories. Study Table 1 and specify the categories the following roles correspond to:
  - These roles involve human interaction.
  - These roles involve the sharing and analyzing of information.
  - These roles involve decision-making.

*Table 1 contains a more in-depth look at each category roles that help managers carry out all functions described earlier.*

- Name the ten roles performed by managers.
- Say what activities each role comprises. Ask each other questions about roles and activities they entail.

**TABLE 1 Mintzberg's Set of Ten Roles**

Category	Role	Activity
Informational	Monitor	Seek and receive information; scan periodicals and reports; maintain personal contact with stakeholders.
	Disseminator	Forward information to organization members via memos, reports, and phone calls.
	Spokesperson	Transmit information to outsiders via reports, memos, and speeches.
Interpersonal	Figurehead	Perform ceremonial and symbolic duties, such as greeting visitors and signing legal documents.
	Leader	Direct and motivate subordinates; counsel and communicate with subordinates.
	Liaison	Maintain information links both inside and outside organization via mail, phone calls, and meetings.
Decisional	Entrepreneur	Initiate improvement projects; identify new ideas and delegate idea responsibility to others.
	Disturbance handler	Take corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environments.
	Resource allocator	Decide who gets resources; prepare budgets; set schedules and determine priorities.
	Negotiator	Represent department during negotiations of union contracts, sales, purchases, and budgets.

## SPEAKING

I Business English Verbs (from *Business English Verbs* by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.)

- Read the excerpt below. Pay attention to the business verbs in **bold**.

### Informing the public

As you know, we're doing everything we can to **publicise** the new products. We're **advertising** them on TV and in the newspapers. A famous

international tennis star is **endorsing** our products, so we've put her name on everything. We've also **sponsored** a number of local sports events, so we know that people will **recognise** our name all over the area.

- Choose the correct verbs in these sentences.

1 The company has publicised/endorsed their new product on the web site.

2 Your PR manager can download/recognise our files from the Internet.

3 Plywood Manufacture Ltd is advertising/sponsoring their products on television.

## ESSENTIAL VOCABULARY

to achieve business objectives	досягти бізнес-цілей
common objective	спільна мета
to manage activities	керувати діяльністю
universal in nature	універсальний за своєю суттю
timely	своєчасно
human resource	людський ресурс
human resource management	управління людськими ресурсами
to formulate strategies	розробляти напрямки діяльності
teamwork	колективна робота
to implement policies	реалізувати принципи і правила
supervise	контролювати; наглядати
commonly accepted functions	загальноновизнані функції
a problem-solving process	процес вирішення проблем
planning	планування
organizing	організація (процес)
leading	управління, керівництво (процес)
controlling	контролювання
staffing	кадрове забезпечення
directing	керування
coordinating	координування
to share information	ділитися/обмінюватися інформацією
to accomplish the goal	досягти мети/виконати задачу
decision-making	ухвалення рішень
team leader	керівник/лідер команди
training	підготовка; навчання
to delegate responsibilities	делегувати обов'язки

## UNIT VI MARKET AND MARKETING

### VOCABULARY

1. Study the key words and collocations.

to engage in an economic transaction	брати участь у господарських операціях
a retail outlet	торгова точка
legal tender	законний платіжний засіб
wholesale market	оптовий ринок
internet-based store	Інтернет-магазин
an auction site	сайт аукціону
to communicate offering	повідомляти про пропозицію
to deliver offerings	надавати пропозиції
to exchange offerings	обмінюватися пропозиціями
a set of processes	сукупність процедур (процесів)
an exchange process	процедура обміну
to satisfy needs and wants	задовольнити потреби та бажання
customer	клієнт, покупець
currency	валюта
products of value	цінні продукти/товари
retail store	роздрібний магазин
advertising	реклама; рекламування
distribution	дистрибуція, розповсюдження
to make extensive use of	широко використовувати
Master-of-Science program	магістерська програма
market research	дослідження ринку (маркетингове дослідження)

market segmentation	розподіл ринку на сегменти, до яких належать покупці з однаковим смаком і поглядами на товари, бренди
market targeting	створення різних стратегій та схем просування товарів згідно зі смаком покупців певних сегментів
pricing and promotion	ціноутворення та просування товару (рекламна кампанія)
inbound marketing	вхідний маркетинг (інтернет-маркетинг)
brand management	управління брендом
copywriting	копірайтинг
needs and demands	потреби і запити (вимоги)
business-to-business marketing	маркетинг відносин «бізнес для бізнесу»
business-to-consumer marketing	маркетинг відносин «бізнес–споживач»

2. Match the words to their meanings:

1 pricing	a) dividing a large unit into various small units
2 distribution	b) a retail store
3 customer	c) money
4 segmentation	d) advertising
5 brand	e) purchaser
6 currency	f) price determination
7 wholesale	g) spreading
8 make us of	h) trademark
9 promotion	i) in bulk
10 a retail outlet	j) take advantage of

3. Complete the sentences with the words in the box:

▪goods ▪transactions ▪market ▪segmentation ▪buyers ▪targeting ▪research
--

- Markets may be represented by physical locations where .... are made.
- Market ... refers to the process of creation of small groups (segments) within a large market.
- ... is the second stage and is done once the markets have been segmented.
- Market ... is the systematic gathering and interpretation of information about individuals or organisations.
- A market is an arrangement between ... and sellers to exchange goods or services for money.
- A black ... refers to an illegal market where transactions occur without the knowledge of the government or other regulatory agencies.
- The market establishes the prices for ... and other services.

Reminder: Skimming implies running through the text with the aim to understand the main idea(s)

- Skim Text A and name the two notions that are in the focus.

Reminder: Scanning is reading quickly for specific information – names, numbers, words or ideas

- Scanning: track the word combinations with the words “market” and “marketing”. Give their Ukrainian equivalents.
- Read the text in detail to complete the tasks after it.

## **Text A      What is a Market and Marketing?**

A market is a place where two parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.

Technically speaking, a market is any place where two or more parties can meet to engage in an economic transaction - even those that don't involve legal tender. A market transaction may involve goods, services, information, currency, or any combination of these that pass from one party to another.

Markets may be represented by physical locations where transactions are made. These include retail stores and other similar businesses that sell individual items to wholesale markets selling goods to other distributors. Or they may be virtual. Internet-based stores and auction sites such as Amazon and eBay are examples of markets where transactions can take place entirely online and the parties involved never connect physically.

The size of a market is determined by the number of buyers and sellers, as well as the amount of money that changes hands each year.

### What is marketing?

Marketing is defined by the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". The term developed from the original meaning which referred literally to going to market with goods for sale. From a sales process engineering perspective, marketing is "a set of processes that are interconnected and interdependent with other functions of a business aimed at achieving customer interest and satisfaction".

Philip Kotler defined marketing as "Satisfying needs and wants through an exchange process" and a decade later defines it as "a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others".

In the past, marketing practice tended to be seen as a creative industry, which included advertising, distribution and selling. However, because the academic study of marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience, the profession is now widely recognized as a science, allowing numerous universities to offer Master-of-Science (MSc) programs.

