

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РОССИЙСКОЙ ФЕДЕРАЦИИ

ФЕДЕРАЛЬНОЕ ГОСУДАРСТВЕННОЕ  
БЮДЖЕТНОЕ ОБРАЗОВАТЕЛЬНОЕ УЧРЕЖДЕНИЕ  
ВЫСШЕГО ПРОФЕССИОНАЛЬНОГО ОБРАЗОВАНИЯ  
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АННОТИРОВАНИЕ И РЕФЕРИРОВАНИЕ ТЕКСТОВ  
ПО ЭКОНОМИЧЕСКОЙ ТЕМАТИКЕ

Часть 2

*Утверждено Редакционно-издательским советом университета  
в качестве учебного пособия по английскому языку*

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Целью учебного пособия является развитие навыков аннотирования и реферирования у студентов. При составлении учебных заданий использовались аутентичные тексты из английских и американских источников.

Пособие предназначено для студентов 1 и 2-го курсов факультета экономики и менеджмента. Подготовлено на кафедре иностранных языков.

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## **UNIT 1**

### **The Job Search**

1. Read the first paragraph of the article and decide who it is written for.
2. State the main idea of each part of the article.
3. Decide if the article contains information interesting for you from your professional point of view. What is this information?
4. Make up a summary of the article using the clichés.

### **The Job Search**

People work for a variety of reasons, but most of us work because we are paid for it. We are going to walk you through some of the issues job seekers need to consider if they hope to find jobs that maximize the return for time spent at the office. Looking for a job is a struggle human beings have endured ever since, the first time clock was punched: the differences between today's search and that of a search merely ten years ago rests largely in the tactics devised for the search and the tools available to manage those tactics.

### **Why Look for a New Job... or any Job?**

Many people with jobs are often also people looking for jobs. They are using the foundation of their current workplace to benchmark their current situation, to maximize their return of invested labor. The best place to look for a job is from a job, and it's neither necessary nor recommended that you wait until you are out of work to start looking for work. You are much more attractive to an employer, at first glance, if you are already working. If you are out on the street looking for a job, you have to initially overcome the hurdle of what caused you to be put on the street. If you are just starting out in your career (having graduated from college or graduate school), you have got to overcome the dilemma: How can I get a good job without experience, and how can I get experience without a good job?

Employees frequently think about changing jobs because of so-called the "times in the life of a business or a person when fundamentals are about to change. That change can mean an opportunity to raise yourself to new

heights. But it may just as likely signal the beginning of the end.” You have heard of people who always have updated copies of their resumes available. You might consider such people paranoid, but what they are is opportunistic. Employees who understand their own strategic inflection point are the ones who are not only opportunistic but also the ones who understand their industry, their company, and their own skills. Their knowledge enables them to anticipate change and how it may affect them.

### **What do I look for in a New Job?**

#### **Do I have to like my co-workers?**

One of the first things you have to realize is that the office is not necessarily the place you’ll go to make friends. Sure, it’s great if you get along with your coworkers. If you do, there is a good chance your productivity, your longevity on the job, and your good feelings about your job will be greater than if you don’t. But workers are not necessarily friends – they are a group of people who are thrown together at the whim of their employer. You do need to respect your coworkers and win their respect as well. You must trust their ability to do the same type of job you are doing day in and day out.

Finding a job that meets your qualifications in terms of pay benefits, intellectual challenge, opportunity, vacation is clearly the top of employment success. But you need to be patient. Developing a working career plan is not unlike writing a business plan. It cannot be a static document. It must live and respond to changing conditions as the market changes.

Writing a good resume should be the first step in any job search. Taking the time to do it right the first time and knowing the type of resume to use will save you considerable heartache when the time comes for you to actually hand your resume to an interviewer or submit it in response to a job opportunity. There is almost nothing worse than hearing about a job you’d like to apply for and not having a resume ready to submit.

There are a few things you need to know about your resume. The first is that a resume is meant to be a window into your working history. It is a historical sales document that presents your experiences in a positive way intended to create the need to meet you, to grant you an interview. A

resume is not an autobiography and cannot – should not – be an attempt to disclose everything there is to know about you. Most of that stuff is not appropriate for a job interview and most employers do not want to hear about unrelated issues. The resume should focus on your work experiences and say just enough to attract the employers’ attention. A resume alone will not get you a job, but it can provide the window of opportunity for the next stage. Don’t think that if you say it all on your resume you will have nothing left to discuss during your interview. There will always be things to discuss.

How can you best translate your skills and experience onto paper for inclusion in that most important document, the resume? By talking to people- talking to people you have worked with and for – and by asking them to describe you, the business you worked in, and your attendant job responsibilities. Your goals are to gain a complete perspective and gain confidence. After taking notes, just summarize what you learned from these interviews. Don’t try to make it presentable – just get the words on paper.

There is a variety of resume types, many of which you are no doubt familiar with. The functional and chronological resumes are old standbys. Both work very well, largely because everybody uses them, they are portable, and they are easy to comprehend. The best Internet resumes are multimedia and they include sound, images, colors and even video clips. Text over the Internet is boring and doesn’t optimize the full potential of that vehicle. A multimedia resume looks nothing like the text version of the resumes you are most familiar with.

## **Interview**

1. Read the text and answer the questions:
  - a) Why is an interview the most important part of finding a job?
  - b) What does the motto “Be prepared “mean?
  - c) What kind of questions shouldn’t a person ask during an interview?
2. Give the content of each paragraph in brief.
3. Decide if the text contains information interesting for you from your professional point of view.

This is the single most important part of finding a job, because it's the time when you're able to respond to negativity, to engage in dialogue. The interview is the true test of your powers of persuasion. The most important advice about an interview is to follow the Boy Scout motto: Be prepared. You should be smart enough to anticipate and respond to every hostile question. If you already understand the worst-case scenario and you have a well-rehearsed answer addressing the issue, then you have little to worry about. Of course, your answers should not sound well rehearsed.

Your interview starts with the clothes you wear and continue through to the thank-you letter you write the same day of the interview. You are being judged by everybody already holding a job at the firm and you are asking to become a member of its club. Treat everyone at the firm with respect if you expect to be given a chance. Start strong and end strong. Some of the best interviews are the ones where you are pushed to the edge and forced to respond, not the ones that engage in friendly conversation. Don't ask stupid questions. Avoid questions that are best asked after an offer has been made. Don't talk about money until asked or until the end of the interview cycle.

If offered the job, thank the recruiter and express your satisfaction.

### **Job Ads: Reading between the lines**

1. Read the text and say what information obtained from it is new to you.
2. Write out the key sentences of the text.
3. Formulate the author's conclusions.
4. Make up a summary of the text using the clichés.

Checking out job advertisements is popular with executives worldwide. But though the activity is universal, is the same true of the advertisements? Are executive positions in different countries advertised in the same way? A comparison of the jobs pages, of *The Times* of London, *Le Monde* of Paris and Germany's *Frankfurter Allgemeine Zeitung* suggests not:

First, what UK job seekers consider an essential piece of information - what the post pays - is absent from French and German adverts. It is often left to applicants to raise this themselves. In contrast, most British advertisements mention not only salary, but also other material incentives including a car and fringe benefits. French or German advertisements rarely refer to these.

The attention given to rewards in the UK indicates the importance of the job and its responsibility. In Germany and France, that information is given by the level of experience and qualifications demanded. Salary can be assumed to correspond with this.

If French and German adverts are vague about material rewards, they are precise about qualifications. They usually demand 'a degree in...!', not simply 'a degree'. In Germany, for example, a technical director for a machine tool company will be expected to have a *Dipl.-Ing* degree in Mechanical Engineering. .

French advertisements go further. They may specify not just the type of degree, but sometimes a particular set of institutions.

In the UK qualifications beyond degree level make employers nervous, but in France or Germany it is difficult to be 'overqualified'. British managers are not selected primarily for their intelligence, as managers are in France, or for their expert knowledge, as in Germany. Instead, the British give importance to social, political and leadership skills.

This difference also shows in the personal qualities mentioned. British advertisements stress energy, ability to communicate and motivate. German advertisements like achievement, but it tends to be less personality-driven. German companies want candidates with sound knowledge, experience and competence in their field. They rarely recruit novices as do British employers. French advertisements refer more to intellectual qualities like analytical aptitude and independence.

Even the tone of the job advertisements is different in the three countries. By French and German standards, British advertisements are very racy. They attract young executives with challenges such as: Are you reaching your potential?, whereas French and German advertisements are boringly direct, aiming to give information about the job rather than to sell it.

