

ENGLISH FOR ECONOMICS AND BUSINESS

Introduction:

English for Economics and Business is a reading, speaking, listening and writing coursebook for students of economics, commercial and management. Also, is a course support that can be exploited by lecturers to prepare their lectures.

This coursebook helps students who need to understand and express the key concepts of business and economics. It covers the most important areas of economics (macroeconomics and microeconomics, business cycle...etc), management, marketing, accounting, banking and employment.

This course aims to:

- Present students with the language and concepts found in books, articles and websites on business and economics;
- Develop the comprehension of economic and business texts;
- Provide opportunities to express business concepts, by reformulating them in the students' own words while discussing ideas;
- Enrich students' economic and business jargon.

Most of the subjects contain two components:

1. An informative reading text giving an overview of a particular topic, introducing key business and economic concepts, and including a large amount of relevant technical vocabulary, along with a variety of related comprehension and vocabulary exercises.
2. A brief revision of some grammatical concepts already done with exercises. Students may be effective speakers of English, they need guidance to become effective writers. They need to learn how to transfer their knowledge of grammatical concepts from oral language to written language.

Subject 01: Basic Economic Concepts

Needs: Are goods or services that you must have. This would include basic requirements for survival like the needs for food, clothing, shelter and health care. In recent years we have seen a perceived shift of certain items from wants to needs such as: Internet and telephone service, to many, are needs.

Wants: Are goods or services that are not necessary but that we desire or wish for, wants are broader than needs. For example, one needs clothes, but one may not need designers' clothes. One does not need toys, entertainment, games ...etc. One needs food, but does not have to have a steak or dessert. One does not need glamorous trips, mall shopping ...etc.

Economy: Is the relationship between production, trade and the supply of money in a particular country or region.

Economics: Is a science that studies economies and develops possible models for their functioning. It is also the study of human efforts to satisfy unlimited wants with limited resources.

Scarcity: The fundamental economic problem facing all societies is the situation where you don't have enough of something. Essentially it is how to satisfy unlimited wants with limited resources. This is the issue that plagues all government and peoples. How do we conquer the issue of scarcity? Many people have thought they had the answer (see Marx, Smith, Keynes, etc.) but the issue of scarcity still exists.

Market: A place or an area where the forces of supply and demand meet.

Competition: describes the activity of trying to sell more and be more successful. When competition is strong, you can say that it is intense, stiff, fierce or tough. If not, it may be described as low-key.

Factors of production/resources: These are those elements that a nation has at its disposal to deal with the issue of scarcity. How efficiently these are used determines the measure of success a nation has. They are

- Land - natural resources, etc.
- Capital - investment money.
- Labor - the work force; size, education, quality, work ethic.
- Entrepreneurs - inventive and risk taking spirit.

The "Three Basic Economic Questions" these are the questions all nations must ask when dealing with scarcity and efficiently allocating their resources.

- What to produce?
- How to produce?
- For whom to produce?

Opportunity cost: The cost of an economic decision. The classic example is "guns or butter." What should a nation produce; butter, a need, or guns, a want? What is the cost of either decision? If we choose the guns the cost is the butter. If we choose butter, the cost is the guns.

Free products: Air, sunshine are and other items so plentiful no one could own them.

Economists are interested in "economic products" - goods and services that are useful, relatively scarce and transferable.

Good: Tangible commodity. These are bought, sold, traded and produced.

Services: Work that is performed for someone. Service cannot be touched or felt.

Consumer goods: Goods that are intended for final use by the consumer.

Capital goods: Items used in the creation of other goods: Factory , machinery, trucks, etc.

Durable goods: Any good that lasts more than three years when used on a regular basis.

Non durable goods: Any item that lasts less than 3 years when used on a regular basis.

Consumer: Is the one who is the end user who consumes goods or services.

Customer/client: Is the one who is purchasing the goods or services for several time, the client has the notion of loyalty.

Consumption: The using up of goods and services having an exchangeable value.

Utility: capacity to be useful.

Wealth: the sum collection of those economic products those are tangible, scarce and useful.

Productivity: the ability to produce vast amounts of goods (economic products) in an efficient manner. The American capitalist economy is productive because:

- It uses its resource efficiently.
- It specializes to increase efficiency and productivity.
- It invests in Human Capital.

→ **Grammar:** The Present Simple/ Present Continuous:¹

✓ Use the **Present Simple** for:

- a) Habits/routines : everyday
- b) Things that are always true/permanent: the water boils at 100°C.
- c) Describing a state: economics is the science that studies economy.

✓ _____ Use the **Present Continuous** for:

- a) Things that are happening now at this precise moment: I am working at the moment.
- b) Temporary situations that are happening around now: I am reading a really great book.