The process of marketing is that of bringing a product to market, which includes these steps: broad market research; market targeting and market segmentation; determining distribution, pricing and promotion strategies; developing a communications strategy; budgeting; and visioning long-term market development goals. Many parts of the marketing process (e.g. product design, art director, brand management, advertising, inbound marketing, copywriting etc.) involve use of the creative arts.

The 'marketing concept' proposes that to complete its organizational objectives, an organization should anticipate the needs and wants of potential consumers and satisfy them more effectively than its competitors. This concept originated from Adam Smith's book *The Wealth of Nations* but would not become widely used until nearly 200 years later. Marketing and marketing concepts are directly related.

Given the centrality of customer needs, and wants in marketing, a rich understanding of these concepts is essential:

*Needs:* Something necessary for people to live a healthy, stable and safe life. When needs remain unfulfilled, there is a clear adverse outcome: a dysfunction or death. Needs can be objective and physical, such as the need for food, water, and shelter; or subjective and psychological, such as the need to belong to a family or social group and the need for self-esteem.

*Wants:* Something that is desired, wished for or aspired to. Wants are not essential for basic survival and are often shaped by culture or peer-groups.

*Demands:* When needs and wants are backed by the ability to pay, they have the potential to become economic demands.

*Marketing research,* conducted for the purpose of new product development or product improvement, is often concerned with identifying the consumer's unmet needs.

## B2B and B2C Marketing

The two major segments of marketing are business-to-business (B2B) marketing and business-to-consumer (B2C) marketing.

**FYI:** Market research is a broader look at markets, individuals, and organizations while marketing research focuses more on marketing issues like promotion and branding.

1. Answer the questions.

1. Where do individuals and organisations normally exchange goods and services?
2. What is a physical market?
3. What is a virtual market?
4. How can you explain the terminological phrase “market transaction”?
5. What steps does the process of marketing include?
6. Is marketing process a science or industry?
7. What parts of the marketing process require the creative approach?
8. What idea is behind the marketing concept?
9. What is the difference between customer needs, wants and demands?
10. Why is marketing research so important?

2. Match the Ukrainian words and phrases with their English equivalents:

оптовий ринок	potential client
маркетингове дослідження	satisfy the needs
фінансові операції	competitor
розвиток ринку	make use of
бути визнаним	needs and wants
складання бюджету	to achieve customer interest
конкурент	financial transactions
виконувати завдання	marketing research
задовольняти потреби	wholesale market
потенційний клієнт	budgeting
інтернет-маркетинг	deliver the offering
використовувати	market development
довгострокова мета	complete the objectives
потреби та бажання	be recognized

зацікавити покупця

inbound marketing

надати пропозицію

long-term goal

3. Make the correct choice (a, b, c) in order to complete the sentence
1. Marketing is defined as ... for delivering and exchanging offerings.
    - a. a location
    - b. consumers' interests
    - c. processes
  2. Wholesale market is the market for the sale of goods to ... .
    - a. a competitor
    - b. a retailer
    - c. a buyer
  3. Virtual marketing is a term used to describe online ... .
    - a. communication
    - b. development
    - c. advertising
  4. Common formats of virtual marketing ... email and social media marketing, blogs, and other digital formats.
    - a. include
    - b. included
    - c. to include
  5. A business can use a variety of pricing strategies when ... a product or service.
    - a. sold
    - b. selling
    - c. buying
  6. Brand management is a function of marketing that uses techniques ... the perceived value of a product line or brand over time.
    - a. to increase
    - b. to complete
    - c. to research
  7. Online ... include business to business, business to consumer, and consumer to consumer auctions.
    - a. marketing
    - b. goals
    - c. auctions

8. Market ... divides customers and audiences into groups that share similar characteristics such as interests, needs, or location.
  - a. offerings
  - b. segmentation
  - c. promotion
9. Understanding customer needs and demands is important for ... a business.
  - a. expanding
  - b. losing
  - c. ordering

## WRITING

- Look at the terms in the table. Reproduce this table in your gadget and fill in the blank columns.

<b>Term</b>	<b>Definition</b>	<b>Examples</b>
goods		
advertising		
retail		
promotion		
online market		
targeting		

## SPEAKING

- Give the examples of Internet-based stores and auction sites. If needed, browse on the I-net for this information.
- Discuss the benefits and shortcomings of the online market in class.

- Say what “market segmentation” and “market targeting” imply. Exchange opinions with your classmates.
- Below is the excerpt on marketing by Michael Brenner, CEO and Founder of Marketing Insider Group. Run through it and say what marketing is to you. Is marketing limited to advertising? How do you understand “the online and offline marketing”? Which of these two is more popular nowadays and why?

“Let’s face it, to the average business person, marketing equals promotion. Marketing is what you say and how you say it when you want to explain how awesome your product is and why people should buy it. Marketing is an ad. Marketing is a brochure. Marketing is a press release. And more recently, Marketing is a Facebook page or a Twitter account. Marketing, to many business people, is simply selling at a larger scale.”  
*(Michael Brenner in Strategy, 2019)*

- Scan Text B to find the answers to the questions:
  - What is “marketing mix”?
  - Who introduced the concept of marketing mix?
  - What is behind the 4 P’s?
- Track the term “promotion” and find out what activities it includes.
- Look at the questions [a] to [f], they have words in bold. Scan Text B for these words, read the sentences containing them, then answer the questions:
  - [a] What are **the 4 P’s**?
  - [b] Who introduced the concept of the **marketing mix**?
  - [c] What is the foundation of the **marketing plan**?
  - [d] What is **product**?
  - [e] When is the decision on **distribution channels** made?
  - [f] Is the design and layout of the business company webpage one of the **online factors** of promotion?
- Read the text attentively in order to cope with the tasks that follow it.

## Text B

### The Marketing Mix in the Digital Age or The Four P's of Marketing

The 4 P's of Marketing are the four key elements comprising the process of marketing a product or service. They involve the marketing mix, which is a set of tools that a company uses to influence consumers into buying its product. The marketing mix addresses the following factors:

- Understanding the needs or desires of consumers
- Identifying the cause of the failure of the current product offering
- Finding ways to solve the problems and change public perception of the product/service
- Creating distinguishing characteristics to increase competitive advantage
- Understanding how the product interacts with consumers and vice versa

In 1964, Professor Neil Borden from Harvard University introduced the idea of the 4 P's in one of his published articles called "The Concept of the Marketing Mix." He wrote that many companies could use the framework to increase the likelihood of their success when advertising their products.

The marketing mix or the 4 P's of marketing are considered to be the foundation of the marketing plan. They represent the main decisions a company will have to make when marketing its products or services:

**Product** - a product is any good or service that fulfills consumer needs or desires. The type of product impacts its perceived value, which allows companies to price it profitably. It also affects other aspects such as product placement and advertisements. Companies can change the packaging, after-sales service, warranties, and price range, or expand to new markets to meet their objectives.

