

Тема1. 1. Phonetics. 2. Communicative. Grammar 3. Vocabulary 4. Listening
5. Reading 6. Speaking 7. Writing

Your vocabulary

Economy

- a system according to which the money, industry, and trade of a country or region are organized.

- a country's economy is the wealth that it gets from business and industry.

- careful spending or the use of things in order to save money.

- large-size packages of goods which are cheaper than the normal sized packages on sale.

Economic

- concerned with economics and with the organization of the money, industry, and trade of a country, region, or social group.

- relating to services, businesses, etc. that produce a profit.

Economical

- something that is economical does not require a lot of money to operate.

- using the minimum amount of time, effort, language, etc. that is necessary.

Economics

- the study of the production of wealth and the consumption of goods and services in a society, and the organization of its money, industry, and trade.

Economist

- an expert or student of economics.

Economize

- save money by spending it very carefully and not buying expensive things.

Economic Institution

- a physical or mental structure that significantly influences economic decisions

Economic policy

– an action (or inaction) taken, usually by government, to influence economic events.

Economic model

– simplified representation of reality.

Positive Economics

– the study of what is, and how the economy works.

Normative Economics

– the study of how the economy should be, from society's standpoint.

Ex. 1. To show that you understand the words given above, choose the best word to complete the following sentences. Add noun, verb or adverb endings if necessary.

1. Home ... is a subject studied at school and college in which students are taught how to run a house well and efficiently.

2. New England's ... is still largely based on manufacturing.

3. All Western ... are competing against each other.

4. These businesses contribute hundreds of millions of pounds to the ... of the country.

5. I switched off the lights as an ... measure.

6. If you make ..., you take action in order to save money, by not spending it on unnecessary things.

7. You'll have to travel ... class.

8. Buy our new ... packs of 100.

9. If you are really going to buy a car, we'll have to ... on other things.

10. In his works he explains the ideas of the great English ... J.M. Keynes.

11. She thought of herself as an ... wife.

12. This system was extremely ... because it ran on half-price electricity.

13. What has gone wrong with the ... system during the last ten years?

14. The book is very ... written, but very warm.

15. ... is the oldest of social sciences.

Ex.2. Look at the following derivatives. Use your knowledge of English and logical reasoning to explain the meaning of each word below. System, systematic, systematically, systematize, systemic

Use these words in the following sentences.

1. The police made a search of the building.
2. You need some ... in your work if you want to succeed.
3. I wish they'd organize themselves more
4. ... insecticides spread all through a plant and kill any insects that feed on it.
5. This method helps ... the information received.

Ex.3. Add appropriate words where there are blanks in the sentences below and you'll get the definitions of the words in bold. Some words can be used in their different meanings.

imply, convey, standpoint, overall, range, scarce, free, available, utility, rate, output, environment, artifact, discretion

1. The ... is the total set of outside forces surrounding and shaping the behaviour of the organization and its members.

2. To ... information, ideas, feelings, etc. means to cause them to be known or understood by someone.

3. Someone or something that is ... is not restricted, controlled by rules, customs, or other people.

4. An ... is an object that is made by a person.

5. The ... of something is the total area or extent within which it can operate effectively, and beyond which it is no longer effective.

6. If something is ..., there is not very much of it, and there may be enough for those who want or need it.

7. If something is ..., you can have it or use it without paying for it.

8. If you ... people or things, you arrange them in a line or in lines.

9. If you ... that something is the case, you suggest that it is the case without actually saying so.

10.The ... at which something happens is the speed at which it happens over a period of time.

11.The ... of something is how useful and practical it is.

12.... is used to describe a situation in general, including everything but not considering the details.

13.The ... of taxation is the level of it.

14.If something is ..., you are able to use it or obtain it.

15.A ... is an important service such as water, electricity, or gas provided for everyone.

16.If you ... something highly, you consider that it is important.

17.Someone who is ... is not busy and is therefore free for you to talk to.

18.A ... is a particular way of looking at or thinking about an event, situation, or idea.

19.Someone's ... is the amount of something that they make or produce.

20.... is the quality of behaving in a quiet and controlled way without drawing attention to yourself or giving away personal or private information.

Ex.4. Give synonyms to the following words. Be ready to give your own examples to show the difference in their meanings.

Affect, effect, aggregate, change, demand, allocate, borrow, income, seek, require, fair, refer to, scarcity, ultimate, restrict.

Ex.5. Give the opposite meaning to each word. Make up your own sentence with each word.

Push, appear, diverse, lend, facilitate, available, output, fair, increase, completely, complicate.

Ex.6. Consult the dictionary and find the root words to the following:

Help, participate, contribute, allocate, mean, equitable, prevent, assemble, perform,

imply, consider, scarce, benefit, value, societal, vary, certainly, compete.

Ex.7. Make the following words negative.

Regard, responsible, desirable, respective, checked, doubt, certainty.

Ex. 8. Read the following definitions. Can you guess the word they all refer to?

1. A company or a business.
2. Something new, difficult, or important that you do or try to do.
3. A system of business, especially one in a particular country.
4. The ability to think of new and effective things to do, together with an eagerness to do them

(You can find the word in text 1, paragraph 1).

Now check your understanding. Insert the missing words. Translate the sentences into Russian.

1. He said he had doubts about the whole
2. This has done much to damage national
3. They are known to be the men of ..., energy, and ambition.
4. I admire their ... in trying to start up a new business.
5. This company is one of the largest ... of this kind.

Ex.9. Study the following words and word-combinations. What are their Russian equivalents? to aim at, to arrange (for), game plan, to go ahead, a means to an end, on purpose, to set up, to tackle, to take action (on), to take steps, to take the initiative.

Translate the following sentences into Russian.

1. Our products are aimed at working mothers.
2. Let's arrange for a meeting now. How about Friday, nine o'clock, your office?
3. OK, so we have arranged for finance and now we can go ahead with marketing.
4. The game plan for this morning's meeting is to finish ordinary business in the first half hour, then take time out for coffee, so that, in the second half, we can zero in on the all-important question of new product development.
5. We use special offers in order to attract bigger orders – in other words, as a means to an end.

6. We have to reduce our overhead expenses. This will lead to job losses in some departments – an unpleasant fact, I'm afraid, but the end justifies the means.

7. Although everyone has to be at the meeting on time, the chairman will be a few minutes late, as usual, He does this on purpose, just to let everyone know who's who in charge.

8. The company was set up ten years ago.

9. The government is doing all it can do to tackle the problems of housing and unemployment.

10. We need to take firm action, now, on the reduction in our market share – before matters get worse.

11. In the course of the next day or so, we shall be taking steps to put our plans into action.

12. For this job, we're looking for someone with a go-ahead attitude, a self-starter, someone who's prepared to take and maintain the initiative.

Ex.10. What do the following words have in common and what do they differ in?

Matter, problem, dilemma, trouble, alternative, predicament, difficulty.

Ex.11. Translate into Russian in written form.

In 1776, the Scottish professor of philosophy, Adam Smith, published *The Wealth of Nations*. In this book, the first systematic study of capitalism, Smith described his principle of the “invisible hand”. This principle states that each person, pursuing his or her self-interest without interference by government, will be led, as if by an invisible hand, to achieve the best good for society.

Self-interest drives people to action, but alone it is not enough. People must understand the effects of their decision and their economic well-being. They must think rationally if they are to make the right decisions.

Because of this, economists long ago introduced the concept of economic man.

This notion holds that each person is motivated by economic forces. In other words, each person will always attempt to obtain the greatest amount of

satisfaction for the least amount of sacrifice or cost. This satisfaction may take the form of greater profits for a businessperson, higher wages or more leisure time for a worker, and greater pleasure from goods purchased for a consumer.

Of course, these assumptions are not entirely realistic. People may be motivated by forces other than self-interest. Nevertheless, the idea of economic man does deserve as a reasonable approximation of the prevailing pattern of economic behaviour in a capitalistic society. And in economics, as in other social sciences, reasonable approximations are often the best that can be made.

LET'S READ AND TALK

1. What is meant by the word «system»? How do you understand it?
2. What systems do you know? Give your examples.
3. To what systems do you belong?

TEXT 1

WHAT IS SYSTEM?

Everybody is familiar with the word system and uses it in everyday language. We speak of heating systems, communication systems, economic systems, and transportation systems. We talk of cultural and social systems. The word system is used because it conveys the idea that these things are made up of parts and that the parts somehow interact with each other for some purpose or reason. A system is an organized or complex whole – an assemblage or combination of things or parts performing as a

complex or unitary whole.

This definition implies several ideas. First is the concept of interdependency. If a change occurs in one part or set of parts, it affects all other parts of the system. This affect on each part may be direct or indirect.

A second implication of the definition of a system is the concept of wholism. This means that the system should be considered as a functioning whole. Changes in parts of the system and in the functioning of elements of the system should be considered from the standpoint of the system's overall performance.

A third concept implied by the definition is synergism. This refers to the interactive effect of the parts of the system working together. The actual interaction of the parts creates an effect which is greater than the effect of the parts acting separately.

We've started our work with this small text about a system because we want you to bear in mind and apply the systematic approach to everything you see, hear, read or discuss, for everything in this world belongs to this or that system. While reading the texts pay attention to the economic and business terms. They'll become the basis of your professional vocabulary.

T E X T 2

HISTORY OF ECONOMICS

In the 1500s there were few universities. Those that existed taught religion, Latin, Greek, philosophy, history, and mathematics. No economics. Then came the Enlightenment (about 1700) in which reasoning replaced God as the explanation of why

things were the way they were. Pre-Enlightenment thinkers would answer the question, "Why am I poor?" with, "Because God wills it." Enlightenment scholars looked for a different explanation. "Because of the nature of land ownership" is one answer they found.

