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**МИНИСТЕРСТВО ОБРАЗОВАНИЯ РЕСПУБЛИКИ БЕЛАРУСЬ**

**УО «Белорусский государственный экономический университет»**

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**BASICS OF ECONOMICS**

**ОСНОВЫ ЭКОНОМИКИ**

**Учебно-методическое пособие**

**По деловому английскому языку**

**Для студентов экономических специальностей**

**Заочнойформыобучения**

**Минск, 2010**

I THE COMCEPT OF BUSINESS

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| Exchange | обмен | corporation | ассоциация |
| distribution | распределение | certificate | документ, свидетельство |
| sale | продажа | share | акция |
| profit | прибыль | stockholder, shareholder | акционер  владелец акций |
| production | производство | expenses | затраты |
| conversion | переработка | entity | экономический объект, |
| dealership | местное представительство | partnership | товарищество |
| proprietorship | право собственности |  |  |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| 1.business  2.profit  3.production  4.distribution  5.sale  6.surplus | a) excess of revenues over outlays and expenses in a business enterprise over a given period of time, usually a year;  b) an industrial, commercial, or professional operation; purchase and sale of goods and services;  c) the creation or manufacture for sale of goods and services with exchange value  d)the exchange of goods, property, or services for an agreed sum of money or credit;  e) a quantity or amount in excess of what is required;  f) the process of physically satisfying the demand for goods and services. |

Read the text and give the definition of business.

Business is a word that is commonly used in many languages. Traditionally, business simply meant exchange or trade for things people wanted or needed. Nowadays, the concept and activities of business have increased. One definition of business is production, distribution, and sale of goods or services for a profit. To examine this definition, let us look at its different parts.

First, production is the creation of services or processing of materials into products. Example is the conversion of iron ore into metal car parts. Next, these products need to be moved from the plant to the marketplace. This is known as distribution. A car might be moved from a plant in Germany to a car dealership in Poland. Third is the sale of goods and services. Sale is the exchange of a product or service for money. A car is sold to someone in exchange for money.

Goods are products that people either need or want; for example, cars can be classified as goods. Services, on the other hand, are activities that a person or group performs for another person or organization. For example, an auto mechanic performs a service when he repairs a car. A barber renders a service when he cuts your hair.

Business, then, is a combination of all these activities: production, distribution, and sale. However, there is another important factor, i.e., creation of profit or economic surplus. A major goal in the functioning of any business company is making a profit. Profit is the money that remains after all the expenses are paid. Creating an economic surplus or profit is, therefore, a primary goal of business activity.

Answer these questions using the active vocabulary of the text.

What is the traditional definition of business?

Is business production, distribution and sale of goods and services for a profit?

What is the creation of services or processing of materials into products?

How do we call the process of moving products from the plant to the market place?

Sale is the exchange of a product or service for money, isn’t it?

What kind of activities are services?

What is a major goal of any business company?

What does a company get after all expenses are paid?

Read the text again and decide whether these statements are true (T) or

false (F).

1. Business is production, distribution, and sale of goods or services for a profit.

2. Production is the exchange of a product or service for money.

3. Distribution is moving from the plant to the marketplace.

4. Sale is the creation of services or processing of materials into products.

5. Services are activities that a person or group performs for another person or organization.

6. Profit is the money that remains after all the expenses are paid.

Choose Russian equivalents to the following phrases.

Exchange for things

a) обменвещей;

b) обмен на вещи;

c) изменение вещей.

The creation of services

a)оказаниеуслуг;

b)создание услуг;

c)организация услуг.

The money that remains

a) деньгиоставленные;

b) деньги, которые остаются;

c) деньги, что оставят.

Make an outline of the text consisting of 5-8 sentences.

Retell the text according to its outline.

II. ECONOMICS

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| decrease | уменьшать | consumer | потребитель |
| scarce | недостаточный, скудный | accounting | бухгалтерское дело |
| inputs | затраты (на производство) | employment | занятие; работа (по найму) |
| output | продукция; выпуск изделий | laborforce | рабочая сила |
| allocate | распределять | increase | увеличивать |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| 1.economics  2.macroeconomics  3.microeconomics  4.scarcity  5.resources  6.goods  7.employment  8. economic growth  9. price stability | a) the state achieved by monetary control, balanced budgets, etc.;  b) the branch of economics concerned with particular commodities, firms, or individuals and the economic relationships between them;  c) possessions and personal property  d) inadequate supply;  e) the social science concerned with the production and consumption of goods and services and the analysis of the commercial activities of a society;  f) the work or occupation in which a person is employed;  g) a source of economic wealth, esp. of a country (mineral, land, labor, etc.) or business enterprise (capital, equipment, personnel, etc.);  h) the branch of economics concerned with aggregates, such as national income, consumption, and investment;  i) this period characterized by rising wages, profits, and prices, full employment, and high levels of investment, trade, and other economic activity. |

Read the text and explain the highlighted words.

Economics is the study of how society allocates scarce resources and goods. Resources are the inputs that society uses to produce output, called goods. Resources include inputs such as labor, capital, and land. Goods include products such as food, clothing, and housing as well as services such as those provided by doctors, repairmen, and police offices. These resources and goods are considered scarce because of society's tendency to demand more resources and goods than are available.

Most resources are scarce, but some are not — for example, the air we breathe. Its price is zero. It is called a free resource. Economics, however, is mainly concerned with scarce resources and goods, as scarcity motivated the study of how society allocates resources and goods.

The term market refers to any arrangement that allows people to trade with each other. The term market system refers to the collection of all markets, also to the relationships among these markets. The study of the market system, which is the subject of economics, is divided into two main theories; they are macroeconomics and microeconomics.

Macroeconomics

The prefix macro means large, indicating that macroeconomics is concerned with the study of the market system on a large scale. Macroeconomics considers the aggregate performance of all markets in the market system and is concerned with the choices made by the large subsectors of the economy — the household sector, which includes all consumers; the business sector, which includes all firms; and the government sector, which includes all government agencies.

Microeconomics

The prefix micro means small, indicating that microeconomics is concerned with the study of the market system on a small scale.

Microeconomics considers the individual markets that make up the market system and is concerned with the choices made by small economic units such as individual consumers, individual firms, or individual government agencies.

Economic Policy

An economic policy is a course of action that is intended to influence or control the behavior of the economy. Economic policies are normally implemented and administered by the government. The goals of economic policy consist of value judgments about what economic policy should strive to achieve. While there is some disagreement about the appropriate goals of economic policy, there are three widely accepted goals including:

Economic growth: It means that the incomes of all consumers and  
firms (after accounting for inflation) are increasing over time.

Full employment: It means that every member of the labor force who  
wants to work is able to find work.

Price stability: It means to prevent increases in the general price level  
known as inflation, as well as decreases in the general price level  
known as deflation.