**Price** - the price of a product directly influences sales volume and, consequently, business profits. Demand, cost, pricing trends among competitors, and government regulations are crucial factors that determine pricing. Price usually reflects the product's perceived value rather than its

real value. This means that pricing can be increased to promote exclusivity or reduced to create access.

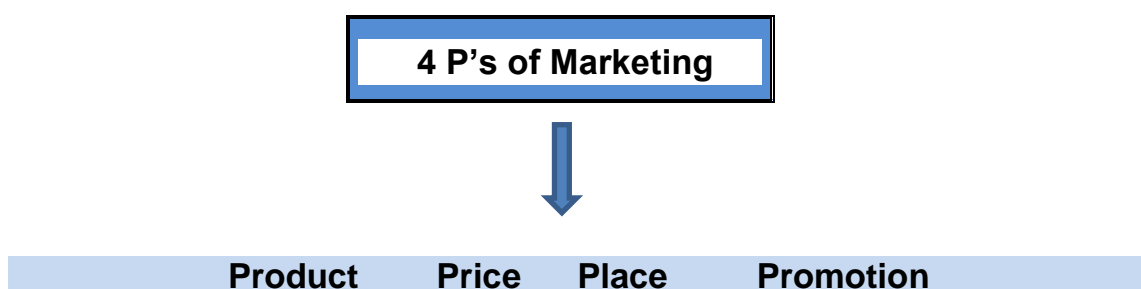
**Place** - place involves choosing the place where products are to be made available for sale. The primary motive of managing trade channels is to ensure that the product is readily available to the customer at the right time and place. It also involves decisions regarding the placing and pricing of wholesale and retail outlets.

Distribution channels such as outsourcing or company transport fleets are decided upon after cost-benefit analysis.

**Promotion** - promotion involves decisions related to advertising, salesforce, direct marketing, public relations, advertising budgets, etc. The primary aim of promotion is to spread awareness about the product and services offered by a company. It helps in persuading consumers to choose a particular product over others in the market. Promotional efforts include the following:

- **Advertising:** *a means of selling a product, service, or idea through communicating a sponsored, non-personal message about the product.*
- **Public relations:** *involves management and control of the flow and matter of information from one's organization to the general public or other institutions.*
- **Marketing strategy:** *involves identifying the right target market and using tools such as advertising to penetrate the said market.*

Promotion also includes online factors such as determining the class of search functions on Google that may trigger corresponding or targeted ads for the product, the design and layout of a company's webpage, or the content posted on social media application such as Twitter or Instagram.



**FYI:** The concept of the 4P's marketing mix was thought up well before the internet became a part of everyday life, but it can be adapted pretty easily to form the basis for developing a marketing strategy in today's digital world. In the digital marketing mix, the 4 P's are the same, though the approach is different. (*Michael Brenner What is Marketing? - Strategy, 2019.*)

Task 1. Choose the one word or phrase that best completes the sentence.

1. The marketing mix can be divided into four groups of tools commonly known ... ..  
A. as part of promotion    B. as the 4 P's    C. of 4 P's
2. The four P's are the product, price, ... and promotion of goods and/or services.  
A. market                    B. analysis                    C. place
3. Developing a new ... requires huge expenses.  
A. product                    B. effort                    C. target
4. To enter the market with a new product the company needs to outline a good marketing ... ..  
A. budget                    B. strategy                    C. time
5. ... is the business or act of making something known to the public, usually through some type of paid media.  
A. management                    B. marketing                    C. advertising
6. Public ... can be defined as the practice of managing communication between an organisation and its publics.  
A. relations                    B. association                    C. promotion
7. Pricing is the act of determining the value of a product or ... ..  
A. service                    B. business                    C. communication
8. Though many advertisers today are focusing on digital marketing and advertising, traditional ... media channels are still important.  
A. outline                    B. offline                    C. online
9. Customers can visit a company's website or social media pages to

... more information about a product or service.

- A. use                      B. gather                      C. bring

10. Magazines always give a specific hashtag for a product launch or contain a call-to-action ... the company's social media profiles.

- A. to visit                      B. to publish                      C. to influence

*Task 2.* Say whether these sentences are True, False, Not given:

1. The price of a product doesn't influence the volume of sales, which results

in the increased business profits.

2. Giving URLs in an offline media campaign can help you track campaign

success.

3. A company promotes the product or service by its advertising.

4. The idea of the marketing mix was introduced by an American professor during his presentation in the Harvard University.

5. Product, price, place and promotion are the four P's that make up the framework to increase the success of the business.

6. To successfully come into the market a company needs to develop a marketing strategy in particular the advertising campaign.

7. The concept of the marketing mix was introduced long before the internet began to play an important role in people's everyday life.

*Task 3.* Here are the descriptions of various types of digital marketing. Match the type name from the list with its corresponding description. Use the Internet resource if necessary.

Social media marketing	Retargeting	Content marketing
Search engine marketing	Influencer marketing	Email marketing

- \_\_\_\_\_ – publishing content in different forms to build brand awareness and the relationships with customers. Examples of this type of marketing include blogs, posts on social media, infographics, and video.

- \_\_\_\_\_ – also known as pay-per-click or PPC. Businesses pay to have a link to their site placed in a prominent position on search engine result pages.
- \_\_\_\_\_ – using social networks like Facebook, Instagram, and Twitter to build relationships with the existing customers and reach a wider audience.
- \_\_\_\_\_ – sending regular email communications to users who have signed up to your list to build relationships and drive sales.
- \_\_\_\_\_ – contacting existing or potential customers after they have already had an interaction with the brand to get them to come back, as for example placing an advert on their Facebook feed.
- \_\_\_\_\_ – using individuals with a high profile and many followers on social network channels to promote company's product or service.

## SPEAKING

- Do you think the online marketing is becoming more popular with the business companies? If so, why? What are the advantages of the online marketing? Exchange your opinions in class.
- Now compare your ideas with the information on types of marketing in the Box below. Can you comment on or add to the topic?

### **Types of Marketing**

Today we distinguish between offline (traditional) and online (digital) marketing methods.

Offline marketing consists of traditional advertising in print, radio, and television marketing, trade shows, fairs, conferences.

Online marketing encompasses content marketing (blogs, posts on social media, infographics, and video), search engine marketing (pay-per-click, PPC), social media marketing (Facebook, Instagram, Twitter), e-mail marketing, retargeting, influencer marketing etc.

Although most businesses use a combination of online and offline marketing methods the online marketing is taking over due to speed, efficiency, smaller costs.

## SPEAKING

I Business English Verbs (from Business English Verbs *by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.*)

- Read the excerpt below. Pay attention to the verbs in **bold**.

### Getting Feedback

We always knew that our new computer game would be a winner. Our market researchers **reported** an excellent response from everyone they interviewed. We also **got** excellent **feedback** from our main market – everyone was positive about it. The game was very well **reviewed** by the top computer games magazines. But sales really **took off** after a popular radio presenter **gave** the game **a plug** – he said some really good things about it on his programme.