Such reasoned explanations required more knowledge of the way things were, and the amount of information expanded so rapidly that it had to be divided or categorized for an individual to have hope of knowing a subject. Soon philosophy was subdivided into science and philosophy. In the 1700s, the sciences were split into natural sciences and social sciences. The amount of knowledge kept increasing, and in the late 1800s and early 1900s social science itself split into subdivisions: economics, political

science, history, geography, sociology, anthropology, and psychology. Many of the insights about how the economic system worked were codified in Adam Smith's *The Wealth of Nations*, written in 1776. Notice that this is before

economics as a subdiscipline developed, and Adam Smith could also be classified as an anthropologist, a sociologist, a political scientist, and a social philosopher.

Throughout the 18th and 19th centuries economists such as Adam Smith, Thomas Malthus, John Stuart Mill, David Ricardo, and Karl Marx were more than economists; they were social philosophers who covered all aspects of social science. These writers were subsequently called Classical economists. Alfred Marshall continued in that classical tradition, and his book, *Principles of Economics*, published in the late 1800s, was written with the other social sciences in evidence. But Marshall also changed the question economists ask; he focused on the questions that could be asked in a graphical supplydemand framework. In doing so he began what is called neo-classical economics. For a while economics got lost in itself, and economists learned little else.

Marshall's analysis was downplayed, and the work of more formal economists of the 1800s (such as Leon Walras, Francis Edgeworth, and Antoine Cournot) was seen as the basis of the science of economics. Economic analysis that focuses only on formal interrelationships is called Walrasian economics.....

1. The text you've read gives a very brief view of the history of Economics. What other names (schools, theories) can you give to continue the story?

TEXT 3

Read the text. Define the main idea of each paragraph.

THE ECONOMIC SYSTEM

There are many forms of economic order, ranging from the mixed private enterprise system to partially or completely controlled economies. Regardless of their form, however, economic system is the system that a society uses for allocation and distribution of scarce resources. Private enterprise means that decisions about what and how much to produce are left to the discretion of owners and managers. In

controlled economies such decisions are the responsibility of some governmental agency.

There is, of course, no economy today that is completely free of governmental influence, nor is this condition necessarily undesirable. There are many beneficial services and

protections available from government. The question then is a matter of degree.

Irrespective of the form of economic order, it performs certain valuable functions in the

life of organizations of all types.

Among the functions of the economic order the most important one is to provide

some means of resource allocation. In a private enterprise this function is basically

performed by the price mechanism. This simply means that demand for and supply of

goods and services interact to set their market price. In the case of regulated utilities,

there are governmental agencies such as public service commissions that determine the

rates that may be charged by utility companies. These rates are set at the level that will allow a fair return on investments made by the companies. This form of regulated monopoly is considered, on balance, preferable to unchecked competition. This is true because of efficiency reasons. In taking actions in the area of employment, government is attempting to control the economy in such a fashion as to help the business community operate at the level of production that will yield full employment.

Without a system of distribution economy simply could not exist. A major part of this distribution system is credit. Economy flourishes on credit or extended methods of payment. Such a system literally affects every link in the distribution chain from the supplier of raw materials to the ultimate consumer. Without this

vital financing function being performed, the economy would doubtless be forced to a lower order of production.

Economic goals for a nation include price stability, full employment, economic growth, and equitable distribution of income. Price stability contributes to the efficient allocation of resources and facilitates long-term planning. Full employment means that jobs are available for those seeking work. Higher standards of living require increased output per person (economic growth per capita). An equitable distribution of income means that the fruits of the economy are divided in a way that seems fair to the majority of the people. With the long-run trend toward a more sophisticated, highly integrated economic system, it is becoming increasingly important for an individual decision maker to be aware of the macroeconomic environment.

1. What is a system?
2. What are three main concepts of a system? What do they imply?
3. What is an economic system?
4. What functions does economic order perform?
5. What do economic goals for a nation usually include?

T E X T 4

Read the text. Make up the plan and retell the text using your plan.

PROLOGUE TO ECONOMICS

There is almost universal agreement that economies are becoming more complex every year and that an understanding of how an economy works is more important than ever before. For someone who is just beginning to study economics, the task indeed appears to be a difficult one. Economics is the study of the way in which mankind organizes itself to solve the basic problem of scarcity. All societies have

more wants than resources, so that a system must be devised to allocate these resources

between competing ends. In a very real sense, the complexity of the economy makes it

difficult to decide exactly where to start. Simultaneously, production is taking place,

goods and services are being allocated, and a great number of market participants are

being motivated by a diverse set of goals. In addition, there is the complex financial

system in which individuals, firms, and governments borrow and lend funds.

Economics is divided into two major branches: macroeconomics and

microeconomics. Macroeconomics is the study of behavior of the economy as

a

whole with emphasis on the factors that determine growth and fluctuations in

output, employment, and the level of prices. Macroeconomics studies broad

economic

events that are largely beyond the control of individual decision makers and

yet affect

nearly all firms, households, and other institutions in the economy. Specialists

in

macroeconomics are particularly interested in understanding those factors that

determine

inflation, unemployment, and growth in the production of goods and services.

Such an

understanding is necessary in order to develop policies that encourage

production and

employment while controlling inflation.

The other major branch of economics is microeconomics. Microeconomics is

the study of behavior of individual units within the economy. The division of

economics has resulted from the growing complexity and sophistication of

economic

research.

These two approaches and the topics they include are in fact interdependent.

Individuals and firms make their decisions in the context of the economic environment,

which has an impact on the constraints the decision makers face as well as their

expectations about the future. At the same time, when taken as a whole, their decisions

determine the condition of the overall economy. A good understanding of economic

events and an ability to forecast them require knowledge of both individual decision

making and the way in which individuals react to changes in the economic environment.

1. Economies are becoming more complex every year. Why?

2. What is the main division of economics?

3. What is macroeconomics «responsible for»?

4. What does microeconomics deal with?

T E X T 5

1. In what context can we use the word environment?

2. What elements of the environment can you mention?

3. Which ones are of the most importance?

Read the text. Be ready to define the key-sentence(s) of each paragraph.

Explain your

choice.

MACRO ENVIRONMENT

Macro environment is the network of systems composed of culture, political and economic forces, technology, skill mixes, and consumer groups; a source of opportunities and constraints for the organization. Once the organization has built its product or defined its service, it must distribute it to consumer client groups who have wants and needs that they attempt to satisfy through the consumption of such products and services.

Every organization exists within an extensive and complex environmental network. Organizational environment refers to all groups, norms, and conditions with which an organization must deal. It includes such things as the political, cultural, economic, religious, educational, and like systems that affect an organization and which in turn affected by it.

Culture, composed of values, norms, artifacts, and accepted behavior patterns, affects the way the organization is formed and how it operates once in existence. Indeed, one must recognize that all of the decisions made in an organization are culture bound; i.e., they are a reflection of all these components of culture. Societal norms are those standards that mold behavior, attitudes, and values of those members who constitute a society. They come from laws, customs, religious teachings, and common practice. They are standards because members take them into account in their decisions and behavior.

Dress, speech, what is considered to be in good taste, and the general understanding of what is right and wrong are all affected by societal norms. At the same time, almost every institution in a society is capable of transfusing some of its values, norms, and behavior patterns into its environment. Organizations can hardly afford to ignore such a vital ingredient in its macro environment.

Political forces are classified as the form and role of government in a society. The source of law and other regulations that restrict or at least affect the organization, the political system also is the source of a rich variety of services for the organization.

These services range from fire and police protection to the provision of recreational areas. When one thinks of the governmental sector, one might be likely to think of its negative connotation and red tape. Although there is an element of restriction originating from the political sector, it is by no means dominant. Even though the presence of the political system has served to complicate management's job, it has also made it easier at the same time. By knowing that all similar organizations must observe

the same rules and regulations, managers can experience an element of certainty in their activity. They know that they have a source of protection and redress when violations do occur.

The political system is coupled with the economic system. The type of economy a society has can range from private enterprise to planned economy. Whatever its form, the economic system is concerned with the allocation of scarce resources and the provision of some form of distribution. It is, in practice, quite difficult to separate the political and economic systems from each other.

The macro environment is also the source of technology—the machines, techniques, and methods required for production and distribution. To be able to compete successfully, organizations must have access to modern technology. It is simply not feasible for an organization to compete unless an adequate level of technology is available to it. It can be safely stated that organization success is measured by the ability of the organization to adjust to and to employ technological innovations. Among their responsibilities, managers today must count the obligation to maintain a spirit of creativity and ingenuity among members so that continued progress on the technological front can be made. The ever-growing shortages of resources of all types are but one indication of the seriousness of this obligation.

Skill mix in the labor force is likewise an important facet of an organization's macro environment. All organizations depend to some extent on a supply of labor that possesses the skill and ability to perform the work necessary to attain objectives. Consequently, labor market conditions and skill mixes are crucial to success.

The consumers are the ultimate arbiters of the organization's success, for it is they who make the critical choices to consume or not to consume an organization's output. Without the income (in whatever form) that results from this consumption, the organization is doomed to a relatively short life. This means that managers must be more aware of and sensitive to the total environmental complex of their organization in order to develop and implement plans for successfully coping with

it. Otherwise, there is little chance for success, for no longer will yesterday's methods based on a placid environment serve in today's turbulent outside world.

1. What is macro environment?

2. Why is macro environment a source of constraints and opportunities for an organization?

3. What is «the most influential element» of the environment?

4. What element can people influence?

T E X T 6

Read the following text. Define its main topic. Divide the text into logical parts. Give the title to the text and to each part. Explain the meanings of the words and phrases which have been highlighted.

The study of economics would be incomplete without an understanding of the nation's role in the world economy. The study of the world economy is known as "international economics". International economics embraces two broad areas of interest: international trade and international finance. World trade has been gaining increasing significance among nations. Why do nations trade? The answer is that nations have different quantities and qualities of economic resources and different ways of combining them. As a result, each country can produce certain goods more efficiently, or at relatively lower costs, than others. This idea can be stated somewhat differently.