Answer these questions using the active vocabulary of the text.

What is the definition of economics?

Why are resources scarce?

What are the two main theories of economics?

What do they deal with?

What are the goals of economic policy?

What is inflation?

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

Economics is the study of how society allocates scarce resources and goods.

Society's tendency is to demand more resources and goods than are available.

The term market refers to any arrangement that allows people to trade with each other.

Microeconomics is concerned with the study of the market system on a large scale.

Macroeconomics is concerned with the choices made by small economic units such as individual consumers, individual firms, or individual government agencies.

Economic policies are normally implemented and administered by the private sector.

Three widely accepted goals include labor force, inflation and the incomes of all consumers.

Find Russian equivalents to the following phrases in the second column.

|  |  |
| --- | --- |
| 1.scarce resources  2.available  3.on a large scale  4.aggregate performance  5.household  6.implemented  7.value judgments  8.strive to  9.appropriate goals  10.general price level | a)в крупном масштабе  b)доступный  c)хозяйственный  d) субъективные оценки  e)недостаточные ресурсы  f)общий ценовой уровень  g)реализованный  h) стараться, пытаться  i)совокупная производительность  j)соответствующие показатели |

Make an outline of the text consisting of 5-8 sentences.

Retell the text according to its outline.

III. TYPES OF COMPANIES

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| debt | долг | bankruptcy | Банкротство |
| assets | активы | enterprise | предприятие |
| liabilities | пассивы | jointventure | cовместное предприятие |
| proprietor | собственник | accountant | бухгалтер |
| pledge | закладывать | charter | устав |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| sole proprietorship  partnership  general partnership  joint venture  limitedcompany | a) It is a business in which two or more companies have invested, with the intention of working together;  b) It is the legal entity having a right to issue stock certificates;  c) It is an association of two or more people involved in business under a written partnership agreement;  d) It is more often used by lawyers, doctors, dentists, and chartered accountants;  e) It means going into business for oneself. |

Read the text and underline advantages and disadvantages with regard to each type of companies.

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

Sole Proprietorship

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

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

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

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

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

Partnerships

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

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

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

The major disadvantage of partnerships is that partners, like sole proprietors, are legally liable for all debts of the firm. In partnerships, the unlimited liability is both joint and personal. Partners are also legally responsible for actions of other partners. Partnerships are not as easy to dissolve as sole proprietorships.

Limited companies

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

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

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

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

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

Answer these questions using the active vocabulary of the text.

What are the three traditional forms of business?

What is a sole proprietorship?

What is the owner of the company legally liable for?

How do any proprietors try to protect themselves?

Why may a sole proprietorship have difficulty in obtaining capital?

What is a partnership?

What are three types of partnerships?

What is a major advantage of partnership?

Are all of the partners subject to unlimited financial liabilities?

What is a major disadvantage of partnership?

How are limited companies created?

Who is represented by shares of stock in limited companies?

Do limited companies end with the death of owners?

Is it more expensive and complicated to establish corporations? Why?

What must a company send each shareholder?

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

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

The sole proprietor mustn’t pay debts from his or her own pockets.

A sole proprietorship doesn’t have any difficulty in obtaining capital.

A partnership is an unincorporated enterprise owned by two or more individuals.

There are three types of partnerships: general partnerships, limited partnerships and joint venture.

Complementary management skills are a minor advantage of partnerships.

In partnerships the limited liabilities are both joint and personal.

Limited companies are not created by law and are not separate from the people who own and manage them.

Limited companies end with the death of owners.

Limited companies are subject to federal and provincial income taxes.

Choose the correct variant to finish the sentence.

1. The financial condition of the firm………. .

a) is the same as the financial condition of the owner.

b) is better than the financial condition of the owner.

c) depends on the financial condition of the shareholder.

2. Some proprietors try to protect themselves…… .

a) lending assets such as their houses and automobiles to their relatives.

b) selling assets such as their houses and automobiles to their spouses.

c) pledging the assets to their relatives.

3. A partnership is an unincorporated enterprise owned……… .

a) by two or more firms.

b) by the members of the government.

c) by two or more individuals.

4. In limited companies, ownership is represented by…….. .

a) shares of stock.

b) assets.

c) investors.

5. All of the partners are…….. .

a) subject to limited financial liability.

b) subject to unlimited financial liability.

c) subject to unlimited juridical liability.

6. Limited companies are subject to …….. .

a) shareholders’ income taxes.

b) federal and provincial income taxes.

c) foreign investors income taxes.

Make an outline of the text consisting of 5-8 sentences.

Retell the text according to its outline.

IV. CAREERS IN BUSINESS

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| accounting | бухгалтерское дело | track | путь,запись |
| dataprocessing | обработка данных | undergo | испытывать |
| bookkeeper | бухгалтер | pursue | преследовать |
| aptitude | пригодность | boost | поддержка |
| advancement | продвижение | extend | простираться |
| goal | задача | requirement | требование |
| predictable | предсказуемый | self-assesment | самооценка |
| trial | испытательный | competitive | конкурентный |
| humanresources | трудовые  ресурсы | background | биографические  данные |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| broad fields  pursue a career  requirement  setting goals  self-assessment  retention  reduction  career | a)self-esteem;  b)setting up aims;  c)areas of business;  d)to follow some steps in order to overtake success at work;  e)keeping a job place;  f)lessening of the staff;  g)a path or progress through life or history;  h)something demanded or imposed as an obligation |

Read the text except Case 1 and define the difference between a career and a job.

Business is an increasingly important activity throughout the world today. Consequently, the opportunities for a business career have grown in variety and number. There are now five broad fields or areas of business that offer exciting careers: management, marketing, accounting, finance and data processing. Within each of these fields there are specific jobs in which you can specialize. For example, within the field of marketing you can specialize in market research, advertising, buying, selling, or distribution. The figure below gives an idea of the general career opportunities that are available in the various fields of business

Fig. 1. BusinessFieldsandCareers

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Manage-  ment | Marke-  ting | Accoun-  ting | Finance | DataProcessing | HumanresourceManagement | Produc-  tion |
| Generalmanager | Marke-  tingmanager | Chiefaccount-  tant | Financemana-  ger | Computeroperator | PersonnelManager | Productionmanager |
| Executivemanager | Resear-  cher | Bookkee-  per | Banker | Computerprogrammer |  |  |
|  | Adver-  tiser |  | Finan-  cialanalyst | Systemsanalyst |  |  |
|  | Distribu-  tor |  | StockBroker |  |  |  |
|  | PR manager |  | Auditor |  |  |  |
|  | SalesManager |  |  |  |  |  |

In choosing a business career, there are several questions you may want to ask. For instance, does the work interest you? Are there any areas of business for which you have an aptitude or special capability? What are the opportunities involved, such as demand (or need) for the job, salary, and chance for advancement? Answers to these kinds of questions and careful planning will help in choosing a suitable and successful career in business.