- Complete the sentences with business verbs.

1 They ... their product a plug in a TV show last night.

2 A famous racing driver is ... our new range of casual clothes.

3 Sales ... after all the good publicity.

## ESSENTIAL VOCABULARY

marketing

маркетинг

currency

валюта

exchange of goods and services

обмін товарів і послуг

online market

цифровий маркетинг

offline marketing

оф-лайн маркетинг

market transaction

ринкова операція

a retail market

роздрібний ринок

wholesale market

оптовий ринок

parties	тут сторони
goods for sale	товари для продажу
to achieve customer interest	зацікавити клієнта
budgeting	складання бюджету
long-term goals	довгострокові цілі
marketing concept	маркетингова концепція
potential consumer	потенційний споживач
competitor	конкурент
perceived value	відчутна цінність
pricing	ціноутворення
regulations	нормативні акти
cost-benefit analysis	аналіз витрат та вигод
promotion	сприяння продажу
advertising	рекламування
marketing strategy	маркетингова стратегія
public relations, PR	зв'язки з громадськістю
social media	соціальні медіа та мережі

## UNIT VII COMMUNICATION IN BUSINESS

### VOCABULARY

1. Study the key words and collocations.

to communicate with each other	спілкуватися між собою
communication skills	ефективне спілкування
on a daily basis	на щоденній основі
interaction	взаємодія
(to have) in common	(мати) спільне
to convey a message	<i>тут</i> донести думку, ідею
to build relationships	будувати стосунки
to maintain relationships	підтримувати стосунки
body language	мова тіла
listening skills	вміння слухати

to secure a job	забезпечити собі роботу
to get one's point across	донести свою точку зору
to seal a deal	укласти угоду
to miss out on a potential opportunity	втратити потенційну можливість
to ensure	забезпечувати
morale	моральний стан
interpersonal relationships	міжособистісні стосунки
to maintain eye contact	підтримувати зоровий контакт
self-confidence	упевненість у собі
mindful	уважний, пам'ятливий
a positive attitude	позитивне ставлення
awareness	обізнаність

2. Match the words with their meanings:

1 interaction	a) make a bargain
2 self-confidence	b) knowledge or perception of a fact or situation
3 communication	c) convey one's point of view
4 ensure	d) every day
5 seal a deal	e) cooperation
6 awareness	f) person-to-person
7 get one's point across	g) the exchanging of information
8 relationships	h) assuredness
9 interpersonal	i) integrity
10 morale	j) provide
11 on a daily basis	k) links

3. Complete these sentences with word partnerships from Task 1 and 2:

- Effective ... is much more than just exchange of information.
- ... language is a type of a nonverbal communication, which includes gestures, facial expressions, eye movement etc.
- Many successful leaders and entrepreneurs credit their success to effective ... skills.
- These observations were made ... .. basis for at least three weeks.
- Environmental ... has increased dramatically over the past decade.
- Close relationships are sometimes called ... ..
- They were about to ... .. when suddenly it was found out that a mistake had been made in the contract.
- Having high or low ... is seldom related to your actual abilities, and mostly based on the way you think about yourself.
- His qualifications have been recognized by the company owner, who ultimately helped him to ... the managerial job.
- To ... .. means to make somebody know or understand the information you communicate.

## READING

- Scan Text A to pick up the word partnership “effective communication” then answer the question:
  - Whom is effective communication useful for?
- Name the communication skills which help to build interpersonal relationships.
- Read the text attentively to cope with the tasks that come after it.

### **Text A      What is effective communication and why is it necessary?**

As humans, we are drawn to one another and communicate with each other in a variety of capacities. There are several roles that each individual fills on a daily basis, depending on the context of an interaction. What every interaction has in common is the need for clear and effective communication.

Effective communication is about more than just exchanging information. It's about understanding the emotion and intentions behind the information. As well as being able to clearly convey a message, you need to

also listen in a way that gains the full meaning of what's being said and makes the other person feel heard and understood.

There are several elements that are involved in creating and maintaining lasting and genuine relationships through communication, two of which are recognizing body language cues and using effective listening skills. In correctly making use of these elements, one can see an improvement in the quality of social interactions, as well as increased confidence in engaging with others in a social capacity. These benefits can be essential tools in securing a job or building lasting relationships.

Effective communication is a vital tool for any business owner. The success at getting one's point across can be the difference between sealing a deal and missing out on a potential opportunity.

One should be able to clearly explain company policies to customers and clients and answer their questions about your products or services. It is crucial to communicate effectively in negotiations to ensure you achieve your goals. Success in any conversation is likely to be achieved through both parties listening to and understanding each other.

Communication is also important within the business. Effective communication can help to foster a good working relationship between a business owner and the staff, which can in turn improve morale and efficiency.

## Key communication skills

Useful communication skills for building positive interpersonal relationships include:

- active listening
- understanding non-verbal signals
- maintaining eye contact
- assertiveness
- being mindful of people's individual space
- using positive body language
- dealing with different points of view.

Personal awareness skills that help with communication include:

- understanding the benefits of a positive attitude
- awareness of how others perceive you
- self-confidence
- presentation - dressing appropriately for different occasions.

It also helps to consider the circumstances surrounding your communications, such as the situational and cultural context.

1. Answer the questions.

1. Do people communicate with each other on a daily basis?
2. What does every interaction have in common?
3. What is effective communication about?
4. Is it sufficient for effective communication to be able to convey a message clearly?
5. What elements of communication are involved in maintaining positive relationships?
6. How is it possible to improve the quality of social interaction?
7. What tools can be useful in securing a job?
8. Why is it so important to communicate effectively in negotiations?
9. Why is communication so important within the company or organisation?
10. What are personal awareness skills that help to improve communication?

2. Match the Ukrainian words and phrases with their English equivalents:

- |                        |                        |
|------------------------|------------------------|
| навички спілкування    | be mindful of ...      |
| точки зору             | maintain relationships |
| соціальна дієздатність | company policies       |
| пам'ятати про ...      | achieve the goal       |
| навички слухання       | negotiate              |
| робочі стосунки        | points of view         |
| стратегія компанії     | social capacity        |

підтримувати стосунки	listening skills
невербальний сигнал	get one's point across
донести свою точку зору	build positive relationships
вести перемовини	nonverbal cue
досягти мети	communication skills
побудувати позитивні відносини	working relationship

3. Make the correct choice in order to complete the sentence.
- Any conversation can be a success if both ... listen to and understand each other.
    - points
    - parties
    - relations
  - Communication skills are needed for ... positive interpersonal relationships.
    - building
    - understanding
    - negotiating
  - ... communication should reinforce what is being said, not contradict it.
    - verbal
    - nonverbal
    - skilled
  - According to a Forbes article, there are 10 steps to effective ..., one of which is "Don't interrupt and don't impose your solutions".
    - circumstances
    - listening
    - maintaining
  - Social skills are the skills we use to communicate and interact with each other through gestures, ... .. and our personal appearance.
    - body movements
    - body language
    - bodywork
  - Listening is an active process that ... analysis and processing.
    - involves