All this points to three different conceptions of management. The French regard it as intellectually complex, the Germans as technically complex, and the British as interpersonally complex. But they agree on one thing: it's complex.

## UNIT 2

### Advertising

#### *Part 1*

1. Read the text “Advertising” and divide it into logical parts.
2. Read the text and write out the terms referring to advertising; translate them into Russian.
3. Read the text and say what information obtained from it is new for you.

Advertising is an important element of the marketing function. It is used to increase sales by making the product or service known to a wider audience, and by emphasizing its superior qualities. A company can advertise in a variety of ways, depending on how much it wishes to spend, and the size and type of the target audience. The different media for advertising include television, radio, newspapers, magazines and direct mail, by which advertisers send letters, brochures and leaflets directly to potential customers.

Advertising can be classified according to the target audience, either consumers or businesses; what is being advertised, a product versus an institution; and the objective sought, the stimulation of primary or selective demand. To fully appreciate the scope of advertising, it is essential to understand these three classifications. Consumer or Business-to-Business Advertising. An ad is directed at either consumers or businesses, thus it is either consumer advertising or business-to-business advertising. Retailers by definition sell only to consumers, thus they are the only organizations that are not faced with this choice. The publishers of Money magazine, for example, must decide what portion of its advertising budget will be used to attract "businesses to advertise in the magazine (called trade advertising), and what portion will go toward gaining subscribers and selling magazines.

Product and Institutional Advertising. All advertising may be classified as product or institutional. Product advertising focuses on a particular brand. Institutional advertising presents information about the advertiser's business, to create a favorable attitude-build goodwill-toward the organization.

Product advertising is subdivided into direct-action and indirect-action advertising.

■ Direct-action advertising seeks a quick response—for instance, a magazine containing a coupon, an 800 number may urge the reader to send or



call immediately for a free sample, or a supermarket ad in a local newspaper stresses the week's specials.

■ Indirect-action advertising is designed to stimulate demand over a longer period of time. It is intended to inform or remind consumers that the product exists and to point out its benefits. Most network television advertising is indirect action.

In contrast institutional advertising is not intended to sell a specific product. Its objective is to create a particular image for a company.

Primary-demand and Selective-Demand Advertising. Primary-demand advertising is designed to stimulate demand for a generic category of a product such as Colombian coffee, Florida citrus fruit, or garments made from cotton. In contrast, selective-demand advertising is intended to stimulate demand for individual brands such as Folgers Coffee, Sunkist oranges, and Liz Claiborne sportswear.

Primary-demand advertising is used in either of two situations. The first is when the product is in the introductory stage of its life cycle. This is called pioneering advertising. A firm may run an ad about its new product, explaining the product's benefits, but not emphasizing the brand name. The objective of pioneering advertising is to inform, not to persuade, the target market.

### **The Advantages and Disadvantages of Different Media**

1. Read the text and decide if it contains information that is interesting for you from your professional point of view.

2. Read the text and write out the terms referring to “Different Media”.

#### Television

##### Advantages

1. Exposure on a national scale.
  2. The ad. reaches all socio-economic groups.
- Sound, vision, movement and colour can all be used.

##### Disadvantages

1. Expensive.
- There may not be a nationwide interest in the product, so TV advertising would be inappropriate.

## Daily newspapers

1. Exposure on a national scale.
  2. People tend to believe what is in the papers.'
  3. They have a high attention value
1. Only read by particular groups.
  2. Can be expensive

## Sunday newspapers:

1. They have a greater attention value as more people have time to read them
  2. They have a large circulation
  3. Colour and good quality paper in magazines makes the advertising in them more attractive.
1. Expensive.
  2. A single ad. in one issue may not inform the majority of readers.

## Trade magazines

1. Circulation is rising.
  2. Read by people who take an interest in trade ads.
  3. Less expensive than newspapers
1. Only reach small percentage of the population
  2. Tend to be published less frequently.
  3. Advertising normally agreed on annual basis.

## **Coca-Cola and its advertising**

### *Part 1*

1. Read the text and divide it into logical parts; entitle each paragraph of the text.
2. Make up a list of problems discussed in the form of questions.
3. Make up the summary of the text using the clichés.

John S. Pemberton invented Coca-Cola in 1886. His partner suggested to build an advertisement for the drink in the Atlanta Journal that very year. In 1888, Asa Candler bought the Coca-Cola business and decided to make the product known through signs, calendars and clocks.

The company began to set up its global network when Robert Woodruff was elected president of the company in 1923. He succeeded in transforming Coca-Cola into a truly international product by running a foreign department, which exported Coca-Cola to the Olympic Games in Amsterdam in 1928. During World War II, he promised to bring Coca-Cola to every soldier in every part of the world.

Coca-Cola's advertising has always attempted to reflect changing contemporary lifestyles. Creating an international advertising campaign requires the talents of professionals in many areas, and extensive testing and research are always done before deciding which advertisements will finally be used. Celebrity endorsements have featured heavily - Cary Grant, Ray Charles and Whitney Houston are just three of the big name stars who have agreed to appear in Coca-Cola commercials.

After launching Diet Coke in 1982, the company saw its sales grow quickly. The drink is now the third most popular in the world. In 1985, the company tried to change the secret formula of Coca-Cola, but realized that Americans were very attached to the original recipe. The company listened to its consumers and quickly responded by returning the original formula to the market as 'Coca-Cola Classic'. Today, people in more than 160 countries around the globe enjoy drinking Coca-Cola. It is asked for more than 524 million times a day in more than 80 languages. The company intends to expand its global presence even further in the twenty-first century, particularly in developing markets.

### *Part 2*

1. State the main idea of each paragraph.
2. Read the text and write out the terms referring to "advertising".

### 1. Answer the questions:

- 1) What can you say about the timing of the ad?
- 2) Is there any problem concerning the company spending on advertising?

3) Name some differences between promotion and advertising. Are there any of them?

4) How can be coupons delivered to the consumers?

- Impact - the use of colour, movement, size of ads, the content of the ad, e.g. humorous or serious, and the placing of the ad.

- Frequency - this is the number of times or length of time the ad. is shown, e.g. if the campaign is intensive the ad. may be shown on TV many times on 2 or 3 nights a week for several weeks or even longer. The campaign may involve taking out a single ad. in a newspaper on one particular day. The type of product may dictate the timing of the ad. and when it is advertised. Summer holidays are more likely to be advertised in winter, and children's toys are more likely to be advertised between children's programmes.

- Cost - the cost of using the different media varies. E.g. the average cost of producing a 30 - second TV commercial is said to be around 80,000 pounds. To put this commercial "on the air" using Thames Television would have cost between 10,000 and 20,000 according to the circulation of the paper.

1. How much should the company spend on advertising? Some companies have a fixed amount to spend on advertising, although there is a weakness in this policy because the amount may not match what the company's competitors are spending, and they may be taking a bigger share of the market. Other companies follow their competitors and match their spending. This could lead to an advertising war and could be counterproductive because sales may not increase at the same rate as the advertising expenditure. Some other companies set their advertising spending as a percentage of the actual (or forecast) sales of product. But one problem is that sales would lead to a cut-back in advertising, whereas it may be that the company needs to increase its expenditure on advertising the product in order to boost sales.

## **Promotion**

Sales promotion is often thought of as being the same as advertising. However, although the objectives of promotion and advertising are the

same - to persuade the consumer to buy -there are differences in the way they are practiced. Sales promotion often takes the form of an incentive, e.g. a free sample or a special offer, or "Buy two and get one free". Firms use a number of sales promotion methods:

a. packaging and design (is very important) if it is to catch the customer's eye. The key elements of packaging and design include colour, size, display and a brand or trademark;

b. personal appearances. Celebrities often appear on "Chat Shows" to promote a new product. A group may perform a new record (authors and sportsmen);

c. coupons can be used to promote sales of a product - they can be delivered through the door; they can be cut from newspapers to take to a store or they may be attached to the product itself;

d. exhibitions and demonstrations. Many products are displayed at exhibitions open to the general public. A product may be sometimes tasted by the public in a supermarket (coffee, cheese, pizza). In large department stores aftershave and perfumes are available for testing (make-up);

e. sponsorship - is frequently done to promote the name of the company rather than a particular product. It can be done by both large and small companies (a sports league or event) Local firms may sponsor local teams and provide the players with shirts displaying the company logo.