What does it mean to have a career? Most people do not want to just "go to work"; they want to "pursue a career." To some people, having a career requires successful movement up the corporate ladder, marked by boosts in salary and status. To others, a career means having a profession—doctors and professors have careers, whereas secretaries and blue-collar workers have jobs. Still others will tell you that no matter what the occupation, the difference between a career and a job is about 20 hours a week—that is, people who have careers are so involved in their work that they extend beyond its requirements. For these people, it is psychological involvement in their work that defines a career.

A job is a specific task performed for an organization. A career is the sequence of jobs a person holds over a life span and the person's attitudes toward involvement in those job experiences. A career has a long-term perspective and includes a series of jobs. Moreover, to understand careers we must look not only at people’s work histories or resumes but also at their attitudes toward their work. People may have more or less money or power, be professional or blue collar, and vary in the importance they place on the work in relation to the rest of their lives - yet all may have careers.

Individual career planning normally entails five steps—self-assessment, exploring opportunities, making decisions and setting goals, action planning, and follow-up. Individual careers follow predictable stages that include exploration and trial, establishment and advancement, mid-career, and disengagement. Other issues of concern to individual career planning are mentors and coping with stress.

Productivity satisfaction, retention, and commitment of valued employees, stress reduction, and a flexible work force will help the organization remain competitive in the global economy.

Case 1

Kim Jackson's love of politics, hard work, and excellent research and writing skills placed her on a career track to becoming a political correspondent on Capitol Hill. When her interests and enthusiasm for the job waned, Jackson wondered if she should make a career change. Before making a major move, she discussed her concerns with her editor and a member of the human resource management office. The newspaper, which was reluctant to lose a reporter of Jackson's talents and background, provided an opportunity for her to undergo testing and experimentation in other potential areas of career interest. Eventually, a simple solution emerged: Jackson was moved to the international desk. Covering international political events renewed her enthusiasm and her years on Capitol Hill gave her special insight into U.S. reaction to global events.

Answer these questions using the active vocabulary of the text.

1. What careers does business offer?

2. What questions should you answer while choosing a business career?

3. What will help you in choosing a suitable and successful career in business?

4. What does it mean to have a career?

5. How does a career characterize people?

6. What are the steps of individual career planning?

7. What will help the organization remain competitive in our global economy?

8. Read Case 1 and explain how Jackson was moved to the international desk.

9. What other examples of successful career paths can you give?

Read the text again and decide whether these statements are true (T) or

false (F).

1. Nowadays the opportunities for a business career have declined in variety and number.

2. Kim Jackson became a political correspondent on Capitol Hill of her love politics, hard work, excellent research and writing skills.

3. The newspaper didn’t provide an opportunity for Kim Jackson to move to the international desk and she left the job.

4. Most people do not want to pursue a career; they want just to go to work.

5. The difference between a career and a job is about 20 hours a week.

6. To understand careers we must look only at people’s work histories or resumes.

7. Individual career planning normally entails four steps.

Find Russian equivalents to the following phrases in the second column.

|  |  |
| --- | --- |
| 1. market research  2.Personnel Manager  3. Sales Manager  4. give one’s special insight into  5. be reluctant  6. life span  7. job experiences  8. blue collar  9. career opportunities  10. making decisions  11. action planning  12. follow-up  13. mid-career  14. commitment of valued employees  15. coping with stress  16. flexible work force | a) справляться с напряжением;  b) продолжительность жизни;  c) последующая работа (деятельность)  d) начальник отдела кадров;  e) делающий что-л. с большой неохотой, по принуждению;  f)начальник сбыта;  g) обязательства ценных работников;  h)трудовой опыт;  i)исследование рынка;  j) сeредина карьеры;  k) "синий воротничок", производственный рабочий;  l)обратить особое внимание;  m) возможности карьерного роста;  n)принятие решение;  o) легко приспосабливающаяся рабочая сила;  p) планирование действий. |

Choose the appropriate translation of the following sentences.

1. There are now five broad fields or areas of business that offer exciting careers.

a) Есть теперь пять широких полей или области бизнеса, которые предлагают захватывающие карьеры.

b) В бизнесе существует пять широких областей или сфер, предлагающих захватывающую карьеру

To some people, having a career requires successful movement up the corporate ladder, marked by boosts in salary and status.

a) Для некоторых людей карьера – это успешное продвижение вверх по корпоративной лестнице с повышением в заработке и статусе.

b) Некоторым людям, имея карьеру требует успешного движения корпоративная лестница, отмеченная повышениями в заработке и статусе.

3. A career is the sequence of jobs a person holds over a life span and the person's attitudes toward involvement in those job experiences.

a) Карьера – последовательность рабочих мест, занимаемых человеком в течение жизни, и его отношение к вовлеченности в рабочий процесс.

b) Карьера - последовательность рабочих мест, человек держит за продолжительность жизни и отношения человека к причастности в тех опытах работы.

Other issues of concern to individual career planning are mentors and coping with stress.

a) Другие проблемы беспокойства к индивидуальному планированию карьеры - наставники и справляющийся с напряжением.

b) Другие проблемные моменты в планировании личной карьеры связаны с наставниками и преодолением стресса.

Make an outline of the text consisting of 5-8 sentences.

IX. Retell the text according to its outline.

V. MANAGEMENT

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| integration | укрупнение | ensure | обеспечивать |
| objectives | цели | integrate | объединять |
| staffing | кадровое обеспечение | establish | устанавливать |
| directing | управление | essential | существенный |
| hire | нанимать | getridof | избавиться |
| guiding | управляющий | accomplish | выполнять |
| performance | исполнение | makeadjustments | приспособиться |
| deserve | заслуживать | mention | упоминать |
| authority | власть | layer | уровень |
| topmanagement | высший уровень управления | middlemanagement | средний уровень управления |
| supervisory | контролирующий | chiefexecutiveofficer (CEO) | главный исполнительный директор |
| humanresourcesmanager | начальник отдела кадров, | implement | осуществлять |
| tool | орудие, средство | equipment | оборудование |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| 1. Management  2. subordinate  3. staff  4. Clarification  5. Planning  6.Organizing  7. Directing  8. Controlling  9. performance  10. feedback | a) to offer or suggest (information, ideas, etc.) in reaction to an inquiry, experiment, etc.  b) the act, process, or art of performing  c) under the authority or control of another  d) a group of people employed by a company, individual, etc  e) to form (parts or elements of something) into a structured whole; coordinate  f) the technique, practice, or science of managing, controlling or dealing with  g) to regulate, conduct, or control the affairs of  h) a detailed scheme, method, etc., for attaining an objective  i) to command, direct, or rule  j) makingsmth. clear or easy to understand |

Read the statements and decide whether they are true (T) or false (F).