- b. accepts
  - c. interrupt
7. You learn more about people by asking them the right questions and by ... .. to listen to their answers.
- a. timely answering
  - b. following the time
  - c. taking the time
8. If you are negotiating with a supplier, you should ... the desire for a 'win-win' scenario.
- a. convey
  - b. understand
  - c. suggest
9. Always remember to speak clearly and smile, making ... .. with the person you are speaking to.
- a. a brief description
  - b. eye contact
  - c. a quick handshake
4. Are these sentences right or wrong?
- 1) Types of nonverbal communication include: gestures, body language, using positive language and speaking style.
  - 2) Aggression is usually perceived as hostile or unfriendly behaviour.
  - 3) Using nonverbal communication tools and listening skills one can easily secure a job.
  - 4) To achieve the goal of sealing a deal business owner fosters good working relationships with the staff.
  - 5) Communication can be effective if people attentively listen to and understand each other.
  - 6) Self-confidence is one of the important personal awareness skills to be used for the successful communication.
  - 7) Interpersonal communication is face-to-face communication.
  - 8) Personal appearance should be regarded as part of communication and presentation skills.

## WRITING

- The two main ways to communicate with people are verbal and nonverbal communication. Make yourself aware of both.

- Verbal communication is the use of words to convey a message. The forms of verbal communication are written and oral communication.

- Nonverbal communication is the use of body language to convey a message. Facial expressions, body language (gestures, posture), eye contact, touch, space, voice.

- Based on your understanding fill out the table using the given examples of the two ways of communication: *radio broadcasting; finger pointing; emailing; covering mouth; informal writing; face-to-face conversation; head nod; speech; rolling eyes; texting; clenched fists; smiling; writing formal letters; finger tapping; eye contact; shrugs, standing up.*

*Verbal vs Nonverbal Communication*

<i>Verbal Communication</i>		<i>Nonverbal Communication</i>
<i>Oral Communication</i>	<i>Written Communication</i>	

## SPEAKING

- Look at your filled-out table and say what negative body language cues one should avoid while communicating in business and everyday life, and why.
- Meeting new people, you introduce yourself. You tell people who you are encouraging them to engage with you. Imagine you are involved in some business, introduce yourself to your classmates. Don't forget to say a few words about your role or position, your business (trade,

industry, service), a 'memory hook' (quick ear-catching phrase for people to remember), something about the benefits of the product or service you offer.

## READING

- Scan Text B to find the answers to these questions:
  - What is the purpose of communication network?
  - What patterns of communication networking are most often used?
- Look at the first diagram in the text. What do you think it stands for? Exchange your opinion with the rest of the class.
- Read the text in detail to cope with the tasks that follow it.

### **Text B      Communication Network.** **Types of Communication Network.**

Effective communication is a 2-way information sharing process that helps employees to understand directions, complete tasks and become successful. It provides a vital key to cooperation and productivity.

Communication network is a collection of methods that users employ to pass on valuable information, or in other words, it is a pattern of contacts among the members of organisation and flow of information among them.

Network helps managers to establish contacts in different patterns through communication flows. The network depends upon the magnitude of the organisation, nature of communication channels in the organisation and the number of persons involved in the process.

There can be many patterns or types of communication network. Here are the examples of the most frequently used networks:

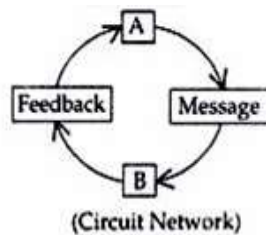
- Vertical Network. It is a formal two-way communication pattern usually employed between the superior and subordinate and vice versa. The immediate feedback to the superior is most common in this type of communication network.

Superior



Subordinate

- Circuit (Circle) network. Following this communication pattern two persons communicate with each other. One sends a message to another. Upon receiving the message, the latter communicates the feedback message to the first one. Therefore, it is called a circuit network. This type is similar to Vertical type of communication though the two interacting persons are not necessarily a superior and a subordinate.

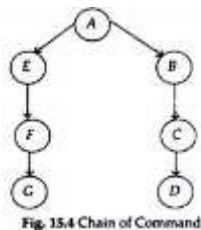


«Коло»

Fig 15.3

(shared by Vicky at YourArticleLibrary resource)

- Chain Network. This communication network follows the organisational hierarchy and chain of command. All the subordinates receive commands or instructions from their manager. 'A' is the superior in the organisational hierarchy, who gives directions and instructions to the rest as shown in the diagram.

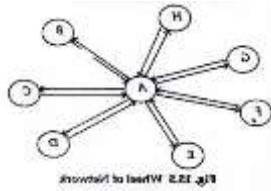


«Ланцюг»  
resource)

Fig. 15.4 Chain of Command

(shared by Vicky at YourArticleLibrary resource)

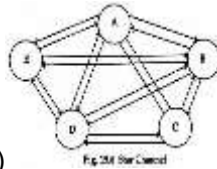
- Wheel Network. Under this pattern of communication each subordinate receives commands or instructions from one superior/manager. This is a highly centralized type of communication network where each subordinate receives commands from a single authority or superior 'A' who expects the immediate feedback.



«Колесо»

(shared by Vicky at YourArticleLibrary resource)

- Star Network (All-Channel Network). Within this pattern of communication network all members of the group communicate with each other and exchange information. This network is a must for the group communication where teamwork is required. This network channel of communication is open to all members of the group. The members communicate with each other without hesitation.



«Зірка» (Багатоканальна)

(shared by Vicky at YourArticleLibrary resource)

The effectiveness of the above networks of communication channels depend upon their users i.e., the managers at all levels, their subordinates and other members of the organisation and above all the seriousness and level of responsibility with which all the employees make use of the facilities provided to them by the organisation to accomplish its objectives.

*Task 1.* Make the right option to complete the sentence:

1. Communication network is the pattern of directions in which information ... in the organisation.  
A. flows    B. show    C. emerging
2. Thanks to different types of communication flows managers set up contacts with their ... .  
A. persons    B. subordinates    C. friends
3. In a ... network, individuals communicate only with the immediate neighbour, not with other members of the organisation.  
A. wheel    B. star    C. circuit
4. The ... communication engages superiors and subordinates.

- A. Vertical            B. Star            C. Circuit
5. Marketing, management, finance, accounting, and other departments all have ... with one another to reach company goals.  
A. to instruct    B. to collaborate    C. to feedback
  6. Statistics reveals that only 27% of employees receive communication ... .  
A. managing            B. training            C. emerging
  7. The Star communication network is very important for the efficient collaboration and ... .  
A. teamwork            B. responsibility            C. accounting
  8. Modern communication ... would enable the employees to keep in touch with each other in real time.  
A. software            B. information            C. motivation
  9. In wheel pattern there is ... at the centre of all communication.  
A. a group            B. a subordinate            C. a leader

*Task 2.* Say whether these sentences are True, False, Not given:

1. Organisational communication is an essential part of the successful management practice of the company.
2. In the All-Channel network an employee has no chance to communicate with the rest of the group.
3. The Chain network is a formal network that follows the strict chain of command pattern.
4. Informal writing often includes colloquialisms and slang.
5. Letters are becoming increasingly rare in the modern world due to the speed and ease of email communication.
6. The flow of information among the company employees including managers and subordinates and the way they contact with each other is called communication network.
7. Formal networks such as Chain and Wheel are limited to task-related communications.