Imagine a world consisting of only two countries, each producing the same goods. Under such circumstances, the alternative or opportunity cost to each country of producing more of one good is the amount of the second good that must be sacrificed. In view of this, which of the two goods should the countries produce? The answer is that each should specialize. When two parties engage, the sacrifice that each makes to obtain something from the other is called the "terms of trade". For example, in order to buy a book, you might have had to give up five visits to the movies. Your terms of trade, therefore, are 5 movies = 1 book. The terms of trade for a given transaction equal the number of units of goods that must be given up for one unit of goods received by each party to the transaction. Or in

other words, terms of trade are defined as the ratio of the prices of its export commodity to the price of its import commodity. Despite the fact that trade is of great importance for each nation, all countries impose restrictions of one form or another to protect some of their domestic industries. The restrictions may be of several types: tariffs, import quotas, nontariff barriers. Tariffs are customs duties or taxes imposed by a government on the importation of a good. Tariffs may be (1) specific, in the form of a tax per unit of the commodity, or (2) ad valorem, based on the value of the commodity. Import quotas are laws that limit the number of units of a commodity that may be imported during a specified period. Nontariff barriers are any laws or regulations, other than tariffs, that nations impose in order to restrict imports. For instance, to “protect the health and safety” of their citizens, many countries establish higher standards of quality for various kinds of imported goods than for similar goods produced domestically.

Ex.12. Insert the missing words given below.

Consumption, take account of, manager, state, environment, include, capital, macroeconomics, economy In a simplistic ... in which individuals or families produce primarily for their own ..., economy-wide phenomena are of little importance. On the other hand, the complex financial ... and production process that characterizes an advanced economy in the 1980s requires individual decision makers ... both the current economic environment and forecasts of the economic environment. Decisions that require an understanding of the overall functioning of the economy ... business decisions such as whether firm should sell bonds or stock to raise new ... and individual decisions such as whether to change jobs or purchase a new home. Whether a person «wears the hat» of an entrepreneur, a business ..., or a head of a household, it is important to be aware of the ... of the economy as a whole. Specific factors that determine the advisability of these and other decisions are studied as part of

Ex.13. Add an appropriate preposition to each of the following sentences where indicated.

1. This refers ... the interactive effect of the parts of the system working together.
2. They decorated the house regardless ... cost.
3. Economic forms range ... the mixed private enterprise ... completely controlled economies.
4. Everyone, irrespective ... means or occupation, shall have an equal opportunity.
5. This function is basically performed ... the price mechanism.
6. This simply means that demand ... and supply ... goods and services interact.
7. Gradual change is preferable ... sudden, large-scale change.
8. Such a system affects ... every link in the distribution chain.
9. They have to satisfy their wants and needs ... the consumption of such products and services.
10. It has also made it easier ... the same time.
11. The political system is coupled ... the economic system.
12. Organization must have access .. modern technology.
13. All organizations depend ... supply of labour force.
14. The economic system is concerned ... the allocation of scarce resources.
15. We must try to cope ... our problems.
16. The entrance door gives access ... the living room.

Ex.14. Open the brackets.

The Price System

Who (to tell) workers where (to work) or what occupation to choose? Who (to declare) how many cars should (to produce) and how many homes should (to built)?

Who (to specify) the predominant style of women's dresses or men's suits?

The greater the degree of competition the more these matters (to decide) impersonally and automatically by the price system or the market system. This may (to view) as a system of rewards and penalties. Rewards (to include) profits for firms and people who (to succeed). Penalties (to include) losses, or probably

bankruptcy, for those who (to fail). The price system (to be) fundamental to the traditional concept of market economy.

The price system basically (to operate) on the principle that everything that (to exchange) – every good, every service, and every resource – (to have) its price. In a free market with many buyers and sellers, the prices of these things (to reflect) the quantities that sellers (to make) available and the quantities that buyers (to wish) (to purchase).

Thus, if buyers (to want) (to purchase) more of a certain good than suppliers (to have) available, its price (to rise). This (to encourage) suppliers (to produce) and (to sell) more of it. On the other hand, if buyers (to want) (to purchase) less of a certain good than suppliers (to prepare) (to sell), its price (to fall). This (to encourage) buyers (to purchase) more of it.

This interaction between sellers and buyers in a competitive market, and the resulting changes in prices, (to be) what most people (to refer) to by the familiar phrase “supply and demand”.

1. Read the text once again and answer the following question: “What role does the price system play in the market economy?”

Ex.18. Give the English equivalents to the following.

Приобретает все возрастающее значение; альтернативные издержки; при таких условиях; который должен быть принесен в жертву; постарается быть самодостаточным; тарифы; квоты на импорт; условия торговли; нетарифные барьеры; навязывать ограничения; защитить отечественную промышленность; таможенные пошлины; налог на единицу товара; в определенный период; установить более высокий стандарт качества на товары.

Ex.19. Translate the following sentences into English.

1. Это следует рассматривать с точки зрения действия всей системы.
2. Одна из ее функций – эффективное размещение ресурсов.
3. Рыночная цена – результат взаимодействия спроса и предложения на товары и услуги.
4. Экономика не может существовать без системы распределения.

5. Все решения – это отражение всех компонентов культуры. 6. Когда мы говорим о государственном секторе, мы подразумеваем бюрократический аппарат. 7. Если происходит нарушение закона, они знают, что у них есть защита. 8. Чтобы успешно конкурировать, организация должна иметь доступ к современным технологиям. 9. Все организации зависят от предложения рабочей силы. 10. Руководитель должно четко реагировать на все изменения в деловой среде. 11. В конечном итоге, успех организации определяют потребители.

Ex. 19. Let's review the core concepts of economics. Translate the following into Russian.

1. Economics is the study of how people, individually and collectively, allocate their limited resources to try to satisfy their unlimited wants.

2. Scarcity occurs because human wants exceed the production possible with our limited time and resources.

3. A good is any item or service that satisfies a human want and, in so doing, adds to human happiness.

4. Production entails using technology to apply energy to materials in ways that make the materials more valuable, or that otherwise help satisfy human wants.

5. Labour resources are the physical and mental talents that people can make available for production.

6. Opportunity cost is the value of the best alternative surrendered when a choice is made.

7. Absolute prices are prices in terms of some monetary unit.

8. Relative prices are the prices of goods or resources in terms of each other, and are computed by dividing their absolute prices by one another.

9. Economic efficiency is achieved when we produce the combination of outputs with the highest attainable total value, given our limited resources.

10. Inputs are resources used in the production process, such as labour and raw or semifinished materials.

11. Outputs are transformed materials; the results of production.

12. Demand is the quantity of a specific good that people are willing and able to buy during a specific period, given the choices available.

13. Supply refers to the quantity of a specific good that sellers will provide under alternative conditions during a given period.

14. Market equilibrium occurs at the price-quantity combination where the quantities demanded and supplied are equal.

15. A surplus is the excess of the quantity supplied over quantity demanded when the price is above equilibrium.

16. Gross Domestic Product (GDP) is the total market value of goods and services produced within a country during some period, usually one year.

17. Gross National Product (GNP) is the value of all output produced by resources owned by the citizens of a country.

18. Economic growth is a positive quantitative change in an economic system; occurs when a society acquires greater productive capacity that can be used for consumption or investment.

19. Capital is all physical improvements made to natural resources that facilitate production, including buildings and all machinery and equipment.

20. Wealth is the value of the assets owned by an individual or a group of individuals.

SPEAK AND WRITE

1. Why is it important to view organizations as open systems interacting with their environment?

2. Do you know any closed systems? Give some examples.

3. Give your own examples of the environmental influence on a business / on an individual.

4. Prepare a short report on the biography of a famous economist.

5. What would happen to standards of living in your country if all foreign trade were prohibited? How significant do you think this would be? In what areas would this impact be the strongest?

6. Does everything have a price? Are there some things you would not do regardless of price? Remember: prices and money are not synonyms; prices may be nonmonetary.

7. Summarize the information of the Unit to be ready to speak on Economics. The first step to be done is to write the plan of your future report.

8. Choose any question (problem, topic) relating to Economics and prepare a 5-7 minute report. Refer to different additional sources to make your report instructive, interesting and informative.

Tema 2 . 1. Phonetics. 2. Communicative. Grammar 3. Vocabulary 4. Listening 5. Reading 6. Speaking 7. Writing

BUSINESS ORGANIZATION

The world is a chain, one links another.

Your vocabulary

Business

- work relating to the production, buying, and selling of goods and services;
- an organization which produces and sells goods, or which provides a service;

- important matters that you have to discuss or deal with.

Businessman, Businesswoman

- a person engaged in trade or commerce.

Business cycle - process by which investment, output, and employment in an economy tend to fluctuate

up and down in a regular pattern causing boom and depression, with recession and recovery as intermediate stages.

Organization

- a large group of people that has particular aims.

Organizer

- the person who makes all the arrangements for something and makes sure that happens as planned.

Ex. 1. Study the following words and word combinations and translate the sentences given below into Russian. Consult a good dictionary if necessary.

mean business, none of one's business, go out of business, businesslike, be busy with, have no business to do, be in business, like nobody's business, mind one's own business

1. Mother has busied herself with our affairs for too long.
2. When traveling on business I take my tiny travel kit.
3. Let's get down to business.
4. She had no business to publish his letters to her.
5. 50% of these stores were not in business five years ago.
6. They are working away like nobody's business.
7. Umbrella sellers went out of business.
8. Stop teaching me! It's none of your business.
9. Listen to me! I mean business!
10. The visit to Copenhagen was brisk and businesslike.

Ex 2. The words given below are the synonyms to the word organization. In what do they differ? Give your own definition to each of them.

Institution, council, body, entity, fund, trust, party, club, society, association, league, federation, union.

Ex.3. Match the words listed below with the dictionary definitions which follow.

accountability, effort, pattern, requirement, accomplish, existence, consumer, foster, affect, establish, benefit, involve

1. Create or set it up in a way that is intended to be permanent.
2. Help its development or growth by encouraging people to do or think about it.