Management is the effective and efficient integration and coordination of resources to achieve desired objectives.

Managers have to perform several functions: planning, organizing, staffing, directing, and controlling.

Every manager should think about how to hire the best employees and how to get rid of those who can’t work efficiently.

Managers can make adjustments if something goes wrong.

The management pyramid may consist of many layers but the most common ones are top management, and supervisory management (or lower-level management).

The middle managers are the chief executive officer (CEO), the chief financial officer, the marketing director, the human resources manager, the production manager, and others.

The lower-level managers are responsible for implementing the strategies and plans developed by top management.

Many university graduates usually start their careers at the top management.

Managers should have technical job skills, human relations skills, and analytical skills to perform their tasks.

Read the text and check up your answers in ex. III.

Management is the effective and efficient integration and coordination of resources to achieve desired objectives. Managers are those people who are responsible for ensuring that this happens. A manager integrates and combines human, capital, and technological resources in the best way possible to ensure that the company’s objectives are achieved.

It is common knowledge that managers have to perform several functions: planning, organizing, staffing, directing, and controlling.

The first function – planning – is connected with decisions about what to produce, how to finance your business, where to market the goods or services, and what resources to use.

Organizing – the second function – is concerned with establishing relationships among tasks, activities, and people in the company. It is also related to structuring your business.

Staffing is the third essential function. Every manager should think about how to hire the best employees and how to get rid of those who can’t work efficiently.

As for directing, this function is about guiding and motivating employees to accomplish the company’s objectives. Here it’s critical to remember about being a leader, because if you are not one, it will be very difficult for you to direct your staff correctly.

And lastly comes controlling which means monitoring and evaluating the company’s performance. This function is important because it gives you an opportunity to make adjustments if something goes wrong. At the same time controlling is closely connected with planning as long as it shows if the manager has achieved the objectives or not.

To my mind, one important thing that deserves mentioning is the management pyramid. In short, it’s a structure of authority relationships among the managers. The pyramid may consist of many layers but the most common ones are top management, middle management, and supervisory management (or lower-level management).

As far as top managers go, they are mainly responsible for setting the direction and strategy of their business. They are the chief executive officer (CEO), the chief financial officer, the marketing director, the human resources manager, the production manager, and others.

Then go the middle managers who are responsible for implementing the strategies and plans developed by top management. They might be regional managers, sales managers, plant and department managers, and so on. Their tasks are hiring employees, designing jobs, purchasing materials, choosing equipment, etc.

As for supervisory management (or lower-level managers), they mainly supervise and coordinate work of non-management employees (office clerks and workers). One interesting fact is that many university graduates usually start their careers at this particular level.

There are three basic skills that managers should have to perform their tasks. They are technical job skills, human relations skills, and analytical skills. Let me tell you about each of them in turn.

First, technical skills; they are connected with the manager’s ability to understand and use the specific tools, knowledge, and techniques in their work. Second, human relations skills, which are about socializing with your subordinates, motivating and directing them in order to improve performance. And third, analytical skills, that relate to understanding the whole organization, analysing and evaluating information, and making appropriate plans and decisions.

Answer these questions using the active vocabulary of the text.

What is management?

What are managers?

What are the functions of management?

Controlling is connected with decisions about what to produce, how to finance your business, where to market the goods or services, and what resources to use, isn’t it?

Who should think about how to hire the best employees and how to get rid of those who can’t work efficiently?

What function means monitoring and evaluating the company’s performance?

What layers of management do you know?

What skills should managers have to perform their tasks?

VI. Match the halves of the phrases from the text.

|  |  |
| --- | --- |
| 1.desired | a)relationships |
| 2.responsible for | b)theobjectives. |
| 3.market | c)management |
| 4.establishing | d)thedirection |
| 5.structure | e)ensuring |
| 6.accomplish | f)yoursubordinates |
| 7.lower-level | g)the goods or services |
| 8.setting | h)theirtasks |
| 9.socializing with | i)objectives |
| 10.perform | j)yourbusiness. |

VII. Find Russian equivalents to the phrases in ex. VI.

|  |  |
| --- | --- |
| a)выполнять задачи | f)находить рынок сбыта товаров и услуг |
| b)установить отношения | g)ответственннй за обеспечение |
| c)общаться с подчиненными | h)достичь целей |
| d)устанавливать направление | i)руководители низкого ранга |
| e)искомые результаты | j)систематизировать свою деятельность |

VIII. Make an outline of the text consisting of 5-8 sentences.

IX. Retell the text according to its outline.

VI. FACTORY PRODUCTION

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| bringabout | осуществлять; вызывать | disarmingly | обезоруживающий |
| owe | быть в долгу (перед кем-л.) | gain | добывать, выигрывать |
| sleek | гладкий | stretch | растягивать |
| appropriate | должный | technique | технические приемы |
| brazier | жаровня | bountiful | щедрый |
| glow | сверкать | competent | осведомлённый |
| convince | убеждать | viable | жизнеспособный |
| incredible | маловероятный | mahogany | красное дерево |
| interpret | объяснять | upsurge | подъём |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| production  contribution  standard of living  division of labor  production line  run  mass production  batch production  jobproduction | a) producing of smth. individually;  b) something given, such as money or ideas;  c) a continuous flow of producing smth.;  d) a level of subsistence or material welfare of a community, class, or person;  e) the creation or manufacture for sale of goods and services with exchange value;  f) distribution of work among workers;  g) the amount of work performed in a period of time;  h) producing of smth. in large quantities.  i) creating a significant number of similar items |

Read the text Part 1 and explain the highlighted words.

Part 1

Over two hundred years ago, Adam Smith introduced some ideas which were to bring about a world revolution. If we enjoy a high standard of living in modern society, we owe much to this Scottish economist and philosopher. If we enjoy driving in sleek motor cars, wearing fashionable shoes, or flying away to distant places for exciting holidays, we should perhaps give an occasional vote of thanks to the man who made it all possible.

What then was Adam Smith's contribution? Like so many ideas which have earth-shattering effects, his was a disarmingly simple notion. He watched workers practicing their craft of pin making. One man would heat the strip of metal, stretch it out, cut off an appropriate length, shape it, cool it and finally smooth and shine it. Smith drew attention to the advantages which could be gained if these various tasks were performed by different workers. Let one be responsible for keeping the brazier glowing and preparing the metal. Another for stretching and cutting.Another for shaping.Another for finishing. He described this technique as the Division of Labor, whereby workers perform short work-cycles, repeating the same actions again and again and again. Smith convinced the world that specialization could solve the problems of poverty and want.