### Task 3. Translate into English:

- Комунікаційні мережі – це методи чи схеми спілкування, які дають можливість членам організації обмінюватися важливою інформацією.
- Є формальні та неформальні комунікаційні мережі.
- Формальний канал комунікації передає інформацію, яка пов'язана з цілями і стратегією організації, а також процесами, які в ній відбуваються.
- До централізованого типу комунікаційних мереж належить мережа «Колесо», де вся інформація проходить через одного лідера (менеджера).
- Неформальна комунікація відбувається (to occur) між співробітниками поза межами комунікаційних мереж, які встановлені в організації.
- Найчастіше в компаніях й організаціях використовують такі комунікаційні мережі, як вертикальна, ланцюгова, колесо, кільцева, а також багатоканальна.

### SPEAKING

- Summarize all you know about the different types of communication networks in a short presentation. To this end look for some additional information on the Internet.
  
- Points for discussion in group:
  - Effective communication within the company is the necessary requirement for the successful teamwork.
  - Which in your opinion is the best communication network type to ensure the efficient management within the organisation? Why?

### WRITING

- Put together the list of centralized and decentralized communication networks.

## SPEAKING

I Business English Verbs (from Business English Verbs by David Evans / Penguin Quick Guides Series Editors: Andy Hopkins and Jocelyn Potter/ Penguin English – Pearson Education Limited, 2000.)

- Read the pieces below. Pay attention to the business verbs in **bold**.

### Research and Development (R&D)

The process of **developing** a new product from an idea on a piece of paper to the finished item on a supermarket shelf can take many years. Our scientists are always **experimenting** with different combinations of materials and our marketing team is always **researching** possible gaps in the market. When they have found a new product and believe that there is a market for it, we **pilot** the product by testing it in a small part of the market and **monitoring** people's reactions to it. If we get a good response, we then **design** some attractive packaging and start to sell the new product around the world.

### Quality

We **control** our production process very carefully. Nothing leaves this factory until it has been **inspected** by a team of top scientists. They **check** to make sure that there are no defects in any of the products. If they find something wrong, the product has to be **reworked**. We **remove** the defective part and we **replace** it with a new one. Then our scientists check it again. If they find a problem this time, the product cannot be sold and is simply thrown away. Quality is very important to us.

- Match the words with similar meanings.  
 develop    inspect    monitor    change    take off  
 checkdesign    research    rework    explore

control      remove      replace      remake

- Replace the phrases in bold with business verbs.
1. Scientists normally do a lot of **different procedures** to find a new medicine.
  2. They have been permanently **testing and analyzing** the programme to check its efficiency.
  3. The manager insisted that his subordinates should **make changes to** the original version of the estimate.

## ESSENTIAL VOCABULARY

communication network	комунікаційна мережа
pattern	структура, схема, модель
effective communication	ефективна комунікація
information exchange	обмін інформацією
intention	намір
social capacity	соціальна дієздатність
benefits	переваги
negotiations	перемовини
to foster relationships	сприяти розвитку стосунків
business owner	власник бізнесу
staff	персонал, штат
key skills	основні навички
interpersonal relationships	міжособистісні стосунки
non-verbal signal	невербальний сигнал
assertiveness	напористість
be mindful of ...	пам'ятати про ...
situational and cultural context	ситуативний і культурний контекст
direction(s)	напрямок(-и)
complete the task(s)	виконати завдання
to engage with ...	займатися, брати участь у ...
to pass information	передавати інформацію
information flow	інформаційний потік
subordinate	підлеглий

superior	начальник
vice versa	навпаки
diagram	графік, схема, діаграма
chain of command	система/ланцюжок підпорядкування

## SUPPLEMENT

### READING AND SPEAKING

- Run through the text on business etiquette. Say what issues from the list below are under discussion:
  - Violation of etiquette considered as an offence.
  - Behaviour contrary to business etiquette won't help your career.
  - What is business etiquette.
  - The better communication, the stronger professional relationships.
  - Basic principles of business etiquette beyond the country behaviour rules.
  - Thoughtless words and actions leading to a negative outcome.
- Read aloud those sentences to underpin your opinion.
- Read the text in detail.

### BUSINESS ETIQUETTE

Business etiquette is a set of rules or manners that is important in all business dealings. Business etiquette is required because it improves communication within and beyond the professional community. Creating a mutually respectful atmosphere in the company makes people feel better about their jobs and helps to establish better customer relationships as well. Business etiquette can be somewhat formal than personal etiquette. Basic business etiquette is essential if you want to acquire a good reputation and pursue a career in business. Employees in management and higher executive positions should remember to set a good example for other employees in the business company or organisation.

Business etiquette is about building strong professional relationships, or to put it simply, building relationships with other people, which is possible only through better communication.

Nowadays social media etiquette becomes a crucial part of business as social media communication platforms such as Facebook or LinkedIn are evolving rapidly day by day.

Basic business etiquette varies from region to region and from country to country, still there are some key principles and rules that are deemed to be universal regardless of time or geography:

- arrive on time
- dress appropriately for work
- speak kindly of others
- avoid gossip or eavesdropping
- show interest in others
- don't interrupt others
- mind your mouth
- introduce yourself and others
- consume food and drink correctly.

1. Answer the questions.

1. What is business etiquette?
2. Why is it required?
3. What is business etiquette needed for in the company or organisation?
4. Is communication important for doing business?
5. Why is social media etiquette becoming so important today?
6. What are the basics of business etiquette common to all despite the country or region?

2. Considering others' needs and feelings *first* leads to good manners and

common courtesy, which help to improve your business etiquette. Here are the examples of courteous behavior. Fill in the gaps in the given sentences using the words in the box:

emails	write	respect	contact
avoiding	courteous	on time	smile

- 1) When you meet someone new, ... and offer a firm handshake.
  - 2) When appropriate you ... thank-you notes and letters of appreciation to the company partners and clients.
  - 3) In business, people speak ... slang and curse words.
  - 4) Being ... for a meeting is one of the business etiquette basics.
  - 5) One should respond to the ... and voice mails within the specified time period.
  - 6) The main principle of business etiquette is to be always ... to your colleagues and clients.
  - 7) Treating people with ... is basic etiquette in both business and social communication.
  - 8) It is courteous to keep an eye ... with the person you are talking to.
3. Electronic communication has added to the business etiquette principles. Using electronic communication, one should distinguish telephone etiquette, mobile phone etiquette, email etiquette. Sort out from the list the examples of electronic communication behaviour and insert them into the appropriate column of the table.
- take messages and deliver them properly to the correct person;
  - include a subject line;
  - keep your message brief;
  - speak clearly and distinctly;
  - transfer the call to the correct colleague or manager;
  - turn off your phone during a meeting;
  - use a pleasant tone;
  - don't take a call in the middle of a business meeting;
  - mind your grammar and spelling;
  - never forward junk mail;

telephone etiquette	mobile phone etiquette	email etiquette

4. Based on your filled out table share and explain the allocation of electronic communication rules to your groupmates.

5. Individual behaviour and demeanor can be professional thus aligned with the business etiquette and unprofessional displayed by the inappropriate behaviour. Sort out the examples of professional (in line with business etiquette) and unprofessional behaviour given below. Tell the class what you think is professional and what unprofessional conduct and why.