## Slogan

1. Write out the key sentences of the text.
2. Answer the questions.
  - 1) What is the origin of the word "slogan"?
  - 2) Why are slogans (sentences) usually short?
  - 3) Are slogans an essential part of all campaigns?
  - 4) Why is it very important to think up a good slogan?
3. Make up the summary of the text using the clichés.

Originally the word slogan was used to describe the battle-cry or rallying- cry of a Scottish clan. Today the application is different but the intention behind modern slogans is much the same – to form a forceful, catchy, mind – grabbing utterance which will rally people, in this case to

buy something, or to behave in a certain way. Indeed the force of the hard sell with which some slogans are placed before the public would no doubt have received the enthusiastic approval of any ancient Highlander.

In their linguistic structure, slogans are very like proverbs. Sentences tend to be short. They often have a balanced structure. Slogans are used far more than advertising commercial products, but are an essential part of all campaigns – political, safety, protest, health, environmental and so on. One of the 1<sup>st</sup> steps in any campaign is to think up a good slogan, and some companies run regular competitions to obtain fresh ideas from the public. Invent a successful slogan today and (who knows?) you could be a millionaire tomorrow. Effective slogans are usually short, easy to remember and easy to repeat. Many advertisements contain a slogan of short phrase to attract the consumer's attention.

### **The Global Advertising**

1. Read the text and divide it into logical parts. Entitle each paragraph of the text.

2. Make up a list of problems discussed in the text.

3. Find the paragraph that says about “the major barrier” to effective advertising.

4. Read the text and say what information obtained from it is new for you.

Once a product is developed to meet target market needs and is properly priced and distributed, the intended customers must be informed of the product's existence and value. Because advertising's function is to “translate the need satisfying qualities of product and services in terms of consumer needs, wants, desires”, the emotional appeals, symbols and other characteristics of an advertisement must coincide with cultural norms to be effective.

Intense competition for world markets has led to a need for more sophisticated advertising strategies.

Advertising must relate to motivation; if people in different markets buy similar products for significantly different reasons, advertising must focus on these differences. Advertisers from around the world have

developed their skills and abilities to the point that advertisements from different countries reveal basic similarities and a growing level of sophistication. Some countries regulate advertising more closely than others; this requires modification of the creative approach from country to country. Laws pertaining to advertising may restrict the amount spent on advertising, media used, type of product advertised, manner in which price may be advertised, type of copy and illustration material used, and other aspects of the advertising program.

Some countries have special taxes that apply to advertising which might restrict creative freedom in media selection.

Language is one of the major barriers to effective communication through advertising. The problem involves the different languages of different countries, different languages or dialects within one country. Even a tiny country such as Switzerland has three separate languages. Everyday words have different cultures. Even pronunciation causes problems.

The problem of communicating to people in diverse cultures is one of the great creative challenges in advertising. International marketers are becoming accustomed to the problems of adapting from culture to culture. Creative advertisers in some countries have even developed their own media for overcoming media limitations. Restrictions on traditional media or their availability cause advertisers to call on lesser media for the solution of particular local county problems. The cinema is an important medium in many countries as are billboards and other forms of outside advertising.

In many countries, there is a feeling that advertising and especially TV advertising is too powerful and persuades consumers to buy what they do not need. Certainly this is an issue that has been debated in many countries for many years.

## UNIT 3

### Financial Accounting and Financial Control

1. State the main idea of each paragraph of the text.
2. Mark the paragraphs that can be omitted.
3. Read the text and say what information obtained from it is new for you.

Finance is central to the operation of any business. More or less every activity a business undertakes will require some form of funding. Finance is needed to rent or buy premises, to purchase capital equipment, to hire labour and to obtain raw materials. Therefore, without finance a new business could not be set up and an existing business could not continue to function.

#### Financial Objectives

Although finance is required for so many different aspects of business activity, it is usual to group a business's financial needs under the following broad headings.

#### Survival

This is the most fundamental objective of all businesses. In order to ensure survival there must be enough money flowing into the business to finance the necessary day-to-day expenditure, e.g. purchasing raw materials, paying employees' wages and so on. This type of expenditure is **current expenditure** and will normally be financed from current income, that is the money generated from the sale of the business's goods or services.

#### Growth and Development

Whilst survival is the fundamental short-run objective of the business, in the long run businesses are concerned with growth and development. Old machinery must be replaced with more modern technology to maintain and increase efficiency in order for the company to remain competitive. Growth allows the firm to diversify its product range and open up new markets. With growth come the benefits of **economies of scale** and a more secure position in the market. To pursue these objectives the business requires **capital finance**.



Survival and growth and development are obviously closely related. A business which does not develop and grow will encounter problems in the long run in maintaining its market share and its survival may be threatened. These objectives determine how a business uses financial resources, often referred to as a business's **application** of funds.

### **Sources of Funds**

Closely related to how money is used by a business is how it is obtained, i.e. the various **sources of funds**. Sources and application of funds are closely related because generally the most important factor in deciding the method of obtaining the finance is the reason the finance is required. Sources of funds can also be summarized under 2 broad headings.

#### **Internal Finance**

This refers to the money a business generates from its own assets. Internal finance can be obtained from the following sources:

1. Careful management of the business's income and expenditure. This is known as the **cash flow** of the business. It needs to be carefully monitored to ensure there is enough money flowing into the business to meet current commitments.

2. The profits from the previous trading activities of the business. Some of the profits will be distributed to the owners of the business as a return on their investment. However, it is usual to reinvest part of the profits in order to allow the business to expand. This is a very important source of finance for capital expenditure.

3. The sale of the business's assets. Often the finance required for new assets can be partly obtained by selling older equipment. The business may also sell assets to a third party under an agreement which allows the assets to be retained in return for an agreed rental. This sale **and lease back** generates finance for the purchase of new assets at the cost of increasing the business's current expenditure.

#### **External Finance**

External finance refers to the injection of funds from outside the business. Essentially this type of finance can be obtained from 2 sources.

(a) Borrowing money. All businesses borrow in order to finance a whole range of business activity. Materials can be bought on credit to help

finance current expenditure and loans are obtained from many sources to help purchase new assets. However, borrowed money usually has to be repaid and will normally have to be serviced, i.e. interest will be charged on the amount borrowed. This increases the current expenditure of the business.

(b) Extending ownership. This means attracting finance from people outside the business who are prepared to invest in its future. This occurs when a sole proprietor takes a partner or when a private limited company 'goes public' or when a public limited company issues more shares. Unlike borrowing, this form of finance does not have to be repaid and as it does not generate a debt there are no interest charges. However, in the long run the business will have to make enough profit to give a return on this investment or the investors are likely to wish to withdraw their money and invest it elsewhere.

Therefore financial decisions are concerned with both the sources of funds and the application of those funds. In larger businesses this financial planning and decision-making is the responsibility of the Finance Department.

### **The Financial Control of the Business**

1. Read the first paragraph of the text and decide who it is written for.
2. Read the text and write out the terms referring to the topic "Finance".
3. Express the content of each paragraph in one sentence.
4. Read the text and decide if it contains information that is interesting for you from your professional point of view.

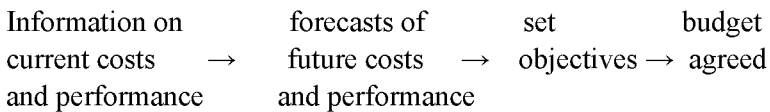
Financial control means the directing and monitoring of the financial resources within the business. It is exercised internally by managers and accountants and coordinated by the Finance Department. In addition, a further degree of control may be exercised externally by the business's auditors, who are independent financial advisers who verify the business's annual accounts.

In order to make financial control possible it is first necessary to set objectives and targets within which each department is expected to work.

This process is known as **budgeting** and it is central to financial management.

Essentially a budget is a financial expression of intentions or expectations. Budgeting occurs at several levels within the business and over different time scales. However, common to all budgets is that they relate to the future and are therefore based upon forecasts rather than facts. This is in contrast to the balance sheet and the profit and loss account, which relate to the business's past performance.

The preparation of a budget consists of a number of stages which can be expressed as the following sequence:



### **Information**

A department will start its budgetary process by looking at the information relating to its present situation. For example, in the case of the Sales Department this means analyzing the current sales figures, identifying trends and taking care to interpret any figures which may be the result of unusual circumstances.

### **Forecasts**

The next stage is to look forward to the period under consideration and try to estimate as accurately as possible the situation which will prevail in the future, e.g. estimate the amount the business is likely to sell over the coming year. Experience will be of great help here but other techniques may also be employed, e.g. market research and statistical analysis. Where accurate predictions are difficult to make it is common to prepare more than one set of forecasts, e.g. an optimistic forecast and a more pessimistic one.