What was the result? The Industrial Revolution, specialization became the order of the day. Productivity was increased to an incredible degree. For Britain, where the revolution started, there was an upsurge in prosperity which made them the richest country in the nineteenth century world. British trains and railway lines spread out like a spider's web across the world, opening up the great continents of America, Asia, Africa and Australasia. British ships built of iron and steel were used to carry the new bountiful cargoes (including human beings) from every corner of the world, to every corner of the world.

The revolution is not over. It is still with us, but now it is a worldwide phenomenon. Everywhere, factories producing large numbers of more or less identical units are in continuous production. What were called mass-production lines yesterday are called robotic production lines today. If anything, the pace of change is increasing. And if these techniques have brought us prosperity, they have also brought us a trail of misery in overcrowded towns, boring jobs and, worst of all, unemployment.

IV. Answer these questions using the active vocabulary of the text.

Why is the name of Adam Smith remembered?

What technique was he responsible for introducing?

Why was Britain the richest country in the world in the nineteenth century?

What do you understand by the term «robotic production lines»?

Why do you think some jobs might be boring?

How can we blame Adam Smith for our present overcrowded towns?

How does large-scale production cause unemployment?

8. “We owe Adam Smith a great deal”. Do you agree? What are your views?

Read the text Part 2 and underline advantages and disadvantages for the manufacturer with regard to each method of production.

There are three main types of production method:

Job production

In this type of production specific work is carried out for individual customers. Job production is of the one off variety and can range from a bride's wedding dress to an ocean-going liner. Job production is usually labor intensive and requires the employment of skilled labor which is able to interpret technical instructions. If supervisors are employed they will need to be technically competent. Unit costs will always tend to be high when small numbers of individually designed items are produced.

Mass production

This method of production is possible where the demand for a product is so great that the goods can be produced in a continuous flow. Motor vehicles and food processing are among the industries which resort to mass production techniques. Once set up the production lines are not easily changed and advertising is often necessary to ensure that stocks of finished goods do not pile up in the factory. Unskilled and semi-skilled workers can be used, though the modern tendency is to use computerized robots. By using these capital-intensive methods unit costs may be substantially reduced and higher output can be obtained by running the expensive machines over two or three shifts per day.

Batch production

This method falls between job and mass production. It could be described as repeated production runs in contrast to the continuous flow or mass production technique. The orders consist of a significant number of similar items. One industry which uses this technique is the furniture industry. A batch of teak tables of a particular design will be produced and followed perhaps by a batch of mahogany tables. Book printers also use this technique. Runs of books will depend on the size of the market, but the printers switch from the production of one book to the production of another at the end of each run.

Both labor and machines have to be more versatile than in the case of mass production, but less so than in the case of job production. The production manager will have to attempt to organize the runs so that they are as economically viable as possible, but the unit costs will tend to fall as the length of the run increases.

VI. Read the texts again and decide whether these statements are true (T) or

false (F).

1. Over three hundred years ago, Adam Smith introduced some ideas which were to bring about a world revolution.

2. Smith convinced the world that globalization could solve the problems of poverty and want.

3. Unit costs will always tend to be low when large numbers of individually designed items are produced.

4. Advertising is often necessary to ensure that stocks of finished goods do not pile up in the factory.

5. Higher output can be obtained by running the cheap machines over two or three shifts per day.

6. The orders consist of a significant number of similar items in mass production.

7. Both labour and machines have to be more versatile than in the case of mass production, but less so than in the case of job production.

VII. Find Russian equivalents to the following phrases in the second column.

|  |  |
| --- | --- |
| 1. standard of living  2. give an occasional vote  3. be responsible for  4. solve the problems  5. the order of the day  6. carry out  7. unit cost  8. demand for  9. resort to  10. unskilled and semi-skilled  11. capital-intensive  12.shift per day  13. production run  14. trail of misery  15. spider's web  16.draw attention to | a)след нищеты  b) уровень жизни  c)партия (изделий)  d)смена в cутки  e) капиталоёмкий  f) отдать случайный голос  g) паутина  h) решать проблемы  i) спрос на  j) квалифицированные и полуквалифицированные  k) быть ответственным за что-либо  l) прибегнуть  m) что-л. обычное, повседневное; что-л. важное в данное время  n) цена на единицу продукции  о) обратить внимание на  p) выполнять, осуществлять |

VIII. Translate the following sentences using the active vocabulary from the texts.

1.Высокий уровень жизни в обществе существует благодаря достижениям в области науки и техники.

2.Он обратил внимание на ежедневную работу рабочих.

3.Начальник по производству ответственен за организацию производственного процесса.

4. Цена единицы товара поднимается с увеличением спроса на нее.

5.Мы прибегли к вынужденным мерам.

6.Иметь мобильный телефон сегодня обычное дело.

IX. Make an outline of the texts consisting of 5-8 sentences.

X. Retell the texts according to its outline.

MARKETING

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| storage | сохранение | competitor | конкурент |
| complex | комплексный | charge | запрашивать цену |
| objective | цель | average | средний |
| vital | жизненный | wholesaler | оптовый торговец |
| failure | неудача | retailer | розничный торговец |
| potential | возможный | promotion | продвижение товара на рынок |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| 1. product  2. placement  3. price  4. promotion  5. manufacturer  6. wholesaler  7. retailer  8. customer | a) the process of getting the product to the customer through the channels of distribution.  b) the communication between buyer and seller  c) the sum in money or goods for which anything is or may be bought or sold  d) something produced by effort  e) a person who sells to final consumers in smaller quantities  f) a person who sells goods in larger quantities  g)a person who buys goods  h)a person who produces goods |

Read the text and say what four P's imply.

Buying, selling, market research, transportation, storage, advertising - these are all parts of the complex area of business known as marketing. In simple terms, marketing means the movement of goods and services from a manufacturer to a customer in order to satisfy the customer and to achieve the company's objectives.

Marketing can be divided into four main elements that are popularly known as the four P's: product, price, placement and promotion. Each one plays a vital role in the success or failure of the marketing operation.

The product element of marketing refers to the goods or service that a company wants to sell. This often involves research and development (R&D) of a new product, research of the potential market, testing of the product to insure quality, and then introduction to the market.

A company next considers the price to charge for its product. There are three pricing options the company may take: above, with, or below the prices that its competitors are charging. For example, if the average price of a pair of women's leather shoes is $27, a company that charges $23 has priced below the market; a company that charges $27 has priced with the market; and a company that charges $33 has priced above the market. Most companies price with the market and sell their goods and services for average prices established by major producers in the industry. The producers who establish these prices are known as price leaders.

The third element of the marketing process - placement - involves getting the product to the customer through the channels of distribution. A common channel of distribution is: manufacturer – wholesaler – retailer – customer.

Wholesalers generally sell large quantities of products to a retailer and retailers usually sell smaller quantities to customers.