3. Something that you must do or possess in order to be allowed to do some other thing.

4. The state of being real, alive, or actual.

5. Energy in the form of thought, action, time, or money that people use in their work.

6. It influences someone or something or causes them to change in some way.

7. Succeed in doing or finishing something.

8. Being responsible for and prepared to justify one's actions.

9. A good result of something.

10. A person who buys things or uses services.

11. A particular, recognizable way in which something is done or organized.

12. To include somebody or something as a necessary part or use them in some way.

Ex.4. Make the following words negative. Use prefixes -un, -in, -mis, -dis, -ir, and so forth.

Human, existence, enable, realized, regard, responsible, careful, systematic, effective, mature, aware, understand, loyal, formal, direct, continuous.

Ex.5. Give the opposites to the following words. Use each of them in your own sentence.

Flexible, voluntary, to share, to adhere to, enjoy, confidential, consensus, versus.

Ex.6. Be sure you know the meaning of the words given below. Give their derivatives.

Existence, accomplishment, benefit, authority, obligation, responsibility, extend, consider, favour, perception, value, equal, assume, conscious.

Ex.7. Give the synonyms to the following words. Make up your own sentences to show the shades in their meaning.

To handle, to accomplish, goal, benefit, coerce, to achieve, to purchase, output, affect, to establish, to enhance, power.

Ex.8. Translate into Russian. Pay attention to the economic and business terms.

1 . Business is the production, buying, and selling of goods and services.

2 . A business, company, or firm is an organization that sells goods or services.

3 . A business is also may be referred to as an enterprise to emphasize its adventurous, risk-taking qualities, and business in general may be referred to as free enterprise and private enterprise.

4 . Large companies are referred to as corporations, especially in the US.

5 . Large companies operating in many countries are multinationals.

6 . An entrepreneur is usually someone who builds up a company from nothing: a start-up company.

7 . The people legally responsible for a company are its board or board of directors.

8 . When a private company is bought by the state and brought into the public sector, it is nationalized.

9 . When the state returns a company to the private sector in a sell-off, it is privatized.

10 . A holding or holding company is one that holds stakes in one or more subsidiaries.

11 . A holding company's relationship to its subsidiaries is that of parent company.

What words and word combinations from ex. 8. do you consider to be economic and business terms? Explain what they mean.

Ex.9. Translate the following text in written form.

The Interdependence of Society and Organizations Modern societies have been called organizational. Unlike so-called primitive societies, modern ones produce most of their goods and services through special-purpose organizations that are, in the main, neither familial nor tribal. Some of the organizations of a modern society are meant to earn a profit and some are "not-for-profit". The organizational

mode of conducting society's affairs means that virtually everyone in modern societies depends mightily upon how well organizations function.

We look to them for goods and services of adequate quantity, quality, and a low enough price. We look to them for jobs to earn the money to buy what we need. We depend upon them for decent and healthful environments on and off the job.

In turn, organizations depend upon the contributed talent and effort of people who work in them. Every organization must obtain these contributions and other resources and convert them into some outputs that yield sufficient rewards to keep the organization alive and functioning. In a word, the relationship of society and organizations is one of interdependence. But what kind of interdependence?

Managerialism (the ideological principle on which the economic, social and political order of advanced industrialized societies is actually based) proclaims that the society is made up of organizations, corporations, associations, and so forth – not individuals. Social decisions are a consequence of the interactions of the managers of the social units – not the will of the people, the demands of consumers, or the needs of workers.

1. Do you share the point of view of the author of the text?

LET'S READ AND TALK

1. Why do people try to «organize» themselves?

2. What formal and informal organizations do you know?

3. “Informal groups develop in order to meet a variety of individual needs which are not met by the formal organization.” Do you share this opinion?

Read the text. Define the main idea of each paragraph. What are the key sentence(s) of each paragraph?

ORGANIZATION

Early in human existence people learned that their individual efforts often fell short of success. They found that they were unable to accomplish many tasks that require more than individual effort. The result was that only limited goals could be

attained. Therefore the necessity of group activity was discovered relatively early in human existence.

Group activity could be aimed at some higher, more complex set of goals and could thus bring greater benefits to all concerned. This quality of group activity must be counted as one of the chief requirements for success. Cooperation is a prime element of a group of people who want to achieve more than they can acting individually. A system of group relationships built upon and fostering cooperation, then, is basically the meaning of an organization.

This system of cooperation consists of several parts: the human element, the physical element, the work element, and the coordination element. All of these elements, taken collectively, can be thought of as an organization. Today, this system of cooperation is much more complex than it was in the first attempts at organization.

Thus, organization is an open, dynamic, purposeful social system of cooperation designed to enhance individual effort aimed at goal accomplishment; consists of the human element, the physical element, the work element, and the coordination element; transforms resources into outputs for users.

It is important to examine the various parts or components of organization theory in order to outline its broad scope. These components are: goals, work, power and authority, delegation, structure.

It was stated earlier that organizations were established to enable an individual to accomplish more in a group than he could as an individual. In other words, organizations are devices for pooling talent and ability into an effective whole that can accomplish some desired objective. Every organization is initially built to accomplish some goal. The goal or purpose is an unrealized state or condition that the members do not possess but which they deem desirable. It is imperative that organizational goals be clearly defined and communicated to all organization members who are to be affected by them. Goals are the starting point for the design and maintenance of the organization itself. At the same time, these

goals must meet a need that society has defined as important. Thus, consumer needs play a crucial role in organization.

Once the goal of an organization is established, it is time for the members to decide on the type of work activity that will be necessary to accomplish these goals.

Basically, any organization must perform two fundamental types of work: primary and secondary. The primary work (it also commonly referred to as line work) consists of production and distribution of goods and services that will satisfy consumer needs. The secondary work (it is often termed staff work) consists of all those activities that support and extend the operations of primary work. For example, in a manufacturing firm, the secondary work would include accounting, personnel and quality control.

No theory of organizations would be complete without a treatment of the roles that power and authority play in organizational activity. These two components of theory help explain the network of relationships that tie the other components of an organization together into some logical pattern.

Power is the ability to influence others successfully. It comes from any single or combination of possible sources. For example, one can have power over others because of one's intelligence, skill, or money. Regardless of its source, power enables its holder to exercise one's will over others. Thus, in order to understand the total workings of an organization, one must have an appreciation of the role that power plays in these workings.

Authority can be defined as power that has been given official recognition by the organization. Once an organization legally authorizes an individual to act on its behalf, that person is said to possess authority. Every member of the organization has some amount of authority to take action necessary to carry out his responsibility. The concern of the theorist is to understand how authority comes to be officially recognized by the organization and what considerations should be made regarding its use.

Organizations that enjoy any measure of success find it necessary to increase their membership and to assign duties to these additional members. The process that is used to add members to the organization will result in the necessity to divide the work of the organization into sub-units or groups. Each of these groups will be under the direction of a manager or managers. In order for these managers to perform their managerial duties properly, they must be granted appropriate responsibility and authority. The means for making these assignments is termed delegation. In general, delegation may be defined as the process of transferring an obligation (responsibility) and an accompanying right (authority) from a superior to a subordinate position in the organization. It is this basic process that enables an organization to grow. Without delegation, an organization simply cannot exist and prosper.

The patterns of work divisions and their hierarchical arrangements constitute the basic components of structure. Structure, then, is the hierarchical pattern of authority, responsibility, and accountability relationships designed to provide coordination of the work of the organization. It is basically a managerial tool that aids in guiding the organization towards its goals and can be considered the skeleton of the organizational body. The idea of hierarchy of authority, the division of organization by function, the differentiation of responsibility of the line (doers) and the staff (the advisors) are all inventions of the church and military leaders who were faced with the need to manage large aggregations of human, technical, and material resources. Organizations create an officially sanctioned structure known as the formal organization or de jure organization.

A formal organization is only half the story, for superimposed on these relationships is a whole series of informal or de facto relationships that are not sanctioned by the organization. These include informal work groupings of employees, informal leaders, informal channels of communication and informal power and status differentials. Usually the structure of an organization is rather permanent and stable but in some cases a temporary, ad hoc, organization may be

created. The organization exists to reach a certain goal or set of goals and disbands once the goal is achieved.

- 1.What did people find early in human existence?
- 2.What is the meaning of the organization?
- 3.What is an organization?
- 4.What are the components of organization theory?
- 5.What role do power and authority play in building every organization?
- 6.What is the starting point for the design of an organization?
- 7.What is delegation and why is it necessary in today's organization?
- 8.Which is more important: formal or informal structure?
- 9.Can you give any example of an ad hoc organization?

T E X T 2

Read the text and be ready to answer what theory you would follow as a manager. Give your reasons.

PEOPLE IN ORGANIZATION

If there is any one characteristic of people which is universally valid and important, it is that they differ. To say that all persons are created equal is a statement of human rights under the law. It communicates nothing at all about human nature. As a matter of fact, people differ greatly in intelligence, aptitudes, physical strength, manual dexterity, knowledge, skill, interests, personality traits, motivation, and many other attributes which potentially influence behavior and productivity.

We are rational—but only to a point. We plan, set goals, think, reason, and live by creeds and values. But we also become frustrated and behave in ways that can be perceived as rational only by someone who understands all our deeply embedded, sometimes conflicting needs, aspirations, and perceptions. In many situations our motivation is unconscious so that not even we understand our own actions.

The fact that one's environment strongly influences behavior is indisputable. A number of prominent psychologists have assumed that human freedom is an illusion.

Human choices are thought to be totally determined. This, of course, is an assumption. Many people do not subjectively perceive themselves in this way. It is significant that behavior and expectations are strongly influenced by what a person believes to be true.

Individuals feel responsible for their actions. Also, people consciously believe that their choices are real, regardless of any awareness of philosophical arguments to the contrary.

Organizations cannot function optimally without these pragmatic assumptions. There are, of course, innumerable statements which one might make about human nature, but they would not all have a direct influence on how people should be dealt with in the work environment. The late Douglas McGregor did an excellent job of conceptualizing some of the assumptions about human nature which are relevant to organizational behavior. He labeled these, Theory X, the classical or traditional view, and

Theory Y, a progressive view upon which he believed a new model for human relations in organizations could be developed.