### **Objectives**

Once the business has framed its various forecasts, e.g. production, sales, marketing and so on, then it is possible to set realistic performance objectives. These will normally take the form of a series of targets that each department is expected to meet, e.g. how much is to be produced, the increase in sales the business is aiming for, etc.

## **The Budget**

The final stage of the process is to budget to meet the business's performance targets. This means setting the level of expenditure within which each department or sub-department (usually known as cost centers) will have to work. The materials budget will be agreed on the basis of the production targets, the marketing budget on the basis of the sales target and so on. It is very important that all the various parts of the budget are carefully coordinated. It obviously makes no sense to budget to sell 100,000 units if a production target of only 80,000 has been set. Therefore, at each stage of the budgetary process close interdepartmental consultation will be necessary.

The accountants working in the Finance Department will be closely involved in the preparation and co-ordination of the budget, which will be the blueprint for the operation of the business over the period concerned.

### **How the Budget Helps the Management of the Business**

Once the budget has been agreed it is used to monitor the performance of all departments in the business. The management will be interested in any difference between the planned targets and the actual performance of the business. This is known as variance and is central to the financial control of the business. It is important to investigate the cause of any variance before action is taken. This means it is necessary to distinguish between the controllable and uncontrollable elements of any variance, e.g. if material costs begin to run over budget, an investigation may reveal the cause to be a combination of:

- (a) increased wastage of materials by machine operators
- (b) a greater than anticipated rise in suppliers' prices.

The first factor is controllable in the sense that it is within the control of the business and is open to improvement, e.g. a better training programme for machine operators. However, the second factor is uncontrollable because its cause lies outside the business (unless a cheaper supplier can be found). In this case the budget will have to be amended to take account of the inaccurate forecast. It would make no sense to stop buying materials purely because the original forecast of their expected cost was too low. This shows that budgets must be flexible and open to amendment as circumstances change.

## A new economic era is dawning

1. Entitle each paragraph of the text.
2. Make up a plan of the text (in the form of questions).
3. Make up a list of problems discussed in the text.
4. Give the content of the text in brief.

SOMETIMES you can have too much news. There was so much financial turmoil in the autumn that it was hard to keep up with events. In retrospect it is clear that a change in the economic backdrop akin to the demise of the Bretton Woods system in the early 1970s has taken place. Investors will be dealing with the aftermath for decades to come.

From the mid-1980s onwards the answer to big financial setbacks appeared to be simple. Central banks would cut interest rates and, eventually, the stock market would recover. It worked after Black Monday (the day in October 1987 when the Dow Jones Industrial Average fell by 23%) and the Asian crisis of 1997-98. It did not rescue shares after the dotcom bust but the easing led to the housing boom and the underpricing of risk in credit markets.

Easing monetary policy was pretty popular. It lowered borrowing costs for companies and homebuyers. To the extent that savers earned lower returns on their deposit accounts, they were usually compensated by a rebound in the value of their equity holdings.

Indeed, monetary easing appeared to be costless. When policymakers cut interest rates in the 1960s and 1970s they often ignited inflationary pressures. Not so in the 1990s. Whether that was down to the brilliance of central banks or the deflationary pressures emanating from China and India is still a matter of debate.

This time around conventional monetary policy has not been enough. The authorities have also had to resort to quantitative easing, using the balance-sheets of central banks to ensure the funding of clearing banks and to keep the lid on bond yields. And there has been a huge dollop of fiscal easing. Some countries' budget deficits have soared to 10% of GDP.

The fiscal packages have proved rather less popular than monetary easing. Initially they were seen as bail-outs for greedy bankers. But the focus of criticism has shifted to the deterioration of government finances and the potential for higher future taxes, borrowing costs and inflation.

An eerie parallel seems to be at work. There was a time, back in the 1950s and 1960s, when Keynesian stimulus packages were seen as costless. Governments thought they could fine-tune their economies out of recession. Eventually it was realised that the ultimate result of too much stimulus was higher inflation and excessive government involvement in the economy. Keynesian demand management was abandoned in favour of the monetary approach. The past couple of years have demonstrated that the use of monetary policy had its costs too, not in consumer inflation but in rising debt levels and growing asset bubbles.

The authorities never even considered allowing the financial crisis to continue unhindered. The damage to the economy would have been too great. But the costs of this latest round of government action will be big. Investors will have it in mind during the next boom that governments will rescue the largest banks, slash rates, intervene in the markets and run huge deficits. In other words the moral-hazard problem will be even greater.

Before we get there, however, the authorities will have to work out an exit strategy. Past cycles have shown that the tightening phase, after a long period of low rates, can be very dangerous. Bond markets were savaged in 1994 when the Federal Reserve started to raise rates from 3%. What will bond markets do if central banks also unload the holdings acquired during the crisis? And how will stockmarkets perform if interest rates and taxes are being raised at the same time?

Given these risks, the new era will surely be a lot more fragile than the one that prevailed in the 1980s and 1990s. There is simply more scope for policymakers to go wrong.

In addition, the global financial system has lost its anchor. When Bretton Woods broke down and the last link to gold was severed, there was in theory nothing to stop governments from creating money. It took independent central banks, armed with inflation targets, to reassure creditors. But now central banks have shown they have another priority apart from controlling inflation: bailing out the banks.

The new era is one in which governments are using floating exchange rates, near-zero interest rates and vast fiscal deficits to protect their economies. None of this is good news for creditors, who will surely not put up with the situation for long. The actions they take to protect their portfolios- demanding higher bond yields, pushing for fixed exchange rates- will define the next economic system.

## Hard talk, soft policy

**The ECB has run as loose a monetary policy as other central banks have. It is just rather more coy about it**

1. Find the paragraph that says about the aim of ECB before the crises and its activities to achieve the aim.
2. Write out the Key sentences of the text.
3. Make up the summary of the text using the clichés.

THE global economy has stopped sinking and central bankers are pausing for breath. As *The Economist* went to press on July 2nd, the European Central Bank (ECB) was expected to keep its main "refi" interest rate unchanged, at 1%. The ECB's rate-setting council has been chary of cutting rates closer to zero as policymakers elsewhere have done. Its reluctance to do more has attracted criticism, only some of it fair.

The focus on policy rates may put the ECB in a bad light but these are no longer a reliable guide to the overall monetary-policy stance. If you look at market rates the policy stance in the euro area is as loose as anywhere else, because of stimulus decisions taken at the height of the financial crisis. In October the ECB decided it would offer banks as much cash as they wanted, at a fixed interest rate (the refi rate) and against a wider range of security than usual, for up to six months. It also scheduled extra three-month and six-month refinancing operations, so that banks could come more often to the central-bank well.

In May the ECB council agreed to extend the offer of fixed-rate cash to one year. At the first 12-month refinancing operation on June 24th, euro-zone banks borrowed a staggering €442 billion (\$620 billion). With so much cash splashing around, the charge that banks make for overnight loans has stayed well below the refi rate, with some occasional spikes. Since the €442 billion cash injection, overnight interest rates in the euro zone have fallen to a record low of 0.3%, below those in Britain and scarcely higher than in America. Indeed banks can now borrow more cheaply in euros than in pounds for either three, six or 12 months.

Before the crisis, the ECB would aim to keep overnight interest rates close to the refi rate. Since it moved to unlimited fixed-rate funding, the

central bank has been content to allow the overnight rate to drift much lower than the policy rate. In effect, the bank now has a target range for short-term rates: the upper bound is the 1% refi rate and the lower bound is the rate the central bank pays on banks' deposits with it, currently 0.25%. The deposit rate has been a better guide to the policy stance than the refi rate has. ECB-watchers and markets understand this, even though it has not been spelt out in so many words by Jean-Claude Trichet, the ECB's president.

Why be so coy? One concern is that by playing up the fight against recession, the ECB could appear to have lost sight of inflation. Keeping the totemic refi rate above zero may be seen as necessary to prevent inflation expectations from drifting up. There may also be a reluctance to admit that such a gushing provision of liquidity has altered the policy stance. Since the start of the crisis in August 2007, the ECB has insisted the two are separate. "They are bold on liquidity because they don't see it as mainstream monetary policy," says Charles Wyplosz of the Graduate Institute in Geneva. Yet the terms of its refinancing for banks have clearly led to looser monetary conditions.