Finally, communication about the product takes place between buyer and seller. This communication between buyer and seller is known as promotion. There are different ways of promotion: personal selling, in a department store; through a newspaper or magazine and Internet.

The four elements of marketing – product, place, price and promotion work together to develop a successful marketing operation.

IV. Answer these questions using the active vocabulary of the text.

What are the parts of marketing?

What are the objectives of marketing?

What are the vital elements of marketing?

What does each element of marketing refer to?

What are the channels of distribution?

What three pricing options may the company take?

What helps to develop a successful marketing operation?

V. Read the text again and decide whether these statements are true (T) or

false (F).

1. Buying, selling, market research, transportation, storage, advertising means marketing.

2. The four P's are product, price, placement and people.

3. The product element of marketing refers just to the introduction of this product to the market.

4. Three pricing options exist above, with, or below the prices.

5. Placement involves getting the product to the customer through the channels of diversification.

6. The communication between wholesaler and seller is known as promotion.

VI. Find Russian equivalents to the following phrases in the second column.

|  |  |
| --- | --- |
| 1.market research  2.in simple terms  3.achieve the objectives  4.marketing operation  5.research and development  6.charge for  7.establish the prices  8.price leaders  9.major producers  10.channels ofdistribution | a)главные производители  b) лидеры цен  c)каналы распределения  d) назначать цену  e) достигнуть целей  f) проще говоря  g) рыночная деятельность  h) исследование рынка  i)научно- исследовательский  j)устанавливать цены |

VII. Choose the appropriate translation of the following sentences.

1. Each one plays a vital role in the success or failure of the marketing operation.

a) Каждый играет жизненную роль в успехе или неудаче операции маркетинга.

b) Каждый выполняет важную роль в успехе или провале маркетинговой деятельности.

2. A company next considers the price to charge for its product.

a) Компания затем полагает, что цена заряжаетcя для ее изделия.

b) Затем компания рассматривает, какую цену установить на свою продукцию.

3. Most companies price with the market and sell their goods and services for average prices established by major producers in the industry.

a) У большинства компаний цены с рынком и продает их товары и услуги за средние цены, установленные главными производителями в промышленности.

b) Большинство компаний устанавливают цены согласно условиям рынка, и продают свои товары и услуги по средним ценам, установленным ведущими производителями данного вида промышленности.

4. Wholesalers generally sell large quantities of a product to a retailer and retailers usually sell smaller quantities to customers.

a) Оптовые торговцы вообще продают большие количества изделия розничному продавцу, и розничные продавцы обычно продают меньшие количества клиентам.

b) Оптовые торговцы, главным образом, продают товар розничному продавцу в большем количестве, а розничные продавцы обычно продают его клиентам в меньшем количестве.

VIII. Make an outline of the text consisting of 5-8 sentences.

IX. Retell the text according to its outline.

VIII. ADVERTISING

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| mastery | мастерство | engage | нанимать, быть занятым |
| promote | способствовать продвижению товаров | inferior | низкого качества |
| at a discount | со скидкой | distribution | раздача, распределение |
| freeofcharge | бесплатный | advertisement | реклама |
| sample | образец | enclose | прилагать, вкладывать |
| mail | посылать почтой | commercials | рекламные передачи |
| trap | ловушкa | persistent | настойчивый |
| pool | объединять капиталы | gullible | легковерный |

II. Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| 1. advertising  2. discount  3. distribution  4. credit  5. commercials | a) the process of physically satisfying the demand for goods and services;  b) a commercially sponsored advertisement on radio or television;  c) the promotion of goods or services for sale through impersonal media, such as radio or television;  d) the practice of permitting a buyer to receive goods or services before payment;  e) a deduction from the full amount of a price. |

III. Read the text and say who made America great.

One can buy anything in America, but it takes a great deal of mastery to sell anything there. Millions of people are engaged in promoting products (goods and services). There are millions of methods to do it. The most primitive one is to deliver goods to a shop and then wait until it is sold out. In this case the main task is to get people into the shop and make them interested in what you offer.

To attract customers, some shops organize regular sales at discount prices. This does not mean that the goods sold at a discount are of an inferior quality.

Several years in a row, taking my 20-minute lunch break, I have seen free of charge distribution of goods from cigarettes to popcorn, crackers or candies. These were samples of new goods which the producer companies wanted the customers to get acquainted with. This is one type of advertising.

Another type is showing a product in action. Once we got a call from a company selling vacuum cleaners with a suggestion that we have a look at their new model. We agreed to see it and in the evening of the same day a woman came to our place and cleaned half the house. We liked the vacuum cleaner.

Another way of advertising is the distribution of gifts. From time to time you are mailed strange notices: "Congratulations. You have won one of the following prizes.’’ Then comes a list of prizes which may include a car, a million dollars, a TV set, a camera, etc. To find out what exactly the prize is and to get it, you have to call the enclosed number: most of the mоnеу spent on the intercity сall goes to the organizers of the whole thing. You may spend $10 or more. Some of my friends called the magic number only to know they had won a оne-dollar piece out of the list. This business has nothing to do with advertising or selling it is simply a trap for the gullible.

Other gift notices are mоrе serious. Often I get invitations to visit car salons. My time to get there and to test-drive a new car is compensated by a gift, such as a portable radio, a beauty set, a turner's kit, etc.

Selling by catalogue is very popular. Every day you are mailed several catalogues. The most popular of them come in the form of colorful big booklets containing pictures of goods, their regular price, the price in the shop belonging to the firm, and the price of selling by mail. Big companies may also offer you credit on goods they sell.

The art of selling is for the persistent. Without persistent sellers America wouldn't be what it is now.

Commercials, especially television ones, are very expensive and not all companies can afford them. Usually the sellers of similar goods pool their funds to buy one ad. Often producers pay for ads.

Advertising expenditures in the US are comparable to the budgets of some countries. However, it is not for nothing that society undertakes such spending. It helps to move goods more quickly and efficiently. This means that the funds spent on the manufacturing of goods return to circulation more quickly which, in turn, accelerates economic growth.

IV. Answer the following questions using the active vocabulary of the text.

1. What is the most primitive method of promotion products?

2. What do some shops organize?

3. What kinds of advertising do you know?

4. Who can achieve the art of selling?

5. Who can afford commercials?

6. What helps to accelerate economic growth?

Read the text again and decide whether these statements are true (T) or

false (F).

It takes no efforts to sell anything in America.

To organize regular sales at discount prices does not mean that the goods sold at a discount are of an inferior quality.

The distribution of gifts is simply a trap for the gullible.

Big companies may also offer you free of charge goods.

Advertising expenditures in the US are comparable to the budgets of a small town.