Important: Some verbs are not usually used in the continuous form, e.g. *hate, want, need.*

Activity 01: Complete the sentences with the verbs from the box below in simple present or present continuous.

| | | | | | |
|----------|-----------|--------|-------|--------|------|
| involve | take part | meet | learn | be | call |
| not want | speak | invest | sell | target | work |

- 1) Our sales rep very stubborn. He(not) to accept our new conditions.
- 2) They in a temporary project.
- 3) My job usually emailing our customers.
- 4) We a new consultant tonight

¹ Trappe,T., & Tullis ,G.(2011). *Intelligent Business Coursebook*. Pearson Longman.p.4.

- 5) Listen! That man Spanish.
- 6) Brabara speaking. Who, please?
- 7) My colleagues how to make interactive activities right now.
- 8) Dell and HPcomputers around the world.
- 9)you.....more money in research and development this year?
- 10) This time, weour advertising campaign on the young.
- 11) Oh no! My printer(not) properly. I'll ask a technician.

Activity 02: All these sentences are wrong. Correct the mistakes (There may be more than one mistake in each sentence).

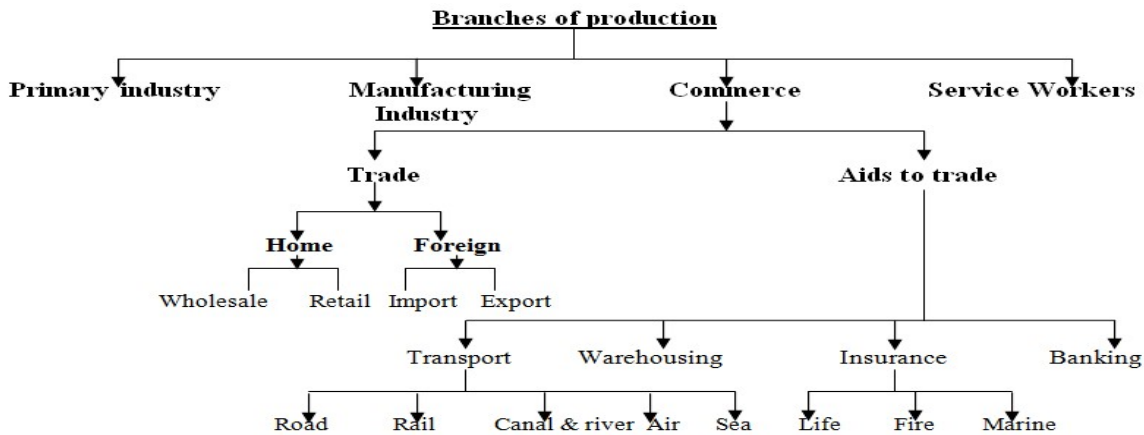
- 1) My job consist in answering phone calls.
.....
- 2) Do you read that book at the moment?
.....
- 3) I am wanting to deal of my email before I leave.
.....
- 4) Her job involve to travel around the world.
.....
- 5) I usually am involved on new projects.
.....

Activity 03: Choose the right answer.

1. You need to talk to Bob. He deals new contracts
 - a) of
 - b) with
2. The main part of his job of phoning their customers
 - a) takes part
 - b) consists
 - c) involves
3. We are using a new to do part of our work
 - a) subcontractor
 - b) employee
 - c) supplier
4. We are 400 members of at the moment
 - a) staff
 - b) employees
5. at weekends?
 - a) Do you work
 - b) Are you working
6. Where is Sam today? He a new supplier
 - a) visits
 - b) is visiting

Subject 02: The nature of commerce

When we speak of production we mean any human activity which results in the creation of utilities, i.e., goods or services which satisfy people's wants. But the satisfaction of even the most elementary want involves a complex organization in which many persons are concerned. Farmers and miners provide raw material, manufacturers turn the raw material into finished goods. Both, however, are dependent on commercial workers. Commerce means the distribution of the world's goods, so as to satisfy the needs of the people. Commercial occupations include (1) trade, (2) transport, (3) warehousing, (4) insurance and (5) banking.¹



1. **Trade:** Of all commercial activities the most important is Trade, the buying and selling of goods. Traders are the prime movers of production, giving orders for goods which set manufacturers to work. *Wholesale traders* buy raw materials or manufactured goods in large quantities. *Retail traders* buy smaller quantities from wholesalers, and sell direct to the public. Both wholesale and retail traders are engaged in *Home Trade*, i.e., trade within the confines of a political boundary.

Much trade however, is undertaken with other countries; we call this *Foreign Trade*. This may be *Import Trade*, the bringing of goods from abroad, or *Export Trade*, the dispatch abroad of home produced goods.

2. **Transport:** Traders, however, could not carry on their work without the help of other bodies of commercial workers. Raw materials must be moved from primary producing countries to manufacturing countries. Goods may be sent by rail, road, canal, river or air.
3. **Warehousing:** A warehouse is a shed where goods are stored. Warehousing takes place when raw materials have been transported of the country of manufacture but are not needed immediately; or when commodities such as wine and tobacco need to mature.
4. **Insurance:** Both when goods are being transported from place to place , and when they are warehoused , it is advisable that they should be insured against loss by fire, perils of the sea, burglary, and a host of other risks. It is the function to spread the losses of the few among the many.
5. **Banking:** Trade, in a money economy such as ours, cannot take place without some means of payment. Banks provide this. Their main purpose is to collect the current cash of the community to meet the demand of industry and commerce for working capital and so banks are often said to “lubricate the wheels of Commerce”.