Another reason for obfuscation is to mask differences among rate-setters. Monetary-policy hawks can reassure themselves that the policy rate is not too low. Doves are happy that effective interest rates are nearer to zero. And Mr. Trichet can claim there is a "consensus". The terms of the truce make it easier to reverse policy when the time comes. By restricting its liquidity support, the ECB will be able to guide overnight interest rates towards 1% without having to alter its policy rate.

Because the ECB has had one eye on the exit since the start of the crisis it has earned plaudits from those who think the Federal Reserve has been incautious. That judgment is too kind to the ECB, which could afford to have scruples about the medium term because other central banks were taking more care of the present. It is also unfair on the Fed, which had to stand in place of America's collapsed shadow-banking system. When the economy was in most danger, the ECB could have cut rates more quickly. "If the ECB had been more proactive, the recession would have been less bad," says Marco Annunziata of UniCredit. The striving for consensus militated against bolder action.



Another criticism is that the ECB has not done more to ease credit conditions by buying government and corporate bonds outright, as the Bank of England and the Fed have done. Its scheme to purchase up to €60 billion of the safest bank bonds, launched this month, is modest by comparison. Mr Trichet believes that focus makes sense, as euro-zone businesses and homebuyers rely more on banks than capital markets for credit. In America, capital markets matter more, so the Fed had to get its hands dirtier by buying commercial paper and mortgage-backed securities.

The ECB is also loth to soil its hands with public debt, though banks flush with central-bank cash are keen buyers of such low-risk assets. If this is monetisation at a remove, so be it. The central bank keeps its independence from government and does not have to worry about selling bonds back into the market once the interest-rate cycle turns. "If you want to stay clean, the exit strategy is easier," says Thomas Mayer of Deutsche Bank.

But offering ample liquidity support to banks gets you only so far. By buying assets, the Fed allows American banks to shed them, freeing scarce capital for fresh lending. As losses mount in the euro zone, capital may trump liquidity in determining credit growth. Lending to the private sector slowed to 1.8% in the year to May, an all-time low. Until credit starts to revive, the ECB cannot think about tightening policy. It may yet have to be bolder.

## UNIT 4

### External Trade

1. Read the text and answer the questions:
  - a) Who are the main trading partners of the European Community?
  - b) What kinds of products are imported into the Community from the Far East?
    - c) Why is the import of raw materials and food products into the Community declining?
    - d) Why is the Community's external trade balance almost always in deficit?
2. Give the main idea of the text in a few sentences.
3. Formulate the author's conclusions.

The European Community is the world's leading trading power, ranking ahead of the East and Japan.

External trade plays a fundamental part in the Community's economy, with exports to non-member countries accounting for 10,5% of GDP.

The European Community trades with all the world, its main trading partners being the EFTA (European Free Trade Association) countries.

The most important aspect of imports into the Community is the substantial proportion (59%) accounted for by manufactured products, with a sharp increase in high-technology products (e.g. electronic consumer goods) from Japan and the newly industrialized countries of the Far East.

Energy products (especially oil) account for no more than 16% of imports. Raw materials accounted for 30% of imports in 1958, compared with no more than 9% today, the main reason being the decline in prices and the major market segment taken by manufactured products. The same kind of decline can be seen in imports of food products. This has largely been due to improvements in Community agriculture, which share reduced the EC's degree of dependence on outside sources of food, and to a slower rate of increase in the price of imported agricultural products.

The Community's external trade balance (exports-imports) is almost always in deficit, owing largely to imports of petroleum products, raw materials and foodstuffs. Oil has played a substantial part in the balance of

trade since the two oil crises of 1973 and 1979, when the deficit was greatly aggravated by the massive increase in the price of imported oil.

Above all, however, the international climate is unstable. The situation might lead the East to adopt a restrictive economic policy, which could disrupt international trade.

### **Introduction**

1. Read the introduction and find the main idea of it.
2. Decide who the article may be interesting for.
3. Express the content of each paragraph in one sentence.

Economic policymakers, business managers, and the general public are now well aware of the importance of the international economy. This awareness has developed relatively later in the United States than in the rest of the world. For much of U.S. history, especially during the period from 1945 until the 1970s, economic events overseas and across borders were of secondary importance to the United States. From the late 1940s through the late 1950s the Japanese and European societies were struggling with recovery from the devastation of World War II. During that period, the United States dominated the world's economy.

The U.S. economy remains by far the largest national economy in the world, but U.S. GNP has dropped from approximately 50 percent of world GNP in the 1950s to 30 percent in the 1980s. The Western European economy accounts also for about 30 percent share of world GNP, while the Japanese economy accounts for around another 10 percent. Many U.S. industries are now more concerned about foreign competition than about fluctuations in domestic demand. There has been a dramatic change in international economic relationships.

### **International Trade and Foreign Exchange**

1. Read the text and express the content of each paragraph in one sentence.
2. Write out all the terms referring to international trade.
3. Make up a summary of the text using the clichés.

The international exchange of goods and services sometimes happens through direct bilateral exchange. For example, in the 1930s, Hitler's finance minister convinced the government of Hungary to exchange Hungarian pork for German aspirin — without the use of money. The exchange was undertaken because neither country had free access to foreign markets and because Hitler was able to coerce an exchange of goods favorable to Germany. More recently, in the 1970s in some countries that still practiced exchange control industrial products were traded directly for oil during the period when there were oil shortages. However, most international trade is accomplished by an importer who first obtains foreign currency and then uses foreign currency to purchase foreign goods. Foreign currencies (i.e., foreign exchange) are traded or exchanged for one another in international financial markets or, more specifically, foreign-exchange markets. Foreign-exchange markets relieve international traders of the need to barter aspirin for pigs or transistors for oil. Trades of foreign exchange facilitate and accompany the trade of foreign goods and assets. But what happens in the foreign-exchange market also influences the amounts of goods and assets traded.

The decision to buy an imported good depends upon many factors, but in this discussion we are keeping income and tastes constant, so it is the *price* of a good being imported or exported that we will focus on as the factor that affects the decision to purchase it. In general, therefore, *the volume of exports from the United States will be higher when the prices paid by foreigners for U.S. products is lower*. The price that is relevant is the price that foreigners pay in their own currency. By a similar argument, *the volume of imports into the United States will be higher when the prices paid by U.S. purchasers are lower*. And the price that is relevant is the price that Americans pay in dollars.

For example, a decision by a foreign airline to buy Boeing aircraft is certainly affected by many different economic and political factors (reliability and energy consumption, for example), but if we take those other factors as given, it is the price of, say, Boeing's 757 relative to the European Airbus that is most important. Further, even if the airline chooses Boeing, the number of planes imported is likely to be smaller in the case of a high price for Boeing airplanes than the number of planes imported when the price of U.S.-produced aircraft is low.

Boeing will offer to sell its planes to the foreign airline at a particular price in dollars. But to the managers of the airline, the price of Boeing aircraft (that is, the price in marks, yen, lira, or whatever is the home

currency of the purchaser) depends upon how many dollars can be bought with its currency as well as depending upon the price Boeing charges for its planes.

### **The Exchange Rate**

The number of units of one currency that can be purchased with one unit of another currency is called the *foreign-currency exchange rate* or simply the exchange rate. When referring to exchange rates it is important to be clear about how the rate is expressed. One can look at the exchange rate between any two currencies in two possible ways. For example, one can look at the number of German marks exchanged for one British pound or, alternatively, the reciprocal of this number is the fraction of a pound that can be purchased with a single German mark. Foreign exchange rates are published daily in many newspapers; usually the exchange rates with the dollar are expressed both ways, such as number of marks per dollar, or fraction of a dollar per mark.

The general practice in the United States is to express *dollar* exchange rates as so many units of foreign currency that can be purchased with one dollar—2 German marks per dollar, 150 Japanese yen per dollar, and so on. This means that if the amount of foreign currency that the dollar can buy falls (that is, if the dollar becomes worthless in foreign-exchange markets), then the value of the dollar has fallen. *A fall in the value of the dollar is a decline in the exchange rate.* For example, if the dollar is exchanged for 130 yen rather than for 150 yen, then the exchange rate of the dollar has fallen against the yen.

This practice is not universally followed, however. For example, the exchange rate of the dollar with the British pound is often expressed in terms of the number of dollars per pound, say, \$1.60 per pound.

### **Income Earned on Foreign Assets and Transfers**

1. Read the text and write out the terms referring to foreign trade.
2. Answer the following questions:
  - a) What sources of income are mentioned in the text?
  - b) What is the tendency of investment income obtained from the earnings of the foreign subsidiaries of US multinational corporations?