VI. Find Russian equivalents to the following phrases in the second column.

|  |  |
| --- | --- |
| 1.be engaged in  2.attract customers  3.inferior quality  4.get acquainted with  5.enclosed number  6.intercity сall  7.portable radio  8.beauty set  9.turner's kit  10.accelerate economicgrowth | a)привлечь покупателей  b)косметический набор  c)междугородний звонок  d)переносное радио  e)плохого качества  f)быть вовлеченным  g)ускорять экономический рост  h)прилагаемый номер  i)познакомиться  j)токарный набор |

VII. Choose the appropriate translation of the following sentences.

1. In this case the main task is to get people into the shop and make them interested in what you offer.

a) В этом случае главной задачей является привлечь людей в магазин и заинтересовать их в том, что вы предлагаете.

b) В этом случае главной задачей является получить людей в магазин и сделать их заинтересованными во что вы предлагаете.

2. These were samples of new goods which the producer companies wanted the customers to get acquainted with.

а) Это образцы новых товаров, которые производительные компании хотели покупателей познакомить.

b) Это были образцы новых товаров, с которыми компании- производители хотели бы познакомить потребителей.

3. Once we got a call from a company selling vacuum cleaners with a suggestion that we have a look at their new model.

a) Однажды нам позвонили из одной компании, продающей пылесосы, с предложением взглянуть на их новую модель.

b) Однажды мы получили звонок из компании, продающей пылесосы, с предложением, чтобы мы взглянули на их новую модель.

4. Some of my friends called the magic number only to know they had won a one-dollar piece out of the list.

a) Некоторые мои друзья позвонили по волшебному номеру только узнать, что они выиграли однодолларовый кусок из списка.

b) Некоторые из моих друзей звонили по магическому номеру только для того, чтобы узнать, что они выиграли однодолларовый товар из списка.

5. Without persistent sellers America wouldn't be what it is now.

a) Без настойчивых продавцов Америка не будет тем, чем есть сейчас.

b) Без настойчивых продавцов Америка не была бы такой, какой она является сейчас.

VIII. Make an outline of the text consisting of 5-8 sentences.

IX. Retell the text according to its outline.

IX. COMMERCE

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| commerce | торговля | retail | розничная продажа |
| commodities | предмет потребления | transaction | сделка |
| rawmaterial | сырье | wholesale | оптовая торговля |
| foodstuffs | пищевые продукты | representative | представитель |
| manufactured | промышленного производства | vital | (жизненно) важный |
| bearlosses | нести убытки | insurance. | страхование |
| conduct | вести |  |  |

Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| commerce  commodity  transaction  transport  insurance  export trade  importtrade | a) goods or services sold to a foreign country or countries  b) the business or system of transporting goods  c) the activity embracing all forms of the purchase and sale of goods and services  d) the act, system, or business of providing financial protection for property, life, health  e) the act of obtaining and paying for an item or service  f) goods or services that are bought from foreign countries  g) an article of commerce |

Read the statements and decide whether they are true (T) or false (F).

Commerce is concerned with the distribution of foodstuffs and manufactured goods.

There are three branches of commerce: exporting, importing and wholesaling.

Wholesalers buy in large quantities and thus reduce costs.

Commerce is the same as trade.

There are no other branches that help commerce.

Read the text and check up your answers in ex. III.

Commerce is concerned with the distribution of all kinds – raw materials, foodstuffs, manufactured goods. And I have to say that the business of distribution has become very complex nowadays.

There are four main branches of commerce.

The first one is called the retail trade. For example, when you want to buy something, you go to a person or a shop that sell the products you want, then you make your choice and buy the good. This is a simple example of transaction between consumers and retailers.

The second branch is when retailers buy goods from wholesalers, or the wholesalers – from manufacturers. It’s called the wholesale trade. For the retailers it means lower prices because they buy in large quantities and thus reduce their costs. The wholesalers, in turn, get the goods from manufacturers, and the quantity is much bigger. So they have very larger discounts.

Importing of goods from abroad and selling them to local companies is connected with the third branch of commerce. For example, a company produces cars in the USA and sells them in Europe. This company needs an agent who can represent it in their own country. This agent, in turn, should have a warehouse where they can keep the cars before they have been sold. Sometimes they sell the cars themselves.

The fourth branch of commerce is related to the export trade. Sometimes one country cannot sell all its products at home and it needs a representative who can sell them abroad, or exporter.

Well, in general the four branches of commerce are concerned with buying and selling of goods, and represent different kinds of trade. In this way, trade is the basic commercial activity, while commerce is much more than trade.

To carry out trade you should also have some services, one of which is transport. Transportation helps to move goods from one place to another, and if it’s efficient and developed, then you’ll have fewer problems with home and foreign trade. Transport is vital to trade, so it forms an important branch of commerce.

There are also financial services which are important to commerce. For example, banking and insurance. Without them you won’t have money for your business and you may bear losses if your goods haven’t been insured.

Advertising is also important because it stimulates sales, and then it’s easier for everybody to conduct trade.

The four kinds of trade, together with transport, banking, insurance and advertising, form the main divisions of commerce. And to know and understand them is very important for those, who want to connect their lives with commerce.

Answer these questions using the active vocabulary of the text.

What is commerce?

What are the branches of commerce? Give examples of each branch.

How can wholesalers reduce their costs?

Why do companies need agents in other countries?

What is an exporter?

Why is transport vital to trade?

What is the difference between commerce and trade?

What forms the main divisions of commerce?

VI. Match the halves of the phrases from the text.

|  |  |
| --- | --- |
| 1.make | a) largerdiscounts |
| 2.buy in | b) sales |
| 3.have very | c) trade |
| 4.sell goods | d) largequantities |
| 5.bear | e) theircosts |
| 6.stimulate | f) abroad |
| 7.conduct | g) consumersandretailers |
| 8.reduce | h) yourchoice |
| 9.transaction between | i) liveswithcommerce |
| 10.connect their | j) losses |

VII. Find Russian equivalents to the phrases in ex.V.

|  |  |
| --- | --- |
| 1)нести потери | 6)сделки между потребителем и продавцом |
| 2)делать выбор | 7)иметь большие скидки |
| 3)вести торговлю | 8)связать свои жизни с коммерцией |
| 4)увеличивать продажи | 9)снижать затраты |
| 5)покупать в больших количествах | 10)продавать товары заграницей |

VIII. Make an outline of the text consisting of 5-8 sentences.

IX. Retell the text according to its outline.

X. FINANCE AND ACCOUNTING

Go through the following vocabulary notes to avoid difficulties in understanding and find these words in the text.

|  |  |  |  |
| --- | --- | --- | --- |
| profit | прибыль | clearance | погашение |
| entrust | возлагать | preferentialtreatment | обслуживание с приоритетом |
| disaster | несчастье | discount | скидка |
| debtor | дебитор | monitor | рекомендовать |
| confront | противостоять | resort | обращаться |
| proceeds | доход, вырученная сумма, выручка | factoring | факторинг |
| insolvency | банкротство | ample | изобильный |
| account | счёт | monies | денежные суммы |
| exceed | превышать |  |  |