¹Akrani,G.(2011,March 05). *What Are Aids To Trade In Commerce? Meaning and List*. KALYAN CITY LIFE. Retrieved December 21, 2020, from <https://kalyan-city.blogspot.com/2011/03/what-are-aids-to-trade-in-commerce.html>

Activity 01: Comprehension questions.

- 1) What is meant by production?
- 2) What is the difference between trade and commerce?
- 3) How many types trade is divided?
- 4) What are aids to trade?

Activity 02: Match the words with their definition.

- | | |
|----------------------|--|
| 1) Prime movers | A/Farmers and miners who provide foodstuffs and raw materials. |
| 2) Primary producers | B/The force which puts a machine in motion. |
| 3) To lubricate | C/To supply with oil in order to make smooth. |

Activity 03: Give synonyms to these words.

Largely=

Made =

Rise =

End user =

Decreasing =

→ **Grammar:** linkers: **despite /although/ because /however /so/ but¹**

- **But** and **However** can contrast ideas, but they are used differently.

a) **But:** This is a conjunction that links two parts of a sentence together. It goes before the clause that has the contrast. e.g. I did well at the interview **but** I didn't get the job

b) **However:** is an adverb. It comes after the part of the sentence that is being contrasted. e.g. I did well at the interview. **However,** I didn't get the job.

- **Despite / in spite of:** These are prepositions and are followed by nouns. They can't be followed directly by a verb. If a verb is used it must be changed to the noun form (gerund).e.g. **Despite** doing well at the interview I didn't get the job.

In spite of doing well at the interview I didn't get the job.

- **Although / Even though:** These conjunctions are used at the beginning of a clause. They introduce a contrast between two ideas, sentences or clauses.e.g.

Even though I did well at the interview I didn't get the job.

Although I did well at the interview I didn't get the job.

- **Because/as/ since/because of/ owing to :** used to express the reason or cause of something. e.g. **Because of** his lack of training he had difficulties finding a job

- **So/to/ in order to/therefore/ as a result/consequently:** used to express the consequences of something. e.g. We had a meeting today **in order to** discuss next year's programme.

Activity 04: Complete the following sentences with: despite /although/ because /however /so/ but

- 1) Sales of our range of fruit juices improvedwe made the packaging more attractive.
- 2) Profits continued to rise.....a slight increase in production costs.
- 3) We plan to centralise distribution,.....costs are likely to decrease.
- 4) We launched our advertising campaign three months ago.....sales have not recovered yet.
- 5) Profits went up sales did not seem to improve.
- 6) I was really angry I tried not to show it.

¹ Soars, L., & Soars, J. (2012). *New Headway Intermediate: Student's Book* (4th ed).Oxford University Press.p.38.

Subject 03: What is Economics?

Economics is the science that deals with the production, allocation, and use of goods and services. It is important to study how resources can best be distributed to meet the needs of the greatest number of people.

As we are more connected globally to one another, the study of economics becomes extremely important. While there are many subdivisions in the study of economics, two major ones are *macroeconomics* and *microeconomics*.

- ✓ Macroeconomics is the study of the entire system of economics.
- ✓ Microeconomics is the study of how the systems affect one business or parts of the economic system.

History of Economics: ¹

The first writings on the subject of economics occurred in early Greek times as Plato, in *The Republic*, and Aristotle wrote on the topic. Later such Romans as Cicero and Virgil also wrote about economics

In medieval times the system of *Feudalism* dominated. With feudalism, there was a strict class system consisting of nobles, clergy, and peasants.

In the system the king owned almost all the land and under him were a series of nobles that had the holdings of various sizes. On these landholdings were a series of manors. These were akin to large farming tracts in which the peasants or serfs worked the land in exchange for protection by the nobles.

Later the system of *Mercantilism* predominated. It was an economic system of the major trading nations during the 16th, 17th and 18th centuries, based on the idea that national wealth and power were best served by increasing exports and collecting precious metals in return. Manufacturing and commerce became more important in this system.

In the mid 18th century, the *Industrial Revolution* ushered in an era in which machines rather than tools were used in the factory system. More workers were employed in factories in urban areas rather than on farms. The Industrial Revolution was fueled by great gains in technology and invention. This also made farms more efficient, although fewer people were working the farms. During this time the idea of “laissez faire” became popular. This means that economies work best without lot of rules and regulations from the government. This philosophy of economics is a strong factor in *Capitalism*, which favors private ownership.

Activity 01: Comprehension questions.