- c) What are fees and royalties?
  - d) What examples of international transfer payments are given in the text?
3. Find the main idea of each paragraph.
  4. Say what information in the text is interesting for you from your professional point of view.

Because U.S. residents earn income on their ownership of foreign assets just as foreign residents earn income on their ownership of U.S. assets, the balance of merchandise trade does not account for all of the foreign effects on domestic income. For example, U.S. residents may hold bonds issued by foreign governments or foreign companies. They may hold foreign real estate or the stocks of foreign companies. In addition, many U.S. companies have foreign subsidiaries. These foreign assets yield a flow of income to their American owners. Similarly, foreigners own U.S. assets, bonds, stocks, real estate, and so on. These U.S.-based assets generate a flow of income to their foreign owners.

The United States has a substantial inflow of investment income, derived largely from the earnings of the foreign subsidiaries of U.S. multinational corporations. This source of income has continued to grow in recent years. Yet, what has changed is the tremendous growth in the outflow of investment income in the 1980s, as foreigners have purchased large amounts of U.S. bonds, stocks, and real estate and have acquired ownership of some companies previously owned by U.S. residents. In 1981, the United States had a \$34 billion net inflow of investment income. By 1988, this had fallen to a net inflow of \$2 billion and the figure is expected to become a net outflow of income during the 1990s.

Income flows are also generated by fees and royalties. U.S. companies hold key patents in many areas of technology and they license foreign companies to use the technology. This generates a flow of fees and royalties to the United States. There is a smaller reverse flow of payments by U.S. companies to foreign licensors. Books, movies, television shows, and other entertainment and media products also generate international income flows. There is also a net outflow of income from the United States to foreign companies and governments from Americans' expenditures on foreign travel and transportation.

As well as the return on assets, payments known as *international transfer payments* are also made. Some of these payments stem from private financial transfers (i.e., gifts). There are many residents of one country who have ties to families in other countries. Monetary and in-kind gifts are sent in both directions, and the monetary transfers show up in the balance of payments. U.S. corporations and philanthropic institutions also make charitable contributions overseas. Other transfers result from the grants and aid that the U.S. government makes to foreign countries, most of it in the form of military assistance.

## **UNIT 5**

### **Business Ethics**

1. Read the text and divide it into logical parts.
2. Express the content of each part in one sentence.
3. Formulate the author's conclusions.

#### **Introduction**

Businesses have power through their ability to spend vast amounts of money. They have the ability to enhance or change situations that the common individual does not. As organisations affect many people, they have obligations to their employees, consumers, community and the world. They have a responsibility to conduct business in a way that is not harmful and which positively benefits as many people as possible and themselves. Although this sounds simple, it is easier said than done as there will always be a conflict of interest between various groups of people. Any decisions made by businesses need to be made with an informed awareness of the specific situation and then act according to some sort of system principles which is Business Ethics.

#### **What is Business Ethics?**

Business ethics is exactly the same as normal ethics, and that is knowing what is right or wrong, and learning what is right and what is wrong in a business environment. Then doing the right thing, but the right thing is not as straightforward as explained in many business ethics books. Most ethical dilemmas in the workplace are not simply a matter of Should she steal from him? or Should he lie to his boss? Businesses cannot function without ethics, why? Society dictates a set of rules and conformities and seeing as all businesses strive after common goals it means that these goals can only be achieved on the basis of standards, values and morals in society. It can be assumed that business life has to be called 'moral' as well. As in society, standards and values are spontaneously formed once people come together and start 'behaving', likewise, business life becomes exactly the same and that's when morals come into effect, and when businesses decide on implicit or explicit ways



to achieve certain goals and then are agreed on. Businesses in general are working on the basis of an ethics that settles different interests. The standards and values within companies can be characterised as mutual respect. In this respect it is in everyone's interest, and is considering people as an end in themselves, not as a means, reciprocity and fairness. This ethics is passed down and filtered to a group of stakeholders who have an interest in the company. These parties usually are: personnel, customers, suppliers, subcontractors, shareholders, society and those who speak on behalf of the environment and future generations. Many ethicists say there's always a right thing to do based on moral principle, and others believe the right thing to do depends on the situation, ultimately it's up to the individual on what they do and on what they believe to be the right thing is. Sometimes the right thing is not necessarily the best thing to do. Many philosophers consider ethics to be the science of conduct. Twin Cities consultants Doug Wallace and John Pikel (of the Twin Cities-based Fulcrum Group) explain that ethics includes the fundamental ground rules by which we live our lives. Many professionals in ethics say that new ethical beliefs are state of the art legal matters, and that what becomes an ethical issue of today is then later made into a law. Values that say how we should behave are said to be moral values, values such as respect, honesty, fairness, responsibility, etc. Statements about how these values should be implemented are sometimes called moral or ethical principles. The concept of business ethics has been seen to mean various things to different people, but usually it's knowing what is right or wrong in the workplace and doing what's right in regard to effects of products, services and relationships with stakeholders. Wallace and Pikel say that attention to business ethics is critical during times of fundamental change, times much like those faced now by businesses, both non-profit and for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed.

Therefore, there are no clear morals to guide today's leaders through difficult problems about what is right or wrong, just vague perceptions of what should and has already been done. A focal point on ethics in the workplace shows and alerts leaders and staff on how they should act. An

attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral focus. However, attention to business ethics provides numerous other benefits, as well. Note that many people believe that business ethics, with its continuing focus on doing the right thing, only asserts the obvious be good, don't lie, and so these people don't take business ethics seriously. For many people, these principles can go right out the door during times of stress. Business ethics can be a strong preventative medicine.

### **Business ethics.**

#### **Instructional IDA-RID recommendations for Russian companies**

##### *Part 1*

1. Read the text.
2. Write out the key sentences of the text.
3. Make up a summary of the text using the clichés.

#### **Why business ethics are a matter of urgency for Russian enterprises**

Business ethics is the term used to describe the moral principles and standards that govern business activity. Business ethics could seem somewhat low on the list of priorities given the host of other problems, risks and uncertainties companies face when doing business in Russia. So, what is pushing a growing number of businesses in Russia to implement standards of business ethics?

Russian companies are forced to divert substantial resources that would otherwise be used to finance fast expansion to protect themselves against criminal extortion and unfair competition, to "feed" a system of state and commercial graft, to repeatedly check work quality, and to monitor their business partners and their own employees to the best of their possibilities. Right thinking Russian entrepreneurs make no secret of the fact that they are tired of playing a "game without rules", and are collectively calling out for a "civilized" business environment based on best international and Russian business ethics standards.

Foreign entrepreneurs and investors entering the Russian market often openly despair at the unethical and frequently criminal conduct of competing businesses. Outside Russia, the country is best known for its red tape, corruption, links between business and mafia, extortion, and kidnapping and murder as means of eliminating competitors. Clearly, this is an unsuitable investment climate for foreign capital owing to the excessive risks and threats even to the physical safety of entrepreneurs.

Therefore, in today's Russia, "business ethics" refers to the fundamental "rules of the game" without which business becomes problematic, risky and unpredictable. For that reason, there is a growing awareness in Russia of the benefits of adhering to business ethics principles, i.e., transparency, reliability, and honesty in business are becoming as important as other economic criteria of business.

There is a crying need for sound business ethics in corporate governance as this will go a long way to structuring the system of relationships between shareholders, boards of directors, managers, employees, and other related parties such as suppliers, distributors, vendors, end users, the local population, and the authorities.

The Russian business literature contains little in the way of information on business ethics in corporate governance. This brief description of ethical business traditions in Russia and universal international business ethics principles, coupled with suggested guidelines for joint stock companies drafting business ethics codes, stems from the need to establish "civilized business relations" and "civilized business" in Russia. Unless Russian companies implement and adhere to business ethics codes, capital raising and business development will always be a problem in Russia.

### *Part 2*

1. Read the text.
2. Make up a plan of the text in the form of questions.
3. Ask your partner to answer these questions.

Business ethics is the behavior that a business adheres to in its daily dealings with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer.

Many businesses have gained a bad reputation just by being in business. To some people, businesses are interested in making money, and that is the bottom line. It could be called capitalism in its purest form. Making money is not wrong in itself. It is the manner in which some businesses conduct themselves that brings up the question of ethical behavior.

Good business ethics should be a part of every business. There are many factors to consider. When a company does business with another that is considered unethical, does this make the first company unethical by association? Some people would say yes, the first business has a responsibility and it is now a link in the chain of unethical businesses.