Professional conduct



.....  
 .....

Unprofessional conduct



.....  
 .....

- 
- doing all the talking
  - being polite and friendly to everyone
  - greeting people by name
  - lack of respect to subordinates
  - engaging in gossiping
  - using “please” and “thank you” when making requests
  - forwarding junk mail
  - following a dress code
  - using a pleasant tone of voice
  - complaining publicly
  - using formal writing style in correspondence
  - observing personal hygiene
  - idle chatting
  - interrupting others
  - keeping your professional word
  - maintaining eye contact
  - using foul language
  - talking badly of colleagues and customers
  - standing straight and naturally
  - listening attentively
  - taking calls at the meeting
  - sending voluminous email messages
  - using correct grammar and spelling

- Discuss the professional behaviour in business using the above information in class. Explain your viewpoint if you disagree with some of your groupmates.
- Summarize what you’ve learnt about business etiquette basics.

## ESSENTIAL VOCABULARY

business etiquette

діловий етикет

business dealings

ділові відносини

business etiquette basics

основи ділового етикету

respectful atmosphere

атмосфера взаємоповаги

formal

формальний, офіційний

acquire a good reputation

набути доброї репутації

pursue a career	продовжувати робити кар'єру
set an example	подавати приклад
social media etiquette	етикет соціальних мереж
evolve	розвиватися
gossip	розпускати плітки
eavesdropping	підслуховування
courtesy	чемність
courteous behaviour	чемна поведінка
take a message	прийняти повідомлення
deliver a message	передати повідомлення
subject line	тема повідомлення
transfer the call	переадресувати дзвінок / виклик
take a call	прийняти дзвінок / виклик
forward an email	переслати електронне повідомлення
maintain eye contact	підтримувати зоровий контакт
voluminous message	розлоге повідомлення

Review

V 1

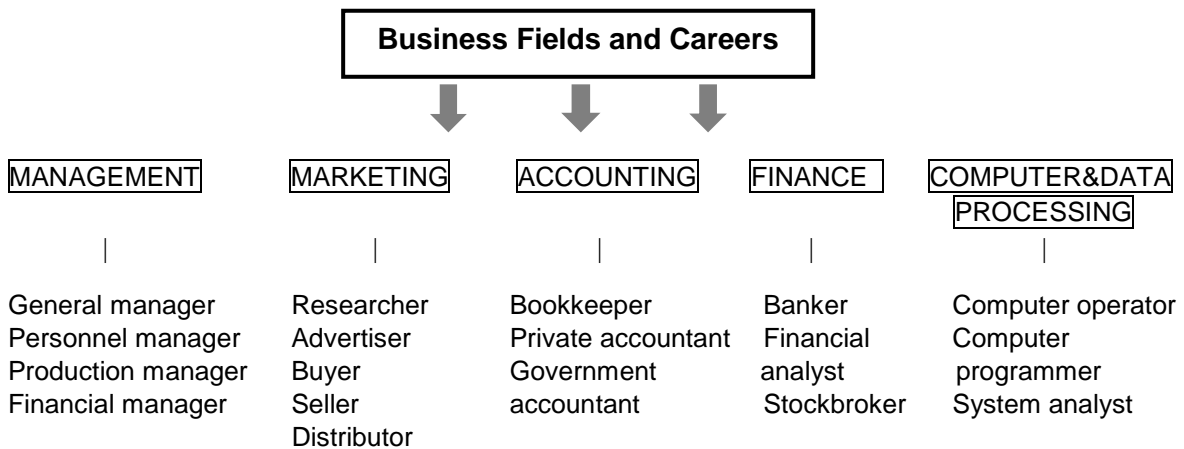
1. Read this information on careers in business. Get ready to discuss it.

**CAREERS IN BUSINESS**

Business is an increasingly important activity throughout the world today. Consequently, the opportunities for a business career have grown in variety and number. There are now five broad fields, or areas, of business that offer exciting careers:

- Management
- Marketing
- Accounting
- Finance
- Computers and data processing

Within each of these fields are specific jobs in which you can specialize. For example, within the field of marketing you can specialize in market research, advertising, buying, selling, or distribution. The figure below shows general career opportunities that are available in the various fields of business.



You may want to ask several questions while choosing a business career. For instance, does the work interest you? Are there opportunities involved, such as salary, chances for advancement, and demand (or need) for the job? Answers to these kinds of questions and careful planning will help you choose a suitable and successful career in business. There are various factors people usually consider when choosing jobs, among them: personal satisfaction, opportunities for advancement, salary, good hours, vacations, geographical location, type of work performed, variety of tasks, etc.

2. Answer the questions related to the above information.

1. What are the five fields of business?
2. Which of these fields interests you the most?
3. What questions should be asked before choosing a business career?
4. What skills do you think a manager should have an aptitude for?
5. What skills should a bookkeeper have an aptitude for?
6. What are the factors people normally consider when choosing jobs?
7. Can planning be helpful in choosing a suitable career?
8. What are possible specializations in the field of marketing?
9. Do you think you have the necessary qualities to make a successful career in business?
10. What jobs and positions are possible in the field of computer science?

3. Match the Ukrainian words and phrases to their English equivalents:

взяти на себе керівництво компанією	good business judgement
припинити постачання	profitable
вдале ділове судження	production problem
прибутковий	president of the company
постачальник	to find replacement for
виробнича проблема	labour costs
працівник	production is up
ціна робітничої сили	experience
знайти заміну на посаду	to take charge of the company
досвід	cut off supply
президент компанії	supplier
виробництво зростає	employee

4. Translate into English.

1. Чи можна тепер зробити успішну кар'єру в бізнесі?
2. Є різні сфери бізнесу, в яких можна зробити кар'єру.
3. Маркетинг означає дослідницьку діяльність і розроблення реклами.
4. Бухгалтерський облік – це важлива складова будь-якого бізнесу.
5. Обробка даних и складання бази даних є завданням програмістів і системних аналітиків.

5. Write a small piece (about 100 words) about the most important factors that in your opinion should be considered while choosing a job. Rank these factors according to their significance. Discuss the ranking you made with those developed by your groupmates.

6. Choose the field of business that interests you most of all. Speak about your ambitions in business and your future job. Share your plans with the group.