- 1) What is meant by economics?
- 2) How many types of economics is divided?
- 3) What are the consequences of the Industrial Revolution?
- 4) What is the concept of “Laissez-faire”?

¹ Trappe, T., & Tullis, G. (2011). *Intelligent Business Coursebook*. Pearson Longman. p.3.

Activity 02: Match the words with their definition.

- | | |
|-------------------|--|
| 1/ Mercantilism | A/ favors private ownership |
| 2/ Macroeconomics | B/ increasing exports and collecting precious metals |
| 3/ Feudalism | C/ the study a part of the economic system |
| 4/ Capitalism | D/ a strict class system |
| 5/ Microeconomics | E/ the study of the entire system of economics |

→ **Grammar:** The Past Simple/ Present Perfect¹

Use the **Past Simple/ Present Perfect Simple:**

1. To describe an action that started in the past and continues in the present.
2. To talk about something that happened in the past but has a result in the present.
3. To include more detailed information (e.g. exact times), use the Past Simple /Present Perfect Simple.

Activity 03: Correct the mistakes in each sentence.

1. Has you bought this expensive smartphone yet?
2. These are my favourite trainers. I've bought them last year.
3. I knew him for six years. We're still friends now.
4. Oh! You had a haircut. It's ...nice.
5. I don't have seen him for several weeks.

Activity 04: Complete the conversation. Put the verbs in brackets into the past simple or present perfect.

Sarah: Adam! What a surprise! I..... (1) (see)..... you for months. Last time (2) (meet)....., you(3) (be)about to go to Germany.

Adam: That's right, I..... (4) (go)there to retrain the sales staff at our main subsidiary.

Sarah: Ken: Mm. What was that like?

Adam: Interesting, but tough. I'm not sure I (5) (recover)... from the experience yet.

Sarah: Really? what(6) (happen)....?

Adam: Well, one of the guys in the team..... (7) (reject)....anything that(8) (look) ...like a good idea.

Sarah: I suppose that's what you call "resistance to change"

Adam: Yeah, exactly. And now to make things worse, he..... (9) (drop out)of the team.

Sarah: Well, not a big loss, from what you're saying.

Adam: Mm, you're probably right. Anyway. What about you? I've no idea what you.....(10) (be)up to.

Sarah: Guess what! (11) (change).....my job?

¹ Clare, A., & Wilson, J. (2008). *Total English Intermediate, Students' Book*. Longman/ Pearson Education. p14.

Adam: What? You..... (12) (quit).....Rayan? I don't believe you!

Sarah: Yes, I..... (13) (be)with Lynda since January.

Adam: Oh, I know Lynda. Everyone says it's the place to be.

Sarah: I certainly don't regret my decision. Since I..... (14) (start) working for them,
I feel a lot better. And I (15) (take up)..... bungee jumping!

Activity 05: Complete with the following time expressions.

| | | | | |
|------|---------|--------|-------|-----------|
| ever | already | yet | never | yesterday |
| last | when | so far | for | since |

- 1) Have you been abroad?
- 2) She hasn't read all the CVs.....
- 3) I have earned €250
- 4) We havevisited Morocco. Is it nice?
- 5) They have been the market leader..... twenty years.
- 6) Paul met the CEO
- 7) did your sales rep arrive?
- 8) Sam has..... applied for the job. He has got an interview on Thursday
- 9) I sent my CV weekend
- 10) My partner has had private healthcare she started working there.

Subject 04: Supply and Demand

You may wonder why the prices of goods go up and down so often. One of the reasons is the law of supply and demand.

Supply refers to how many of a certain goods or services are available for people to purchase.

Demand means how many people wish to buy that good or service.

How does this work? Let's say that a brand-new super powerful video game is about to come out. The game makers must decide how many of the games to make so they are not stuck with too many.

They then have to decide how much to charge for the game – its price. They would need to charge enough for the game to cover the costs of creating the game, advertising the game, shipping the game to stores. Since they want to make a profit on the game, they will also want to figure that cost as well. If the price of the game is too high, however, people may not be able to afford it or decide it's not worth that price and there will be too many or an oversupply. If the price is too low, costs will not be covered and little profit will be made even though the game may sell very well. The company would lose money and may even have to close. The people who invest money in the company would not want to give the company anymore to make more products because they would not get a good share of the profits. Usually as prices rise, the supply or amount of a product increases, and as prices fall, the supply decreases as more people can afford the product. If the product is truly excellent one, there will probably be a high demand. Also if it is well advertised, more people will know about the product and be apt to want it. If the product is not well advertised or is not a good product, people will not want it and the demand will be low and the supply greater.

In the case of video game, if a better game came on the market later with superior technology, the demand for the current game would probably drop and thus the price would have to drop to sell it.

Other factors that affect sales of an item are if the product is available, how good the customer service is, the appearance of the store, how the items are displayed – even what the parking is like for a store or the colors of the boxes the product is in.

Activity 01: Comprehension questions.