Many global businesses, including most of the major brands that the public use, can be seen not to think too highly of good business ethics. Many major brands have been fined millions for breaking ethical business laws. Money is the major deciding factor.

If a company does not adhere to business ethics and breaks the laws, they usually end up being fined. Many companies have broken anti-trust, ethical and environmental laws and received fines worth millions. The problem is that the amount of money these companies are making outweighs the fines applied. Billion dollar profits blind the companies to their lack of business ethics, and the dollar sign wins.

A business may be a multi-million seller, but does it use good business ethics and do people care? There are popular soft drinks and fast food restaurants that have been fined time and time again for unethical behavior. Business ethics should eliminate exploitation, from the sweat shop children who are making sneakers to the coffee serving staff who are being ripped off in wages. Business ethics can be applied to everything from the trees cut down to make the paper that a business sells to the ramifications of importing coffee from certain countries.

In the end, it may be up to the public to make sure that a company adheres to correct business ethics. If the company is making large amounts of money, they may not wish to pay too close attention to their ethical behavior. There are many companies that pride themselves in their correct business ethics, but in this competitive world, they are becoming very few and far between.

While most people have taken the time to define their personal morals, the concept of business ethics has only recently begun to come under intense scrutiny. After Enron was at the center of a scandal involving its irregular accounting practices in 2001, it seemed like a high profile business executive was in the news almost every day being accused of greed, deceit, and corruption. In response to public outrage, the business community at large began to focus more on encouraging ethical behavior. Now, it is common for both large and small businesses to have a formalized listing of ethical guidelines for employees to follow.

Naturally, any successful corporation must remain focused on earning a profit. With no profit, the company loses value and the employees eventually lose their jobs. However, business ethics do not allow a company to do whatever is necessary to make money. Corporate social responsibility dictates that businesses must provide safe working conditions and use manufacturing practices that do not unnecessarily harm the environment. Business ethics also require that companies provide accurate financial data to stockholders and avoid advertising their products and services to consumers under false pretenses.

The study of business ethics is sometimes referred to as applied ethics because it attempts to translate utilitarianism, social contract theory, deontology, and other theoretical principles into acceptable rules for conduct in various real world situations. At the college level, many schools now have programs to encourage students to develop an awareness of business ethics. These classes typically use case studies as the basis for discussions on what constitutes ethical behavior. Lower level classes are sometimes required for an undergraduate business degree, while students working towards an MBA may be able to specialize in leadership and business ethics. While many people do feel classes discussing ethics are beneficial, others say it's hard to predict how students will behave once they are out of school and into the working world.

To some extent, the government can regulate ethical behavior by passing laws that require businesses to take certain actions. In many ways, however, professional organizations may be the best equipped to impart a sense of business ethics onto a particular industry. Organizations such as the Public Relations Society of America, the National Independent Automobile Dealers Association, the Chartered Property Casualty

Underwriters Society, and the National Association of Realtors have codes of ethical behavior that members are required to follow and provide regular training events that help encourage open discussions of business ethics.

### **Professional Ethics**

1. Read the text.
2. Make up a plan of the text in the form of questions.

Because ethics is really what any profession is about. If professional ethics are not maintained, then the profession loses respect. Nothing could be more important to a profession than to have a good Code of Ethics, and there must be a provision for appropriate steps to be taken if a particular member does not comply with the Code of Ethics. This is another reason to have strong national organization, say, in Russia, because then you have an agreed Code of Ethics. And only then we will have an organization which has the power to regulate its member's behavior, and if they breach the rules of the Ethical Code, there is a chance that they might be expelled from their Institute and cease to have professional standing and authorization to work as accountants. So, it is a part of a very important regulatory regime. The other thing, of course, is that if Government comes to be satisfied that the profession can regulate its own activities, then there is no need or, certainly, less need for Government to become involved in that issue. That, from the Government's point of view, has the advantage that it is less expensive, because the profession does it for Government, and from the profession's point of view it establishes that Government actually regards them as responsible, honest and ethical professionals who are able to regulate their work themselves.

### **Business Ethics**

1. Read the text and answer the questions.
2. How did Barclays Bank spend its profits in 1995?
3. What other famous companies in America and Britain had done the same thing?

4. What does economic theory say about companies making excessive returns?

5. In what case will there be a problem in big companies?

In the summer of 1995, Barclays Bank spent 180 million pounds of its profits in buying back shares from its shareholders. In the preceding years, many other companies in America and Britain had done the same thing, among them IBM, Philip Morris, Pepsi Co and others. This is a way of increasing share prices, but it also shows that these companies cannot find projects to invest their money in, and demonstrates that they are making excessive profits. According to economic theory, companies making excessive returns in an efficient market will find competitors. They do it by entering their industry until profits return to normal.

The big institutional shareholders (insurance companies and pension funds) prefer to sell their shares back to companies, rather than to see these companies spend their money on doubtful takeovers (merging, uniting). But they want to reinvest this money in other blue chip companies, rather than in riskier smaller businesses. It is clear if all big companies stop investing and start buying back their shares there will be a problem.

## UNIT 6

### Economics and Ecology

1. Read the text “Economics and Ecology” and write out the terms referring to: pollution, poisoning and environment problems and translate them into Russian.

2. Answer the questions:

1. Why are people worried about what is happening to the environment today?

2. How do you understand the term “the fastest – spreading disease of civilization?”

3. What is happening to the seas nowadays?

4. What do you know about the Chernobyl disaster?

3. Make up a summary of the text using the clichés.

Man has been trying to make his life easier for many centuries. In doing so, he invented machines and instruments. They have been working and polluting the world we live in.

People all over the world are worried about what is happening to the environment because of modern industry and the need for more and more energy. In this world around us, there are two things that do not belong to any one country: air and ocean water. In both the air and the water, there is much pollution. Newspapers and magazines write about water pollution, air pollution and land pollution.

Why is there so much discussion about pollution? After all people have been polluting the world around them for thousands and thousands of years. But in the past there were not so many people and lots of room in the world, so they could move to another place when their settlements became dirty. People are concerned about the air and the water used by everyone, and they are also concerned about the future of the Earth.

The poisoning of the world's land, air and water is the fastest-spreading disease of civilization. It probably produces less harm than wars, earthquakes and floods, but it is potentially one of the greatest dangers to human life on earth. If present trends continue for the next several decades, our planet will become uninhabitable.



Overpopulation, pollution and energy consumption have created such planet-wide problems as acid rains and the global warming.

The seas are in danger. They are filled with poison: industrial and nuclear waste. The Mediterranean is already dead, the North Sea is following. The Aral Sea is in danger too. If nothing is done about it, one day nothing will be able to live in the seas. Every ten minutes one kind of animal, plant or insect dies out for ever.

Air pollution is a very serious problem. Industrial enterprises emit tons of harmful substances. They are the main reason for the greenhouse effect and acid rains.

An even greater environmental threat are nuclear power stations. We all know how tragic the consequences of the Chernobyl disaster are.

People are beginning to realize that environmental problems are not somebody else's. They join and support various international organizations and green parties. If governments realize what is happening - perhaps we'll be able to avoid the disaster that threatens the natural world and all of us.

## **The Environment**

1. Read the text and divide it into logical parts. Entitle each paragraph of the text.

2. Mark the paragraph that can be omitted. Translate it into Russian.

Almost all human activities affect the quality of the air, water, soil, animal life and sea. Some of these are very harmful, such as the use of fertilizers in agriculture; emissions of smoke, gases and dusts in industry; exhaust fumes in the transport sector; the over-exploitation of marine resources in the fishing industry; tourism with its destruction of certain landscapes and the dangers this brings with it; and urbanization with its uncontrolled sprawl of new building and industrial and domestic pollution.

Public opinion has become more and more conscious of the threat to the environment. The European Community, is seeking to improve living and working conditions as laid down in the Treaty of Rome and reaffirmed in the Single Act in 1996, has implemented a policy for the environment, which is fully integrated with its other policies in the fields of agriculture, fisheries, industry and transport.

The aim of this programme is to:

1. protect the countryside, seas, lakes and rivers, the atmosphere and the flora and fauna;
2. repair damage caused to the environment or take measure to improve the environment;
3. prevent damage by:
  - a) promoting research work into the development of "clean" production technologies and recycling processes;
  - b) fixing quality standards for products, production processes and maximum pollution levels;
  - c) collecting and disseminating information regarding the environment;
  - d) tightening legislation on environmental protection, and the general safety of the population;
  - e) limiting the risks involved in new technologies.