## Review

## V 2

1. *Read this information on business operations. Get ready to discuss it.*

**BUSINESS OPERATIONS (1, 2)**

Various businesses, especially large companies and corporations can run efficiently in case they perform certain business operations. Common business operation divisions include (1) production, (2) marketing, (3) finance, and (4) human resource management.

**PRODUCTION.** Production includes those activities involved in conceptualizing, designing, and creating products and services. In last 10-15 years there have been dramatic changes in the way goods are produced. Today, computers help monitor, control, and even perform work. Flexible, high-tech machines can do in minutes what it used to take people hours to accomplish. Another important development has been the trend toward just-in-time inventory. The word inventory refers to the amount of goods a business keeps available for wholesale or retail. In just-in-time inventory, the firm stocks only what it needs for the next day or two. Many businesses rely on fast, global computer communications to allow them to respond quickly to changes in consumer demand. Inventories are thus minimized and businesses can invest more in product research, development, and marketing.

**MARKETING.** Marketing is the process of identifying the goods and services that consumers need and want, and providing those goods and services at the right price, place, and time. Businesses develop marketing strategies by conducting research to determine what products and services potential customers think they would like to be able to purchase. Firms also promote their products and services through such techniques as advertising and personalized sales, which serve to inform potential customers and motivate them to purchase. Firms that market products for which there is always some demand, such as foods and household goods, often advertise if they face competition from other firms marketing similar products. Such products rarely need to be sold face-to-face. On the other hand, firms that market products and services that buyers will want to see, use, or better understand before buying, often rely on personalized sales. Expensive and durable goods - such as automobiles, electronics, or furniture - benefit from personalized sales, as do legal, financial, and accounting services.

2. *Answer the questions related to the above information.*

1. What are common business operations?
2. Can big national and transnational companies do without financial and human resources (HR) divisions?

3. What is production?
4. What is the main dramatic change that has happened in the way goods are produced?
5. How can businesses quickly respond to changes in consumer demand?
6. What is marketing?
7. Why is it important for businesses to conduct research?
8. What is marketing research aimed at?
9. Give examples of marketing techniques.
10. What goods and services benefit from personalized sales? Why?

3. Match the English words and phrases to their Ukrainian equivalents:

production	оптова торгівля
to run a corporation	вкладати кошти в дослідження
customer	визначати товари
services	достатній запас товарів для своєчасного продажу
consumer demand	управляти корпорацією
wholesale	персоналізовані продажі
retail	виробництво
just-in-time inventory	стикатися з конкуренцією
to invest in research	споживчий попит
to identify goods	послуги
personalized sales	замовник, клієнт
to face competition	роздрібна торгівля

4. Translate into English.

1. Сучасні високі технології допомагають виробляти продукцію за декілька хвилин.
2. Для того щоби бути конкурентоспроможною, компанія повинна вкладати кошти в дослідження і рекламу.
3. Фінансові та бухгалтерські послуги зазвичай надаються на умовах персоналізованої продажі.
4. Практика наявності на складі невеликого запасу товарів дає змогу більше інвестувати в дослідження і розвиток.
5. Менеджер з виробництва запропонував збільшити випуск продукції.

5. Think of the role of market research in doing business successfully. Should a company develop its own marketing strategy? What for? What does marketing strategy encompass? Write a short essay (up to 100 words) covering these issues.

6. There is an observation that some people live to work, and others work to live. Speak out on these approaches. Do you think the difference lie in the employment conditions? Share your opinion with your groupmates.

## Review

## V 3

1. Read this information on business operations. Get ready to discuss it.

**BUSINESS OPERATIONS (3, 4)**

Business is an organized approach to providing customers with the goods and services they want. The word business also refers to an organization that provides these goods and services. Most businesses seek to make a profit, that is they aim to achieve revenues that exceed the costs of operating the business.

Various businesses, especially large companies and corporations can run efficiently in case they perform certain business operations. Common business operation divisions include (1) production, (2) marketing, (3) finance, and (4) human resource management.

**FINANCE.** Finance involves the management of money. All businesses must have enough capital on hand to pay their bills, and for-profit businesses seek extra capital to expand their operations. In some cases, they raise long-term capital by selling ownership in the company. Other common financial activities include granting, monitoring, and collecting on credit or loans and ensuring that customers pay bills on time. The financial division of any business must also establish a good working relationship with a bank. This is particularly important when a business wants to obtain a loan.

**HUMAN RESOURCE MANAGEMENT.** Businesses rely on effective human resource management (HRM) to ensure that they hire and keep good employees and that they are able to respond to conflicts between workers and management. HRM specialists initially determine the number and type of employees that a business will need over its first few years of operation. They are then responsible for recruiting new employees to replace those who leave and for filling newly created positions. A business's HRM division also trains or arranges for the training of its staff to encourage worker productivity, efficiency, and satisfaction, and to promote the overall success of the business. Finally, human resource managers create workers' compensation plans and benefit packages for employees.

2. Answer the questions related to the above information.

1. What does the word 'business' mean?
2. What is the objective of business organizations?
3. Can revenues exceed the costs of business operations?
4. What stands behind the word 'finance'?
5. How can business expand its operations to gain better profit?
6. Where do businesses normally obtain loans?
7. Why is the effective human resources division so important for a solid business company?

8. When do human resource management decide on the number and type of employees required for the business company?
9. Why is it important to have trainings for the company staff?
10. What are the main responsibilities of the HR division?

3. Match the English words and phrases to their Ukrainian equivalents:

to make profit	доходи
to provide services	залучати капітал
revenues	набір персоналу
human resources	володіння
for-profit business	пільговий пакет
to raise capital	найняти працівника
ownership	отримувати прибуток
recruitment	надавати послуги
to hire employee	людські ресурси
benefit package	прибутковий бізнес

4. Translate into English.

1. Він має необхідні риси для того, щоби розпочати успішний бізнес.
2. Звичайно гроші є головним мотиватором, і всі хочуть отримувати гідну зарплатню.
3. Більшість бізнесів намагаються отримувати прибуток, тобто їхня мета - досягти доходів, які б перевищували витрати на ведення бізнесу.
4. Відділ людських ресурсів відповідає за прийняття на роботу добрих спеціалістів, а також врегульовує відносини між робітниками та менеджментом.
5. Фінансова діяльність у широкому розумінні означає управління грошима.

5. Write a short essay (up to 100 words) about how you see your future profession. Are you interested in a well-paid job? Would you give preference to interesting job or well-paid job? Would you like to travel a lot or rather spend all the working hours in office or on the site? Are you seeking for prestigious work? Share your approach to the future job with your classmates.

6. Discuss with the class the possibilities to set up one's own business in Ukraine. What essential skills and personal traits are needed in your opinion for running business? Are different pressures and strains part of entrepreneurship? Is it helpful to have some professional training to start business?

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Навчальне видання

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# **BUSINESS ENGLISH FOR THE FUTURE PROFESSIONALS**

**Ділова англійська мова для майбутніх фахівців**

Навчальний посібник

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