1. What is the main cause of price fluctuation?
2. What do we mean by the concept of supply and demand?
3. What are the factors that affect sales of a product?

Activity 02: Give synonyms to these words.

To buy =

Increase =

Decline =

Publicity =

Enter the market =

To show =

→ **Grammar: Passive and Active voice.**¹

We use **active forms** when we want to focus on the agent (the person or thing) responsible for an action or a situation. We use **passives** to focus on the effects or outcome of an action or situation without necessarily referring to the agent.

¹ Stempleski, S., Douglas, N., & Morgan, J. (2006). *Upper-Intermediate World Pass Expanding English Fluency Workbook*. Heinle Cengage Learning. p.23.

A. Active And Passive Voice Rules For Conversion of Sentence:

- ✓ Identify the (S+V+O) Subject, Verb and object in the active sentence to convert to passive voice.e.g: Accountants (S) prepare (V) financial statements (O).
- ✓ Interchange the object and subject with each other, i.e. object of the active sentence become the subject of the passive sentence .e.g: financial statements are recorded by accountants. (Object “financial statements” is interchanged with the subject “accountants”).

B. Verb tenses used in active and passive voice:

| Present Time | | |
|----------------------------|---|--|
| | Active | Passive |
| Simple Present | base form or “-s/-es” form.e.g: We negotiate contracts. | am/is/are + past participle. e.g: contracts are negotiated. |
| Present Progressive | am/is/are (to be in the present simple) + -ing. e.g: We are dealing with your complaint. | am/is/are + being + past participle. e.g: Your complaint is being dealt. |
| Present Perfect | has/have + past participle. e.g: Zara has opened a new store in Oran. | has/have + been + past participle. e.g: A new store has been opened in Oran by Zara. |
| Past Time | | |
| | Active | Passive |
| Simple Past | base + -ed or irregular form form. e.g: We negotiated contracts. | was/were (to be in the past simple) + past participle. e.g: contacts were negotiated. |
| Past Progressive | was/were + -ing. e.g: We were dealing with your complaint | Was/were + being + past participle. e.g: Your complaint was being dealt. |
| Past Perfect | had + past participle. e.g: Zara had opened a new store in Oran. | had + been + past participle. e.g: A new store had been opened in Oran by Zara. |
| Future Time | | |
| | Active | Passive |
| Simple future | will + base . e.g: We will negotiate contracts. | will + be + past participle. e.g: contracts will be negotiated. |
| Future Progressive | will +be + base + -ing. e.g: We will be dealing with your complaint | will + be + being + past participle Not used in the passive voice. |
| Future Past Perfect | will + have + e.g: Zara will have opened a new store in Oran. | will + have + been + past participle Not used in the passive voice. |

Activity 03: Are the underlined verbs active (A) or passive (P)?

- 1) Harvey should have known that there was a chance his contract wouldn't be renewed.
.....
- 2) The only explanation that can be found for the information leak is that someone must have broken into the computer system.
- 3) You could have been fired for making a mistake like that, especially as it could have compromised the whole deal.....,.....
- 4) We've all been given a copy of the conference programme but it doesn't say who will be making the keynote speech.,.....
- 5) If the current legislation is changed, then all our contracts will have to be renegotiated.
.....,.....

Activity 04: Rewrite the sentences in passive voice.

- 1) The supervisor will review this report.
- 2) I have attached the current status report.
- 3) The auditor was reviewing the accounting records.
- 4) The company offered us a discount.
- 5) Carrefour has attracted new customers by adapting to local customs
- 6) We must offer our customers a personalized service.
- 7) Did the staff receive extra money?
- 8) Industrial waste is polluting the river.
- 9) That company introduced the ideas of corporate social responsibility.
- 10) They had found a design fault.

Activity 05: The passive sentences below are all possible grammatically, but two are very unnatural. Put a cross next to the sentences you think are unlikely to be used.

- 1) The new drugs were not tested on animals.
- 2) We were written to by someone enquiring about patents.
- 3) The results of the trials were published in a scientific journal.
- 4) Our latest designs are aimed at fashion-conscious men and women.
- 5) We are glad to confirm that our next motor show will be televised by a local channel.
- 6) Unfortunately, some complaints were received by us about our new design.

Subject 05: Wholesale and retail trade

People carrying on a trade are said “to be in business”. They are *wholesalers* and *retailers*. All over the world, big cities have their market places both for *wholesale* and *retail trade*.

Wholesalers are middlemen. They buy in large quantities from producers abroad and sell in smaller quantities to the retailers who supply the consumers.

Wholesale markets are more and more concentrated in particular places. In London, Covent Garden for vegetables, fruit and flowers; Billingsgate for fish; Smithfield for meat and poultry. In Paris there is a special market for wine, another one for leather and "Les Halles" for meat, poultry, fish, vegetables, fruit and flowers.

Markets where goods are sold on sample are called Exchanges: The Cotton Exchange in Liverpool, The Grain Exchange in Paris, The Stock Exchange everywhere.