Theory X. This theory holds that the average person inherently dislikes work, is innately lazy, irresponsible, self-centered, and security oriented, and consequently is indifferent to the needs of the organization. Because of these characteristics, the average person must be threatened, coerced, and controlled. In fact, most people prefer to be directed and controlled. They seek security above all, prefer to avoid responsibility, and both want and need external control in the work situation. Because people are basically cunning and immature, management should experience little difficulty in using a highly directive and manipulative style of supervision.

Theory Y. Experience has shown that Theory X assumptions result in a great deal of difficulty for management although they remain popular with some managers.

McGregor's Theory Y makes the opposite assumptions. People do not inherently dislike work and are not inherently lazy. Rather they have learned to dislike work, to be lazy, and to be irresponsible because of the nature of their work and supervision. They have a high capacity for developing an intrinsic interest in their work, for committing themselves to organizational objectives, and for working productively with a minimum of external controls.

Two points should be made with reference to these theories. First, the Theory X characteristics are said to be inherent or innate. To be such, they would necessarily apply to everyone, which is obviously absurd. On the other hand, under Theory Y, people are said to have the potential or capacity for the responsible behavior and attitudes described. If anyone possesses these qualities, and a great many people do, then everyone has the potential for them. Second, McGregor speaks of assumptions about the average person, and one must ask, «Average on what dimensions?» Are we talking about intelligence? education? experience? Average is a statistical concept. The average person is nonexistent, hypothetical construct. When we make assumptions about the average person, at best we are referring to most people, and in doing so must recognize that there are exceptions.

TEXT 3

Here is one more text about people in organization. Read it and say whether you can take the information seriously. When might you need to give blood for a personality test? The answer to that

question may puzzle you more than the question itself: when you apply for a job. What's more, your blood group could seriously influence your career prospects. Some people believe your blood group hides no secrets. It reveals the "real you" – a person who gets things done, a good salesman, a creative person or a problem-solver – that is why you could be asked to state your blood group when completing a job application form. This growing trend was first used in Japan and

now management consultant firms in other parts of the world have joined in. Someone, somewhere has spent some time working out statistics regarding who's who in the blood group system. The owners of certain group tend to be particularly good or bad at certain tasks. In fact, one major Japanese firm is so well informed about blood groups that the company is quite specific about its needs: "We must have 30per cent of blood group A and 15 per cent of AB, 25 per cent of blood group O, and 30 per cent of blood group B among echelons of our management personnel". Apparently, if you belong to blood group O you get things done and sell the goods. Blood group A are thinkers, while blood group B are highly creative. And if you

got problems, ask the Abs to solve them.

TEXT 4

What is meant by «organizational climate»? Why is it important? What part does an organization's culture play in the daily lives of its members?

Read the text and be ready to discuss each point of cultural values. Can you add any more?

ORGANIZATIONAL CLIMATE

Although the concept of organizational climate is somewhat nebulous, it is valuable in understanding several aspects of organizational behavior. Organizational climate is the overall favourability of member attitudes and perceptions with reference to specific activities and features of an organization.

Organizations tend to have their specific culture: a peculiar mix of values, attitudes, norms, habits, traditions, behaviors and rituals. Some organizations are well aware of their culture and regard it as a powerful strategic tool, used to orient all units and individuals toward common goals, mobilize employee initiative, ensure loyalty, and facilitate communication. They aim at creating a culture of their own and making sure that all employees understand it and adhere to it. The specific cultural values of an organization may concern, for example:

the organization's mission and image (high technologies, innovative spirit, superior quality); seniority and authority (respect for seniority; seniority as a

criterion of authority); the treatment of people (concern for people and their needs, equitable treatment or favouritism, privileges, respect for individual rights, training and developing opportunities, how people are motivated); the importance of different management positions and functions (authority of personnel department; importance of different vice-presidents' positions; respective role and authority of research and development);

work organization and discipline (voluntary versus imposed discipline; punctuality; use of time clocks; flexibility in changing roles at work; use of new forms of work organization); decision making process (who decides; who has to be consulted; individual or collective decision making; need to reach consensus); circulation and sharing of information (employees amply or poorly informed;

information readily shared or not); communication pattern (preference for oral or written communication; rigidity or flexibility in using established channels, use of meetings; who is invited to what meeting; established behaviour in the conduct of meeting); ways of handling the conflicts (desire to avoid conflict; preference for informal or formal ways; involvement of higher management); performance evaluation (confidential or public; by whom carried out; how results are used); socialization patterns (who socializes with whom during and after work; facilities such as separate dining rooms or reserved clubs); management and leadership style (paternalism; authoritative, consultative or

participative style; flexibility and adaptability); identification with the organization (manager and staff adherence to company objectives and policies; enjoying working with organization).

TEXT 5

Read the text and be ready to define: 1. what a business entity is and 2. three main types and forms of business organizations.

TYPES AND FORMS OF BUSINESS ORGANIZATION

A business organization is frequently referred to as a business entity. A business entity is any business organization that exists as an economic unit.

Business entities can be grouped according to the type of business activity they perform.

1. Service companies perform services for a fee. This group includes companies such as accounting firms, law firms, repair shops, and many others.

2. Merchandising companies purchase goods that are ready for sale and sell them to customers. They include such companies as auto dealerships, clothing stores, and supermarkets.

3. Manufacturing companies buy materials, convert them into products, and then sell the products to the companies or to the final customer. Examples are steel mills, auto manufacturers, and so on.

The business entity concept applies to all forms of businesses – single proprietorship, a partnership, and a corporation.

A single (sole) proprietorship is a business owned by an individual and often managed by that same individual. Single proprietors include physicians, lawyers, electricians, and other people who are ‘in business for themselves’. In a single proprietorship, the owner is responsible for all debts of the business. Operating as a proprietorship is the easiest way to get started in a business activity. Other than the possibility of needing a local license, there are not any prerequisites to beginning operations.

A partnership is a business owned by two or more persons associated as partners.

Partnerships are created by an agreement. Included in the agreement are such terms as the initial investment of each partner, the duties of each partner, the means of dividing profits or losses between the partners each year, and the settlement to be made upon the death or withdrawal of a partner. Accountants, attorneys, and other professionals frequently operate their firms as partnerships.

A corporation is a business owned by a few persons or by thousands of persons.

The owners of the corporation are called shareholders or stockholders. They buy shares of stock. If the corporation fails, the owners lose only the amount they

paid for their stock. The personal assets of the owner are protected from the creditors of the corporation. The stockholders do not directly manage the corporation; they elect a board of directors to represent their interests. The board of directors select the president and vice president, who manage the corporation for the stockholders.

T E X T 6

WHY ARE COMPANIES REFERRED TO AS LTD., INC., GMBH, OR S.A.?

An individual, like Henry Ford, might want to begin a small enterprise and personally retain total responsibility and liability, but once it starts to grow, a partnership or a "company"—such as Ford Motor Company—would need to be

formed. The key factor in owning any company is the guarantee called limited liability: the owners of a company never have to pay more than they have invested in the company. Their liabilities are limited. When a company goes bankrupt, the owners can never be required to pay its unpaid bills.

The worst that can happen to investors in a limited liability company is losing their initial investment if the company fails. By limiting the downside risk for shareholders, companies are able to attract equity investors and raise large amounts of funds called equity capital through sales of shares rather than by borrowing money at potentially high interest rates.

The names of companies around the world reflect this guarantee of limited liability. The abbreviations "GmbH" in Germany, "Inc." in the United States, or "Ltd." in most other English-speaking countries indicate that the firm is a limited liability company and investors have nothing more to lose than the money invested in their shares. The "S.A." in French- and Spanish-speaking countries also refers to limited liability by defining shareholders as "anonymous". Since the identity of shareholders can be kept secret, the creditors of a bankrupt company have no right to pursue them for the company's unpaid debts.

Many countries make a clear distinction between public and private companies, with separate designations, such as AG and GmbH in Germany, or Plc

and Ltd. in Britain. Generally, "public" companies are those large enough to have their shares traded on stock exchanges, while smaller unquoted companies are said to be "private," even though their shares can be held by the public at large. In some countries, a large company is said to be privately owned if its shares are not available to the general public. In the United States, where little distinction is between public and private companies, most companies simply bear the title "Incorporated".

1. What do the names of companies around the world reflect?

T E X T 7

JOB SPECIFICATION

An interesting feature of the labour markets is that many organizations do not specify the type of person they require instead they will give the details of a job in a job specification. The Department of Employment has given the following definitions of a job description and job specification:

Job description: a broad statement of the purpose, scope, duties and responsibilities of a particular job.

Job specification: a detailed statement of the physical and mental activities involved in the job. The specification is usually expressed in terms of behaviour: what the worker does, what knowledge he uses in doing it, the judgments he makes and the factors he takes into account when making them.

The great variety of job specifications which exists in business illustrates the range of specification in occupation. The five categories given below do not cover this wide range, but can become a guide to the role of manpower in organization.

1. Unskilled. Many jobs do not require any training or previous experience, for example manual labour or assembly work. These occupations are often highly repetitive and boring, as well as being poorly paid.

2. Mechanical or motor skills. There are some tasks in business which are performed by machines which require an operator. The more complicated the machine, then generally the more the operator must be.

3. Intelligence and knowledge. Occupations which require a high level of motor skill sometimes also demand a high level of intelligence and aptitude. But there are jobs which do not need mechanical skills but make demand on people's knowledge.

4. Administrative or managerial skills. The ability to organize other people is a rare skill. It not only requires knowledge and understanding of the functions within an organization, but also the ability to motivate people. In addition managers must be able to organize nonhuman resources using techniques of forecasting, planning, coordinating and controlling. These are techniques which require judgment as well as knowledge.

5. Decision-making skills and initiative. Decision-making is an everyday occurrence for everyone. We decide what to eat, what to wear, where to go, and so on. Similarly, decisions are part of an organization's everyday activities. The higher one goes up the hierarchy, the more necessary is the skill of decision. The risks which all organizations

face mean that that organizations have to be run by people who have the ability to diagnose and assess the risk, and the capacity to decide on the correct strategy. Business is constantly changing and organizations require people with enterprise and initiative in order to survive.