An indispensable part of effective environment policy is the collection of precise and varied data which are as complete as possible. This work requires a high level of coordination and harmonization between public and private authorities, national administrations and the European Community, and is well under way.

The Commission set up a European monitoring and inspection agency in 2000, to provide an early warning system and penalize any infringements of Community legislation on the environment.

### **Sources of Pollution**

1. Read the text "Sources of Pollution" and divide it into logical parts. Entitle each paragraph of the text.
2. Express the content of each paragraph in one sentence.
3. Answer the questions:
  1. What are natural sources of pollution?
  2. Does industrial pollution endanger only the environment?
  3. What is urbanization?
  4. Why has concern about the harm done by industrial exploitation of nature grown in the second half of the 20<sup>th</sup> century?
4. How do you understand the term "the ecological crisis"?

Pollution is undesirable to humans. There are many natural sources of pollution. Plants are a natural source of hydrocarbons that contribute to photochemical air pollution. Human activity adds additional pollution to the environment. For millions of years in hunter-gatherer bands human-generated pollution was small in quantity. A gradual revolution in agriculture beginning about 10,000 years ago eventually led to more settled societies in which populations grew and people gathered in cities.

Industrial activity is the source of environmental contamination and pollution problems because industry (since 1850s.) began to transform societies.

Industrial pollution endangers both the environment and human health. Although industrial activity is a direct cause of environmental damage, there are other interrelated, underlying causes. One is population growth. Between 1900 and 2000 world population grew from 1,2 billion to 5,5 billion. It continues to rise at an exponential rate, and each birth creates new demands for energy, food, and industrial products. A second cause is urbanization, a worldwide phenomenon which concentrates pollutants in small areas where they are less easily dispersed.

Many industrial processes are inevitably polluting and leave their specific signature on the environment. Agriculture leaves pesticide residues in groundwater, electroplating produces air emissions of toxic solvents.

In the second half of the 20<sup>th</sup> century concern about the harm done by industrial exploitation of nature has grown. New environmental philosophies have generated innovative ideas to justify the expansion of rights to nonhuman species and then to planet Earth itself. The new environmental ethic is a powerful rights ethic. It challenges the doctrines of past generations that separated man from nature and justified its exploitation. The more expensive the rights of humans, other species, and nature to environmental quality, the more industrial activity is constrained.

The pollution of air and the world's ocean, destruction of the ozone layer is the result of man's careless interaction with nature, a sign of the ecological crisis. If we want our children to live in the same world we live in, or in a better and healthier world, we must learn to protect the water, the air and the earth from pollution.

## From Business versus Environment to Good Environmental Business?

### *Part 1*

1. Read the text and divide it into logical parts.
2. Translate the last paragraph into Russian.
3. Make up a summary of the text using the clichés.

### *Part 2*

1. Read the text; divide it into logical parts and entitle each paragraph of the text.
2. Mark the sentences that can be omitted.
3. Read the text and say what information obtained from it is new for you.

### *Part 1*

For many years and in many countries, the problems of the business community have often seemed to be very different from the problems of the environment. To be successful in business often means exploiting the environment in various ways. The more a business makes and sells, the more successful it is. On the other hand, who try to protect the environment often end up fighting those in business and those who need work to survive. The more a business makes and sells, the more destructive to the earth it can be.

The examples of this conflict are numerous. The lumber industry cuts down trees for construction, development, and material. That creates many jobs and makes our lives more comfortable. However, the mass destruction of forest lands, with all the benefits to the earth that they provide, has become a huge problem in various parts of the world.

While the appetite of consumers for lumber products is greater than ever, the supply is decreasing in many places. The automobile industry, one of the symbols of strong industrialized economies, uses many resources to produce its vehicles which then add greatly to the tire dumps seen in the video and to air pollution all over the world. The oil and chemical industries have made life in the modern world much more convenient for people, and yet the damage caused because of leaks, accidents, storage, and pollution are becoming increasingly troublesome. Some industries focusing

on the newer technologies, e.g., computer-related products, tend to use and pollute vast amounts of water. The list goes on and on. The business cycle never ends but recycling efforts often have trouble beginning. Can businesses become more environmentally responsible and still prosper financially? If the growth of certain types of business is slowed or stopped, what will happen to the workers affected?

Will consumers buy products that are better for the environment? Will consumers pay higher prices, if needed, for products that are better for the environment? Will national governments support free trade with other nations which use lower environmental standards for business?

### *Part 2*

People need work to survive economically but, ultimately, civilizations need a balanced environment to survive over the long term. One key question, then, for the 2000 s and beyond is this: Can ways be found to solve the conflicting needs of economics and environment so that business prosper, workers work, and the earth's ecological system remains healthy?

Interestingly enough, many solutions have been known about for a long time, e.g., solar and wind power for energy needs and electric cars for transportation, but have not reached the point of being accepted on a mass basis. Other solutions, such as recycling of aluminium, plastics, and paper, have become widespread in certain areas of the world. Still others have involved the business community in changing the way it does business, e.g., Mc. Donald's reducing its use of thick containers. And some businesses have developed new processes to deal with trash. One example is Thomas Ceramic, in Japan, which turns garbage into superhard ceramic bricks for construction.

If the business community generally, and hardworking entrepreneurs specifically, respond to the challenges of the environment with the same creativity used to face the issues of transportation, communication, and other concerns of the 21<sup>st</sup> century, we are likely to see changes in the next 20-30 years that seem impossible now.

## **The Global Transport Challenge.** **(The world's transport system wastes lives, health, and money)**

### *Part 1*

1. Make up a list of problems discussed in the text.
2. Find the paragraph that says about “the greenhouse effect” and translate in into Russian.
3. Read the text again and say what information obtained from it is new for you.

### *Part 2*

1. Read the text and decide if it contains information that is interesting for you from your professional point of view.
2. Read the text and write out the terms referring to world’s transport system.

### *Part 1*

Global Warming: a clear and present danger. (The skeptics are wrong: scientific evidence supports the argument that climate change is a real threat that requires urgent and committed action).

The science of climate change is not a new subject. The greenhouse gas concept was put forward as long as 1827 by the French mathematician Joseph Fourier, who first worked out that our atmosphere absorbs heat that would radiate out into space. Were it not for the "greenhouse effect", life on this planet would not exist as we know it. The average temperature would be  $-19^{\circ}\text{C}$  and there would be much wider variation between daytime and nighttime temperature.

The British Scientist, John Tyndall, discovered in 1860 that the greenhouse effect is not due to major amounts of nitrogen and oxygen but to the minority gases in our atmosphere, especially water vapor, carbon dioxide and methane: what came to be known as "greenhouse gases".

The first global warming calculations were offered in 1896 by the Swedish chemist and Nobel prizewinner August Arrhenius. He estimated that if the human population should burn so much fossil then the carbon dioxide level in the atmosphere should double, the result would be an average global temperature increase of  $5^{\circ}\text{C}$ .

He wasn't far out. The most recent calculation, based on computer programmes at a number of world centres, yields global temperature increases of 1,5-6°C for a doubling of carbon dioxide levels.

At the higher end, the influence of such a temperature rise would be immense. For example, the difference in temperature between an ice age and a warm period is about 5-8°C.

Beyond any reasonable doubt, climate change is happening. And it is the most serious and potentially catastrophic problem that we face today. Climate change is a real and present danger, requiring urgent and immediate action.

## *Part 2*

There is a world transport crisis. 3,000 people are killed every day in road-traffic accidents. This would be a high price to pay for a perfectly functioning transport system that delivers people and goods speedily and efficiently but this is not the case. All countries and cities spend a lot of money for a transport "solution" that has failed.

Our highway-based transport systems purchased at high expense are failing miserably to deliver anything. We have created a very expensive way of organizing transport in cities, one that is very inefficient and one that extracts a terrible penalty in deaths, injuries and lifetime disability.

Traffic conditions make it very difficult indeed for children and the elderly to cross roads. Women with children find public transport difficult to use and the people who rely on working and cycling feel more danger than the car occupant. So ordinary people are left to suffer with inadequate pedestrian pavements and polluted air.

Meanwhile, cars and lorries account for about 30 % of all greenhouse gas emissions and are among the fastest growing sources of these gases. Most politicians would accept that climate change, but they dare not "touch" transport.

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### **АННОТИРОВАНИЕ И РЕФЕРИРОВАНИЕ ТЕКСТОВ ПО ЭКОНОМИЧЕСКОЙ ТЕМАТИКЕ Часть 2**

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