In the retail trade, the articles are generally displayed in the retailers' shop-windows or on stalls and sold at fixed prices, each of them having a label with the price printed on it. Purchasers may handle these articles and make a choice. When sold, articles are wrapped and packed, then handed to the purchaser.

The retail trade is mainly a cash trade; the buyer tenders payment in coins or banknotes the moment the goods are transferred to him by the seller.

Formerly, quaint signboards were placed above shops. They have been superseded by inscriptions in huge letters, often lit up at night. These are called illuminated signboards or neon signs.

Activity 01: Complete the sentences with the best word.

- 1) trade is a mode of exchange in which products are purchased and processed in large quantities and sold to resellers, specialist users, or companies, but not to end customers.
 - a) wholesale
 - b) retail
 - c) international
- 2) A.....is a person or company which buys things from the people who produce them and sells them to the people who want to buy them.
 - a) broker
 - b) consumer
 - c) client
- 3) A small outside area in a town where there is a market.
 - a) stores
 - b) marketplace
 - c) points of sale
- 4) A is a person that buys products in small quantities and sells them to end users or customers.
 - a) retailer
 - b) salesman
 - c) wholesaler

→ **Grammar:** The relative clause *with relative pronouns*.¹

The relative clause is a dependent clause. It adds extra information or necessary information about one of the nouns in the main clause. It goes immediately after the noun it is related to. The relative pronouns “**who, whose, which, that**” introduce it.

¹ Grant, D., & McClarty, R. (2001). *Business Basics Student's Book*, New Edition. Oxford University Press.p.17.

| | Subject | Object | Possessive |
|--------------------|--|--|---|
| For Persons | who/that. e.g: I told you about the new product manager <i>who</i> is hired by our company. | whom/that. e.g: I was invited by the professor <i>whom</i> I met at the conference. | whose. e.g: Do you know the men <i>whose</i> father is an auditor? |
| For Things | which/that. e.g: Do you see the report <i>which</i> is on the desk? | which /that. e.g: I don't like the table <i>that</i> stands in the meeting room. | whose/of which. e.g: The team won the award, <i>of which</i> they were very proud. |

▪ **Who vs. whom:**

Use **who** for: he, she, they and we.

Use **whom** for: him, her, them, and us.

Activity 02: Use the relative pronouns below to complete these quotations.

who –which- that -where

- 1) “The job for big companies, the challengewe all face as bureaucrats , is to create an environmentpeople can reach their dreams.” *Jack Welch (Us business leader)*
- 2) “He..... has never learned to obey cannot be a good commander.” *Aristotle (Greek philosopher)*
- 3) “A leader shapes and shares a vision.....gives point to the work of others.” *Charles Handy (British writer)*
- 4) “A leader should be humble. A leader should be able to communicate with.....his people. A leader is someone,.....walks out in front of his people, but he doesn't get too far out in-front, to where he can't hear their footsteps.” *Tommy Lasorda (US sports personality)*
- 5) “A leader is someone.....knows what they want to achieve and can communicate that.” *Margaret Thatcher (British politician)*

Activity 03: Complete the exercise with: who, whom, whose or where.

- 1) A headquarter is a place the company is located.
- 2) A pacifist is a personbelieves that all wars are wrong.
- 3) This is the machine properties I described.
- 4) The place we spent our holidays was really beautiful.
- 5) Adam has two brothers, both of work as an engineer.

Subject 06: Production

Manufacturing companies are faced with a 'make-or-buy decision' for every item or component they use (as well as for every process and service). Do they make it themselves or do they outsource, and buy from a subcontractor? If a company assembles products supplied by a large number of subcontractors, they face the problem of how much inventory they require.

In Just-In-Time (JIT) production - also called lean production, stockless production, and continuous flow manufacture - nothing is bought or produced until it is needed. Each section of the production process makes the necessary quantity of the necessary units at the necessary time - which is when it is required by the next stage of the manufacturing process, or by distributors or customers.

The JIT system is usually credited to Taiichi Ohno, who was vice-president for manufacturing with Toyota in Japan in the early 1950s¹ - although he stated that he got the idea from American supermarkets! JIT is wholly contrary to the European and American logic of encouraging greater productivity, and welcoming production that exceeds the agreed schedule or quota, and stocking extras in case of future problems.

JIT minimizes the cost of holding inventories, which are regarded negatively, as avoidable costs, rather than as assets. The large Japanese manufacturing companies have long practiced outsourcing, and generally use extensive networks of small subcontractors. Of course, if a single subcontractor fails to deliver a component on time, the whole production process is sabotaged, but the Japanese industrial system relies on mutual trust and long-term relationships. Small suppliers often attempt to situate their facilities close to the location of a larger company with which they work.

The Japanese also prefer small, specialized production plants with a capacity, in which, wherever possible, all the machines required for a certain job are grouped together. This avoids all the waiting and moving time involved in sending half-finished items from one department to another, although it often requires flexible, multi-skilled employees.