1. Give your own examples of a trade or profession illustrating each category of the job specification.

TEXT 10

Read the text and be ready to speak about the main types of international business.

Explain the meanings of the words and word combinations which have been highlighted.

TYPES OF INTERNATIONAL BUSINESS

Merchandise exports are goods sent out of a country where as merchandise imports are goods brought in. Since these are tangible goods that visibly leave and enter countries, they are sometimes referred to as visible exports and imports. The

terms exports or imports are used frequently yet in reality the reference is only to the merchandise exports or imports.

Exporting and importing of goods are the major sources of international revenue and expenditure for most countries. Among companies engaged in some form of international business, more are involved in importing and exporting than in any other type of transaction.

Importing and/or exporting is usually but not always, the first type of foreign operations in which a firm gets involved. This is because at an early stage of international involvement these operations usually take the least commitment and least risk of a firm's resources. Exporting or importing are not typically abandoned when firms adopt other international business forms. Although this may sometimes occur, exporting and importing usually continue, either by business with other markets or to complement the new types of business activities.

Service exports and imports refer to international earnings other than those from goods sent to another country. Receipt of these earnings is considered a service export, whereas payment is considered a service import. Services are also referred to as invisibles. International business comprises many different types of services.

Travel, tourism, and transportation. Earnings from transportation and from foreign travel can be an important source of revenue for international airlines, shipping

companies, reservations agencies, and hotels. On a national level, such countries as

Greece and Norway depend heavily on revenue collected from carrying foreign cargo on

their ships. The Bahamas earns much more from foreign tourists than it earns from

exporting merchandise.

Performance of activities abroad. Fees are payments for the performance of

certain activities abroad, such services as banking, insurance, rentals (e.g., the Star Wars film), engineering, and management. Engineering services are often handled through turn-key operations, contracts for the construction of operating facilities that are transferred to the owner when the facilities are ready to begin operations. Fees for management services are often the result of management contracts, arrangements through which one firm provides management personnel to perform general or specialized management functions for another firm.

Use of assets from abroad. Royalties are the payment for use of assets from abroad, such as for trademarks, patents, copyrights, or other expertise under contracts known as licensing agreements. Royalties are also paid for franchising, a way of doing business in which one party (the franchisor) sells an independent party (the franchisee) the use of a trademark that is an essential asset for the franchisee's business. In addition, the franchisor assists on a continuing basis in the operation of the business, such as by providing components, managerial services, or technology.

Firms often move to foreign licensing or franchising after successfully building exports to a market. This move usually involves a greater international commitment than in the early stages of exporting. The greater involvement occurs because the firm commonly has to send technicians to the foreign country to assist the licensee or franchisee in establishing and adapting its production facilities for the new product.

Direct investments. Direct investment takes place when control follows the investment. This can amount to a small percentage of the equity of the company being acquired, perhaps even as little as 10 percent. The ownership of a controlling

interest in a foreign operation is the highest type of commitment to foreign operations in the given country. Direct investment operations may be set up in order to gain access to certain resources or access to a market for the firm's product.

When two or more organizations share in the ownership of a direct investment, the operation is known as a joint venture. In a special type of joint venture, a mixed venture, a government is in partnership with a private company.

The multinational enterprise, or MNE, has a worldwide approach to foreign markets and production and an integrated global philosophy encompassing both domestic and overseas operations. The term multinational corporation, or MNC, is also quite common in the literature of international business. Another term sometimes used interchangeably with MNE, especially by the United Nations, is transnational corporation, or TNC.

Ex.10. Translate the following into English.

Индивидуальные усилия; не достигают успеха; достичь цели; неспособные выполнить; относительно рано; первичный элемент; в своей первой попытке; отвечать потребностям; деятельность, которая поддерживает; сеть отношений; способствовать сотрудничеству; официальное признание; от своего имени; обладать властью; выполнять обязанности; официально признан; необходимость разделить работу; обозначается термином; процесс передачи обязательств; от выше стоящего к подчиненному; не может существовать и процветать; иерархическая организация; составляют основные компоненты; управленческий инструмент; разделение по функциям; которые сталкивались с необходимостью; большие скопления ресурсов.

Ex.11. Add an appropriate preposition to each of the following sentences where indicated.

Organizational controls

An organization can best achieve its objectives when its members require a minimum ... supervision because they are competent and goal-oriented. Nevertheless, even ... optimal conditions of individual commitment and self-control, organizations need formal controls. The control function of organizations consists ... the following:

1. Establishing standards ... which all aspects of organizational life are evaluated. Most organizations have formal standards relating ... spending, production, sales, product quality, safety, inventory, personnel selection, acceptable employee behavior, and so forth.

2. Establishing feedback system by which actual performance is compared ... predetermined standards.

These are best exemplified ... management reports which show, often ... a daily basis, expected and actual performance.

3. Taking appropriate action to ensure that substandard performance is improved and that standards will be met ... the future.

It is common practice to refer ... the standards and feedback systems as controls

although it should be obvious that they serve a control function only if managerial action

is involved. They are not a substitute ... supervision, but they minimize requirements for personal supervision.

Read the text once again and answer the following question: What are the control functions of organization?

Ex.12. Read the text. Fill in the gaps with the missing words given below.

Monitor, interrelate, integral, report, exaggerate, law, impact, flow of cash, resources, customers, stock, range, information, activity, prerequisite, process, subject, nervous.

Communication in organization

Effective communication is a ... for the achievement of organizational objectives.

The importance of communication problems has at times been ... —there are, after all, other types of problems—but the ... of poor communication can be enormous.

The ... of communication is illusive because it is intertwined with so many other subjects. Effective communication is, for example, an ... part of effective leadership, decision making, motivation, the management organizational conflict, etc.

Communication in organization is here defined as the process by which ... is transmitted from one person to another.

Money is the lifeblood of an organization: if organizations do not receive a ... they go out of business. Information plays a similar role. The flow of facts, figures and words through an organization's administration is its ... system.

The nature and flow of information determines how «sensitive» an organization to its ..., employees, changes in the market, and so on. The purpose in ... information is to plan, record, control and report the activities of the organization.

Planning. Managers need information to be able to plan how an organization's ... are to be used. This can be a complex process since each department's plan must ...

with the other departments.

Recording. Firms are obliged to keep financial information under the

Controlling. There are many activities in business where immediate or «real time»

information is necessary so that the ... can be controlled directly. These activities include

... control, quality control, and budgetary control.

Reporting. Many different kinds of ... exist in business. They ... from weekly

sales reports to financial reports at an Annual General Meeting. Every function within an organization is constantly ... and reported on.

Read the text once again and summarize it in 5-7 sentences.

Ex. 13. Open the brackets.

Economic Individualism – Laissez-Faire

In the late seventeenth century, Louis XIV (to reign) as King of France. His finance minister, Jean Baptiste Colbert, (to ask) a manufacturer by the name of Legendre how the government might (to help) business. Legendre's reply (to be) "laissez nous faire" (leave us alone). The expression (to become) a watchword and motto of market economy.

Today we (to interpret) laissez-faire (to mean) that absence of government intervention (to lead) to economic individualism and economic freedom. Under laissezfaire conditions, people's economic activities (to be) their own private affairs. As consumers, they (to be) free (to spend) their incomes as they (to choose). As producers, they (to be) free (to purchase) the economic resources they (to desire) and (to use) these resources as they (to wish).

In reality, economic freedom (to be subject) almost always to restraints imposed by society for the protection and general welfare of its citizens. Prohibitions against force and fraud (to be) examples. Can you (to give) some others? Can you (to explain) why such restraints (to be) necessary?

Read the text once again and answer the questions at the end of the text.

Ex.14. Insert the missing words given below. Don't forget about Grammar.
organization, to adopt, carefully, change, input, condition, service, decision making, harmony, turbulent, adapt, output.

In order to be successful the organization must ... with the environment because it supplies the organization with ... (in the form of resources, information, and so forth) that are necessary for the determination of the kinds of the products and ... to be produced. It also receives the ... (product and services) produced by the organization.

To maintain this ... with the environment, the organization must ... define and maintain a boundary system capable of gathering the necessary inputs for effective and ... and for distributing organizational outputs.

Today's organization exists in a ... environment characterized by what has been termed as discontinuousIf it is to survive and prosper, the organization must be capable of adjusting all of its component parts to ... for this change. Additionally, it must ... a philosophy and strategy to support the process of adaptation and change.

Ex.15. Make up the sentences. Put them down into notebooks. The beginning of each

sentence is given to you.

When negotiations fail, impartial, third, are, often, however, parties, brought, to help, the dispute, settle, in. This may be, arbitration, or, mediation, the form, conciliation, in, of. Conciliation, try, their, means, a third, disagreement, together, will, party, that, to bring, to work out, on their own, management, and, labour. Mediation, it, setting, for, suggestions, make, and, the dispute, of, who, listen to, will, both, sides, by, party, requires, the third, involvement, greater. The suggestions, will, management, or, on, either, labour, ining, not, however, be. Under arbitration, binding, and, a third, hand down, that, is, party, final, listen to, will, both, (an arbitrator), a decision, sides, and.

Ex. 16. Give the English equivalents to the following.

Неспособны выполнить задания, которые требуют не только индивидуальных

усилий; групповая деятельность может быть направлена на более высокие, более сложные цели; все эти элементы, взятые вместе, рассматриваются как организация; организации были созданы для того, чтобы помочь индивиду достичь больше; цели должны отвечать потребностям, которые общество определило как важные; организации могут быть сгруппированы по типу деловой активности; партнерство

создается по соглашению; владельцы корпораций называются акционерами; эффективная коммуникация – предпосылка успеха в бизнесе; информация помогает быть чувствительными к покупателям, служащим, изменениям на рынке; каждая организация стремится иметь собственный, особенный климат; культурные ценности – это мощный стратегический инструмент; среднестатистический работник имеет высокий потенциал развития; прежде всего работник ищет безопасности и избегает ответственности.