II. Match the words in the left column with the definitions in the right column.

|  |  |
| --- | --- |
| 1.profit  2.tax  3.transaction  4.debtor  5.creditor  6.credit  7.insolvency  8.commitment  9.invoice  10.factoring | a) a document issued by a seller to a buyer listing the goods or services supplied and stating the sum of money due  b) something that is transacted, esp. a business deal or negotiation  c) a person or commercial enterprise to whom money is owed  d) a future financial obligation or contingent liability  e) a person or commercial enterprise that owes a financial obligation  f)a person who has insufficient assets to meet debts and liabilities  g) the income or reward accruing to a successful entrepreneur and held to be the motivating factor of all economic activity in a capitalist economy  h) the business of purchasing debts from clients at a discount and making a profit from their collection  i) the sum of money that a bank makes available to a client in excess of any deposit  j) a compulsory financial contribution imposed by a government to raise revenue, levied on the income or property of persons or organizations, on the production costs or sales prices of goods and services, etc |

III. Read the text and say why the business managers need to keep a record of their transactions.

The purpose of any business is to make a profit. Profit is not a dirty word. It simply means that the resources which have been entrusted to us have been used effectively. The more effectively the resources have been used, the more profit will be made. If all the businesses in a country were making a loss there would be an economic disaster. The government taxes business profits and uses the proceeds to pay for free education, the National Health Service, unemployment pay, old age pensions and national defense among other things. So one of the reasons the business managers need to keep a record of their transactions is to allow the Inspector of Taxes to calculate how much tax is due. However, there are other reasons why the business managers want to keep financial records. They want to know whether the policies they are applying are proving to be successful or otherwise. They want to know whether modifications are called for. They also want to know who owes them money (debtors) and to whom they owe money (creditors). They want to make sure they collect all the monies which are due to them, and they also want to make sure they are not suddenly confronted by a creditor they had forgotten about.

Apart from retail business the majority of sales are for credit. When manufacturers sell goods to their retail customers, the retailers will not be expected to pay for them until they have had a chance to sell them to the public. That is the way business normally operates. By giving their customers, say, two months' credit, the manufacturers are giving them ample time to raise the funds from the proceeds of the sale.

The manufacturers' suppliers - the people who provide them with the raw materials - will in turn give the manufacturers time to raise the funds. A considerable degree of interdependency is thus developed. The cash flow - payments in and out - are vital to a business. An adequate supply of working capital is essential if insolvency is to be avoided. A firm is said to be insolvent when it is unable to meet its financial commitments.

Since almost all of the business conducted between firms is on a credit basis, credit control becomes significant. Specific credit limits will be allocated to each customer. Thus a new customer, John Turner, might be allowed to have an outstanding account of £5,000 for three months, while Evelyn Corbett, who has been a satisfactory customer for more than a year, has a limit of twice that amount.

Before any order is passed through to the Dispatch Department in the factory, it will be checked against the customer and the credit rating. The salespeople are not allowed to give customers credit when these limits would be exceeded, unless there is a special clearance from the Sales Manager.

The drive for increased sales will make the large influential customer particularly attractive and for this reason they are likely to receive preferential treatment when credit ratings are determined.

Firms may attempt to reduce the risk of loss through bad debts by a variety of devices. They usually offer cash discounts for prompt payment and often operate a credit control department to monitor the granting of credit and the collection of debts. It is also possible to resort to a practice known as factoring (or invoice discounting) whereby specialist companies are approached with a view to their purchasing the book debts at a discount. They will collect the debts and keep any accounting records required.

IV. Answer the questions using the active vocabulary of the text.

1. What is the purpose of any business?

2. What does profit mean for a company?

3. How is an economic disaster connected with profit?

4. Why are the tax authorities interested in the accounts of a business?

5. Who benefits when a business makes a profit?

6. Why is cash flow important to a business?

7. When is a firm considered insolvent?

8. How are credit ratings determined?

9. What should a salesperson do before selling goods on credit?

10. What does a credit control department do?

11. How does factoring operate?

12. Why do you think a sales manager and a credit control manager might sometimes come into conflict?

V. Read the text and say whether these statements are true (T) or false (F).

1. The more effectively the resources have been used, the less profit will be made.

2. A firm is said to be insolvent when it is unable to meet its financial commitments.

3. So one of the reasons the business managers need to keep a record of their transactions is to hide them from the Inspector of Taxes.

4. The salespeople are allowed to give customers credit when these limits would be exceeded, unless there is a special clearance from the Sales Manager.

5. Companies don’t usually offer cash discounts for prompt payment.

6. A firm is said to be insolvent when it is unable to meet its financial commitments.

VI. Find Russian equivalents to the following phrases in the second column.

|  |  |
| --- | --- |
| 1.make a profit  2.make a loss  3.free education  4.health service  5.old age pension  6.national defence  7.month's credit  8.cash flow  9.financial commitment  10.outstanding account  11.credit rating  12.cash discount  13.accounting records | a)скидка за наличный расчет  b)получать прибыль  c)здравоохранение  d)бухгалтерский учет  e)бесплатное образование  f)неоплаченный счёт  g)потерпеть убыток  h)пенсия по старости  i)оценка кредитоспособности  j)финансовое обязательство  k)национальная оборона  l)кредит на месяц  m)движение денежной наличности |

VII. Choose the appropriate translation of the following sentences.

1. They want to know whether the policies they are applying are proving to be successful or otherwise.

a) Они хотят знать, являются ли применяемые ими стратегии успешными или нет.

b) Они хотят знать, доказывается ли политика, которую они применяют, успешная или иначе.

2. By giving their customers, say, two months' credit, the manufacturers are giving them ample time to raise the funds from the proceeds of the sale.

а) Давая их клиентам, скажем, кредиту двух месяцев, изготовители дают им вполне достаточное время, чтобы поднять фонды от доходов продажи

b) Предоставляя своим клиентам, скажем, двухмесячный кредит, производители выделяют вполне достаточно времени для того, чтобы собрать средства от продаж.

3. The cash flow- payments in and out - are vital to a business.

a) Движение денег – входящие и исходящие платежи – является жизненно важным для каждой компании.

b) Наличный поток - платежи в и - являются жизненными для бизнеса.

4. Firms may attempt to reduce the risk of loss through bad debts by a variety of devices.

a) Фирмы могут пытаться уменьшать риск потери через безнадежные долги разнообразием устройств.

b) Фирмы могут использовать разные способы, пытаясь снизить риск, связанный с убытками из-за невозвращенных долгов.

VIII. Make an outline of the text consisting of 5-8 sentences.

IX. Retell the text according to its outline