JIT thus greatly reduces transportation and inventory costs, and should ensure that there is no waste from overproduction, or from idle workers waiting for parts. It allows increased productivity because of shortened throughput time. If factories are equipped so that set-up times are short, very small production runs are possible. Any quality problems or product defects should be noticed more quickly, production lead times are reduced, and the firm can react more rapidly to demand changes.

Activity 01: Comprehension questions.

According to the text, are the following sentences true or false? If they are false, say why.

- 1) JIT originated in American manufacturing.
- 2) JIT encourages production workers to exceed their production targets.
- 3) Companies using the JIT system and outsourcing many of their components are highly dependent on their subcontractors.
- 4) In a JIT system, a delivery of defective components can be replaced from the reserve inventory.
- 5) JIT depends on harmonious partnerships between a company and its suppliers.
- 6) JIT leads to economies of scale.

¹Mackenzie, I. (2009). *English for Business Studies, A course for Business studies and Economics students* (02nd ed). Cambridge University Press.p.55.

- 7) JIT production — manufacturing only when a customer places an order — does not encourage innovation or the creation of demand.

Activity 02: These are some basic words used in relation to industrial production. Match them up with the definitions below.

| | | | |
|----------|--------------------------------|-----------|---------------|
| capacity | component | inventory | lead time |
| location | outsourcing or contracting out | plant | subcontractor |

- 1) Any company that provides goods or services for another one.
- 2) Any of the pieces or parts that make up a product, machine, etc.
- 3) Buying products or processed materials from other companies rather than manufacturing them
- 4) The (maximum) rate of output that can be achieved from a production process.
- 5) The buildings, machines, equipment and other facilities used in the production process
- 6) The geographical situation of a factory or other facility.
- 7) The stock of any item or resource used in an organization (including raw materials, parts, supplies, work in process and finished products)
- 8) The time needed to perform an activity (i.e. to manufacture or deliver something).

→ **Grammar: The relative clause with relative adverbs.**

A relative adverb can be used instead of a relative pronoun plus preposition. This often makes the sentence easier to understand. Example: This is the shop **in which** I bought my bike.

This is the shop **where** I bought my bike.

| relative adverb | meaning | use | example |
|-----------------|-------------|-----------------------------|-----------------------------------|
| when | in/on which | refers to a time expression | the day <i>when</i> we met him |
| where | in/at which | refers to a place | the place <i>where</i> we met him |
| why | for which | refers to a reason | the reason <i>why</i> we met him |

Activity 03: Complete the exercise with: when, why or where.

- 1) This is the house Winston Churchill was born.
- 2) haven't you told me that earlier?
- 3) Do you know she is from?.
- 4) It was 4 o'clock the guests arrived.
- 5) team building is important for your business?
- 6) This is the company I work.
- 7) Can you please give us a reasonwe have to do this?
- 8) Do you know a shop I can find toys?

Subject 07: Warehouses

As a rule, manufacturers, as well as wholesale traders or retail firms with many branches, have warehouses where goods are stocked until they are needed. Similarly, import traders have to store goods or produce, from the time of their arrival in the country, up to their sale or transfer.

A warehouse is generally set apart from the offices of the firm but not very far away. It is usually connected to the offices by means of a private telephone line.

Goods are stocked there in baskets, cases, crates, bales, bottles, tans, barrels and casks. At the Packing and Delivery Department you will find trucks to carry goods to vans and lorries. Packing is obviously necessary to prevent goods from being damaged in transit or while remaining in stock pending their sale.

Little by little considerable quantities of goods accumulate at the warehouse. A well organized filing room or cabinet will enable one to know at once the exact amount of goods stocked and to locate any article without wasting time. Many managers like to obtain a prompt and definite answer to their inquiries about the quantities in stock. In a modern warehouse, the filing is assured by cards, each movement of a given article being recorded on a card.

At the end of the financial year, the warehouse will inform the Counting House of the stock. This work is called stock-taking and it often takes several days to complete.

Activity 01: Comprehension questions.

- 1) What is meant by a warehouse?
- 2) How can we warehouse goods?
- 3) What are the new means in modern warehouse?
- 4) What is the concept of “stock- taking”?

Grammar: The simple future with the Present Continuous (going to) and (will):¹

We can use the Present continuous, **going to** or **will** to talk about future plans.

1. Use “going to” to talk about something you’ve decided to do. Plans can be general .e.g: We’re going to launch a new product in the market.
2. Use will for a decision made at the time of speaking, or an offer. e.g: wait a second I will check.
3. Use the Present Continuous to talk about arrangements (plans that you have already organized i.e. you have arranged the dates.) e.g: I’m going to meet the head of department on Monday morning.
4. Use either will or going to for predictions. e.g: It will snow tomorrow. She won't win the election.

Activity 02: Correct the mistakes in the sentences. There may be more than one correct answer.