Ex 17. Render the following text into English.

СЕМЬ ЗАПОВЕДЕЙ БИЗНЕСМЕНА

Давать обещания и не выполнять их стало у нас просто нормой жизни. В этой связи полезно вспомнить 1912 год, когда российскими предпринимателями было выработано семь основных принципов ведения дел:

Первый принцип – «Уважай власть». Власть – необходимое условие для эффективного ведения дел. Во всем должен быть порядок. В связи с этим проявляй уважение к блюстителям порядка в узаконенных эшелонах власти.

Второй принцип – «Будь честен и правдив». Это – фундамент предпринимательства, предпосылка здоровой прибыли и нормальных отношений в делах. Российский предприниматель должен быть безупречным носителем добродетелей, честности и правдивости.

Третий принцип – «Уважай право частной собственности». Свободное предпринимательство – основа благополучия государства. Российский предприниматель обязан в поте лица своего трудиться на благо своей Отчизны. Такое рвение можно проявить только при опоре на частную собственность.

Четвертый принцип – «Люби и уважай человека». Любовь и уважение к человеку труда со стороны предпринимателя порождает ответную любовь и уважение. В таких условиях возникает гармония интересов, что

создает атмосферу для развития у людей самых разнообразных способностей, побуждает их проявлять себя во всем блеске. Пятый принцип – «Будь верен своему слову». Успех в деле во многом зависит от того, в какой степени окружающие доверяют тебе. Шестой принцип– «Живи по средствам». Не зарывайся. Выбирай дело по плечу. Всегда оценивай свои возможности. Действуй сообразно своим средствам. Седьмой принцип – «Будь целеустремленным». Всегда имей перед собой ясную цель. Предпринимателю такая цель нужна как воздух. Не отвлекайся на другие цели. Служение двум господам противоестественно. В стремлении заветной достичь цели не переходи грани дозволенного. Никакая цель не может затмить моральные ценности.

Ex.18. Translate the text in written form.

Business is the exchange of goods and services, and money, on an arm's length (objective) basis, that results in mutual benefit or profit for both parties involved. An individual engages in business because he or she believes that the rewards, or possible future benefits, of business are greater than risks, or possible future sacrifices, of business.

Business activities are events that involve making and carrying out the operating, investing, and financing decisions that deal with business assets or obligations.

In a profit-seeking business, there are three types of business activities that correspond to the three types of business decisions. Operating activities are the profitmaking activities of the enterprise. They include those business activities that generate revenues, such as selling merchandise for cash or on credit or providing services for a fee. They also include activities that result in increased expenses, such as purchasing goods for manufacture or resale, paying wages, or combining goods and labour to manufacture products.

Investing activities include the purchase and a sale of long-term assets in addition to other major items used in a business' operations.

Financing activities are activities that involve obtaining the cash or using other non-cash means to pay for investments in long-term assets, and to repay money borrowed from creditors, and to provide a return to owners.

SPEAK AND WRITE

1. Why are there so many organizations in today's society?
2. Why is it important for managers to be knowledgeable about the macro environment?
3. How will tomorrow's organizations be different from those today?
4. Do all organizations need structure? Give your reasons.
5. Define the terms authority and tell how it is related to formal and informal organizations.
6. Explain how responsibility, authority, and accountability should be related to each other in the ideal organization.
7. Take an organization with which you are familiar and see if you can explain the way it works (principles, goals, structure, objectives, climate, and so forth).
8. List each organization you belong to. Do they have any impact on your life? List and discuss each impact.
9. One successful sales company had a unique organization layout. At the top of the chart was the most important person in the whole operation – the customer. This labeled «customer» was linked with lines to boxes of functions dealing directly with the customer – sales person, technical service, order clerk, credit clerk.

Tema 3. 1. Phonetics. 2. Communicative. Grammar 3. Vocabulary 4. Listening 5. Reading 6. Speaking 7. Writing

MANAGEMENT

If the leader is good, the followers will be good.

Your vocabulary

Management

- the control and organizing of a business or other organization;
- those staff within the firm who exert control over its activities on behalf of owners.

Top management

includes the chief executive of an organization, his or her deputy or deputies, the board of directors and the managers in charge of the divisions or departments of the organization.

Middle management

consists of the managers to whom top management delegates the day-to-day running of the organization.

Managing director

- company director responsible for the day-to-day running of a company. Second in the hierarchy only to the chairman, if there is one; the managing director is the company's chief executive.

Manager

- a person controlling or administering a business or part of a business.

Ex. 1. Do you know the meaning of the following derivatives? Show it with the help of your own sentences.

to manage; manageable; management; manager; manageress; managerial.

Translate the following sentences. Pay attention to the words in italics.

1. The reserved the right to make managerial decision.
2. What you need is advice from your bank manager.
3. I wish you could managethe time to come and to talk to us.
4. Private banks are being nationalized, and are to be managedwith workers' participation.
5. They are part of my managementteam.
6. The baby can be greatly influenced by the parents' management.
7. She has been working as the manageressof a bookshop.
8. It is perfectly manageabletask to tackle systematically.

Ex. 3. The following words can be classified into 5 groups. What are they?
Show the difference in their meaning with the help of your own sentences.

Choice, have, solve, dilemma, own, profit, possess, variant, cope with, to process, option, tackle, problem, handle, return, predicament, gain, alternative.

Ex. 4. Match the definitions with the words given below.

fee, executive, insure, skill, capacity, profile, applicant, charisma, ensure, guideline, superior.

1. Ability to do something well.
2. Short biographical or character sketch.
3. Payment made for professional advice or services.
4. Person or body with managerial or administrative responsibility.
5. Make certain.
6. Secure compensation in the event of loss or damage by advance regular payments.
7. In a higher position; of higher rank.
8. Principle directing action.
9. Power to certify, receive, experience, or produce.
10. The ability to attract, influence, and inspire people by your personal qualities.
11. Someone who formally asks to be given something, such as a job or a place at a college or university.

Ex. 5. Give the Russian equivalents to the following.

Involved in management; production oriented; impose regulations, ever-more complex environment; encompasses both science and art; business executives; code of conduct; develop the body of knowledge; with respect to the second criterion; the issue is much less clear-cut; is consistent with their interest; self-interest or concern for others; decision-making machinery; cross-cultural skills; consulting fee; character attributes; compare against the places set earlier; authority.

Ex. 6. Translate the following text into Russian in written form.

People working for a company are referred as its workforce, employees, staff, or personnel and are on its payroll.

In some context, especially more conservative ones, employees and workforce refer to those working on the shopfloor of a factory actually making things. Similarly, staff is sometimes used to refer only to managers and office-based workers. This traditional division is also found in the expressions white-collar and blue-collar.

Another traditional division is that between management and labor.

Personnel departments are usually involved in finding new staff and recruiting them, hiring them, or taking them on, in a process of recruitment. Someone recruited is a recruit, or in American English only, a hire.

They are also involved when people are made to leave the organization, or fired.

These responsibilities are referred to, relatively informally, as hiring and firing.

If you leave the job voluntarily, you quit.

Middle-managers are now most often mentioned in the context of re-engineering, delaying, downsizing, or rightsizing: all these expressions describe the recent trend for companies to reduce the numbers of people they employ, often by getting rid of layers of managers from the middle of hierarchy.

An organization that has undergone this process is lean and its hierarchy is flat.

Read the text once again and in turn explain, in your own words, the meaning of the following terms:

1. workforce, employee, staff, personnel, a recruit, a hire, layer, labour.
2. white-collar, blue-collar.
3. to recruit, to employ, to hire.
4. to fire, to quit, to get rid of.

Do you know any other synonyms to the words given above?

LET'S READ AND TALK

T E X T 1

ART OR SCIENCE?

Management is the art and science of making appropriate choices. To one degree or another, we are all involved in managing and are constantly making decisions concerning how to spend or use our resources.

Like most things in our modern, changing world, the function of management is becoming more complex. The role of the manager today is much different from what it was one hundred years, fifty years or even twenty-five years ago. At the turn of the century, for example, the business manager's objective was to keep his company running and to make a profit. Most firms were production oriented. Few constraints affected management's decisions. Governmental agencies imposed little regulations on business.

The modern manager must now consider the environment in which the organization operates and be prepared to adopt a wider perspective. That is, the manager must have a good understanding of management principles, an appreciation of the current issues and broader objectives of the total economic political, social, and ecological system in which we live, and he must possess the ability to analyze complex problems.

The modern manager must be sensitive, and responsive to the environment – that is he should recognize and be able to evaluate the needs of the total context in which his business functions, and he should act in accord with his understanding.

Modern management must possess the ability to interact in an ever-more-complex environment and to make decisions that will allocate scarce resources effectively. A major part of the manager's job will be to predict what the environment needs and what changes will occur in the future.

Organizations exist to combine human efforts in order to achieve certain goals.

Management is the process by which these human efforts are combined with each other and with material resources. Management encompasses both science and art. In designing and constructing plans and products, management must draw

on technology and physical science, of course, and, the behavioral sciences also can contribute to management. However much you hear about "scientific management" or "management science", in handling people and managing organizations it is necessary to draw on intuition and subjective judgment. The science portion of management is expanding, more and more decisions can be analyzed and programmed, particularly with mathematics. But although the artistic side of management may be declining in its proportion of the whole process it will remain central and critical portion of your future jobs. In short:

Knowledge (science) without skill (art) is useless, or dangerous;

Skill (art) without knowledge (science) means stagnancy and inability to pass on learning;

Like the physician, the manager is a practitioner. As the doctor draws on basic sciences of chemistry, biology, and physiology, the business executive draws on the

sciences of mathematics, psychology, and sociology.

1. The function of management is becoming more complex. Why?
2. What must management possess nowadays?
3. Management encompasses both science and art. In what can we see it?

T E X T 2

PRINCIPLES OF THE MANAGEMENT

Different scholars offer different sets of principles of management. The most famous are the following fourteen. But the main principle should be read as follows:

"there is nothing rigid or absolute in management affairs, it is all a question of proportion". Accordingly if you view the following list of these principles as a set of important topics and sometimes applicable guidelines for managers, you will be keeping close to the spirit in which they were originally suggested.

1. Division of work. Within limits, reduction in the number of tasks a worker performs or the number of responsibilities a manager has can increase skill and performance.

2. Authority. Authority is the right to give orders and enforce them with reward or penalty. Responsibility is accountability for results. The two should be balanced, neither exceeding nor being less than the other.

3. Discipline. Discipline is the condition of compliance and commitment that results from the network of stated or implied understandings between employees and managers.

Discipline is mostly a result of the ability of leadership. It depends upon good supervisors

at all levels making and keeping clear and fair agreements concerning work.

4. Unity of command. Each employee should receive orders from one superior only.

5. Unity of direction. One manager and one plan for each group of activities having the same objective is necessary to coordinate, unify, and focus action.

6. Subordination of individual interests to general interest. Ignorance, ambition, selfishness, laziness, weakness, and all human passion tend to cause self-serving instead of organization-serving behavior on the job. Managers need to find ways to reconcile these interests by setting a good example and supervising firmly and fairly.

7. Remuneration of personnel. Various methods of payment may be suitable, but amounts should reflect economic conditions and be administered to reward well-directed effort.

8. Centralization. Like other organisms, organizations need direction and coordination from a central nervous system. But how much centralization or decentralization is appropriate depends upon the situation. The degree of centralization that makes best use of the abilities of employees is the goal.

9. Scalar chain (line of authority). The scalar chain is the chain of command ranging from the top executive to the lowest ranks. Adhering to the chain of command helps implement unity of direction, but sometimes the chain is too long, and better communications and better decisions can result from two or more

department heads solving problems directly rather than referring them up the chain until a common superior is reached.

10. Order. Both equipment and people must be well chosen, well placed, and well

organized for a smooth-running organization.

11. Equity. Kindness and justice will encourage employees to work well and be loyal.

12. Stability of tenure of personnel. Changes in employee assignments will be necessary,

but if they occur too frequently they can damage morale and efficiency.

13. Initiative. Thinking through a plan and carrying it out successfully can be deeply satisfying. Managers should set aside personal vanity and encourage employees to do this as much as possible.

14. Esprit de corps. Build teamwork.

1. Dwell on the importance of each principle in the work of a manager. Try to exemplify your answer.

TEXT 3

SCIENTIFIC MANAGEMENT

No one has had more influence on managers in the 20th century than Frederick

W. Taylor, an American engineer. He set a pattern for industrial work which many others have followed, and although his approach to management has been criticized, his ideas are still of practical importance.

Taylor founded the school of Scientific Management just before the 1914-18 war.

He argued that work should be studied and analyzed systematically. The operations required to perform a particular job could be identified, then arranged in a logical sequence. After this was done, a worker's productivity would increase, and so would his/her wages. The new method was scientific. The way of doing a

job would no longer be determined by guesswork and rule-of-thumb practices. If the worker followed the prescribed approach, his/her output would increase.

Taylor's solutions to the problems were based on his own experience. When he was with Bethlehem Steel, Taylor criticized management and workers. He conducted many experiments to find out how to improve their productivity. He felt that managers used not the right methods and the workers did not put much effort into their job. They were always 'soldiering' – taking it easy. He wanted both groups to adopt a new approach to their work. The new way was as follows:

1. Each operation of a job was studied and analyzed;
2. Using the information, management worked out the time and method for each job, and the type of equipment to be used;
3. Work was organized so that the worker's only responsibility was to do the job in the prescribed manner;
4. Men with the right physical skills were selected and trained for the job.

The weakness of his approach was that it focused on the system of work rather than on the worker. With this system a worker becomes a tool in the hands of management.

Another criticism is that it leads to de-skilling – reducing the skills of workers. And with educational standards rising among factory workers, dissatisfaction is likely to increase.

Finally, some people think that it is wrong to separate doing from planning. A worker will be more productive if he/she is engaged in such activities as planning, decisionmaking, controlling and organizing.

1. Give some information about F.W Taylor and his contribution to management.
2. Speak for and against his principles.

T E X T 4

MANAGEMENT BY OBJECTIVES

Management by objectives (MBO) is a system which was first described by Peter

Drucker in 1954. Since then, MBO has attracted enormous interest from the business world, and its principles have been applied in many of the world's largest companies.

P. Drucker emphasized that an organization and its staff must have clear goals.

Each individual must understand the goals of the enterprise he/she works for, and must make contribution to them. It is also vital that the individual knows what his/her manager expects of her. An individual must know what sort of results he/she is expected to achieve.

If an organization uses MBO approach, it must pay careful attention to planning.

A special feature of MBO is that the subordinate participates with the manager in developing objectives.

Various kinds of MBO systems are used in organizations. Here is an example of how a programme might work in a company. The programme consists of several stages.

First, the subordinate's job is defined. Next, his/her current performance is evaluated.

Then, new objectives are developed by the subordinates and their managers. Finally, the programme is put into action. Later, there are periodic reviews of the person's performance, and his/her progress is checked.

The subordinates and the manager discuss the objectives and make plans for achieving them. The manager may help in some way, perhaps by providing more training for the subordinate or buying more modern machines. From time to time, the subordinate and the manager meet to discuss progress. It is vital that the manager receives feedback from the subordinate on performance and achievements.

There are many benefits of MBO. The system helps the subordinates to see clearly their role in the organization. They have a say in how their job is performed, and what goals should be. Workers feel more responsible and

motivated. MBO is a good technique for assessing and individual's performance. People are judged on results, rather than on the personal feelings and prejudices of the managers.

The main limitations of the system are that it is time-consuming and may create a lot of paperwork. In practice, MBO programmes are often fully supported by managements. This could be because managers are not always skilled at interviewing and giving guidance.

1. Who is the 'father' of MBO?
2. What are the principles of the system?
3. How does the programme work?
4. What are the benefits and limitations of the system?

T E X T 5

Read the text. What is the main idea of the text? Divide it into logical parts. Define the key-sentence of each part.

No school, professor or book can make you a manager. Only you can do this, and you can become a manager only by managing. Of course, you can learn the skills that are extremely helpful, particularly in such clearly defined areas as accounting, statistics, law, and finance. But this will not make you a manager. Experience is the only teacher.

Experience is, however, is not the uniformly effective teacher. An old aphorism criticizes the person who has worked for 20 years but has only reexperienced the first year 20 times. Learning is not automatic. What schools can do, and what books can do is to provide you with some insights and intellectual tools to be applied against your experience. Most of you are practical people; certainly most managers are. You are concerned about doing things than about thinking about them. You are more concerned with action than with contemplation. Most business students and managers are uneasy about theory. It is abstract and difficult, too unrelated to real problems, it seems, 'too academic' and just 'too theoretical'. But theory is very important because you and all men and women of

action are also theorists. No matter how pragmatic you consider yourself, no matter how rooted in reality a manager views himself, you and he operate on theories. You all possess your own theories about motivation, authority, objectives and change. You will need them – and you will have them whether you know it or not.

You will be a better manager if you are aware of your assumptions and you examine them periodically and modify them when necessary. Nothing is as practical as a good theory. A great deal of management theory and practice must be described as ‘common sense’. For the objectives of management may be defined as the formulation of priorities and plans.

T E X T 6

MANAGEMENT AS A PROFESSION

The criteria necessary for professional status include three major components:

- An acceptable level of competence in a specified field of knowledge.
- The placing of the interests of society before personal interests in carrying out functions of the profession.
- A code of conduct as behavior imposed upon members and usually enforced internally.

If we examine the field of management in light of these characteristics, what shall we find out?

There is no question that management as a discipline has developed a body of knowledge, which is becoming more and more sophisticated part of the curriculum in many academic institutions. Research in the field, particularly in the quantitative and behavioral areas, shows promise of making even more significant advances in the future.

More and more academic institutions offering business programs are devoting their primary attention to graduate education in the area of management, with a particular emphasis on both theoretical and practical research. A growing number of business schools are making efforts to integrate faculty more closely with members of the business community so as to apply research findings to actual business problems.

With respect to the second criterion of professionalism, that of placing the interest of society before personal interest in the conduct of activities the issue is much less clear-cut. Businessmen in general recognize that the role of management does include the responsibility of devoting business resources to the common interests of society. One difficulty facing the manager, however is determining what is meant by the "interest of society". Many corporations fear to allocate significant resources to social and ecological programs because stockholders would complain that such allocation is not consistent with their own financial interests. Corporations that fail to allocate stockholder resources for social and ecological programs receive criticism from political and civic groups accusing them of being interested only in profits. But we should admit that corporate management is indeed becoming more involved in the problems of society, whether because of self-interest or concern for others.

It is in the third criterion of professionalism that the case for management is perhaps the weakest. Let's consider an example taken from the Harvard Business

Review. Executives were presented with the following hypothetical situation: "The minister of a foreign nation where extraordinary payments are common in order to lubricate decision making machinery asks you as Marketing Director for a \$ 200,000 consulting fee. In return he promises special assistance in obtaining a \$ 1million contract which would produce a \$ 5 million profit for your company. What would you do?" 36 per cent of these executives said fiat they would pay the fee, feeling it to be ethical in the moral climate of the country; 22 per cent said they would pay the fee but felt it was unethical though necessary to insure the sale; and 42 per cent said they would refuse to pay the fee. This simple example shows that each person in business looks to his or her own personal code of ethics to determine acceptable behavior in a given situation. There is a wide variety of behavior results, since individuals view a given situation in different ways, as their personal values and principles dictate. We recognize that each member of our society must answer ultimately to his or her own conscience. But it remains for the

field of management to develop a position that is consistent with the professional, ethical status of its members.

1. What components do the criteria necessary for professional status include?
2. Why do business schools try to integrate academic education with members of the business community?
3. Why is the issue of 'placing interests of society before personal interests' less clear-out?
4. Why is 'a code of conduct' the weakest point?