- 1) I'm sorry, I have to leave early. I will have a meeting this evening.
- 2) Tomorrow I go on a trip to Cambridge.
- 3) A. That’s the telephone.
B. OK. I get it.

¹ Stempleski, S., Morgan, J., & Douglas, N. (2005). *Word Link Developing English Fluency Workbook*, Book 3. THOMSON ELT, p.28.

- 4) Hurry up, or we're being late again!
- 5) Will you staying here for long?
- 6) When I get experience, I be changing to a higher position.
- 7) A. How do I get to the airport from here?
B. Don't worry, I'm showing you.
- 8) The company is not going to report a profit this year.
- 9) They have made a decision, they will increase their sales with 3%.
- 10) A. What are you going to do this evening?
B. I don't know maybe I am going to finish the report.
- 11) A. Hey! The phone is ringing!
B. Alright. I am going to take it.
- 12) A. Will you take a holiday?

Activity 03: Complete the sentences. Put the verbs in brackets into the past simple or present perfect.

- 1) As you know, we (go)..... increase our special offer.
- 2) We (leave)at five o'clock on Friday morning.
- 3) Most probably, airport hotels (become)increasingly popular.
- 4) Hold on. I (call)our Travel Department and find out for you.
- 5) Flights (be).....delayed again.

Activity 04: Look at a selection of expressions. Choose words from the list to complete them.

| |
|---|
| above don'ts down error far ins give loss pick pieces |
|---|

- | | |
|--|--|
| <ol style="list-style-type: none"> 1)and take 2) dos and 3) bits and..... 4)and away 5) ups and | <ol style="list-style-type: none"> 6) over and..... 7) profit and..... 8)and choose 9)and outs 10) trial and..... |
|--|--|

Subject 08: Companies in the market

We can talk about the people or organizations who buy particular goods or services as the market for them, as in the “car market”, “the market for financial services”, etc. Buyers and sellers of particular goods or services in a place, or those that might buy them, form a market. If a company :¹

| | | |
|--|---|--|
| Enters penetrates | } | It starts selling there for the first time. |
| abandons gets out of leaves | | It stops selling there. |
| dominates | } | a market It is the most important company selling there. |
| corners monopolizes | | It is the only company selling there. |
| drives another company out of | | It makes the other company leave the market, perhaps because it can no longer compete. |

The word “Market” is often used in these combinations:

| | | | |
|---------------|---|---------------------|---|
| Market | { | growth | In the late 1990s, Internet use was doubling every 100 days. Market growth was incredible. |
| | | segment | Women are particularly interesting target for the l’Oréal products. They are an important market segment for l’Oréal. |
| | | segmentation | The Softco software company divides the software market into large companies, small companies, home office users, and leisure users. This is its market segmentation . |
| | | share | Among UK supermarkets, Tesco sells more than any of the other chains. It has the highest market share . |
| | | leader | Tesco is the market leader among UK supermarkets as it sells more than any of the other chains. |

Companies or products in the same market are *competitors* or *rivals*. Competitors compete with each other to sell more, be more successful, etc. The most important companies in a particular market are often referred to as *key players*.

Competition describes the activity of trying to sell more and be more successful. When competition is *strong*, you can say that it is *intense*, *stiff*, *fierce* or *tough*. If not, it may be described as *low-key*.

The competition refers to all the products, businesses, etc. competing in a particular situation, seen as a group.

Activity 01: Use the correct form of the words in brackets to complete the sentences.

- 1) European films do not export well: European movies barely (abandon/ corner/ penetrate) the US market.
- 2) In the 1970s, Kodak(corner/enter/leave) the instant photography market, until then (abandon/dominate/penetrate) by Polaroid.

¹ Mascul, B. (2002). *Business Vocabulary In Use*. Cambridge University Press. pp.48-49

- 3) The Hunt brothers tried to fix silver prices and to (corner/enter/leave) the silver market, (enter/drive out/monopolize) all competitors.
- 4) In the 1940s, MGM (abandon/get out of/monopolize) the market on film musicals. But by the late 1950s, Warner Bros had also started buying film rights to musicals.

Activity 02: Read this description of a language training market. Answer the questions.

In Paris, 500 organizations offer language training to companies. However; 90 per cent of sales are made by the top five language training organizations. The market is not growing in size overall. Organization A has 35 per cent of the market, and faces stiff competition from B, which has about 25 per cent of the market, and from C, D and E, who each have 10 per cent, but who are trying to grow by charging less for their courses.

- 1) How many competitors are there in this market?
- 2) Is competition in the market strong?
- 3) Who is the market leader?
- 4) Who are the two key players?
- 5) Who mainly makes up the competition, from the market leader's point of view?
- 6) If one competitor increases its market share, can the others keep their market share at the same level?

Activity 03: Match up the words with the definitions below.

| | | |
|--------------------------|-----------|--------------------|
| barriers to entry | cartel | economies of scale |
| monopolistic competition | monopoly | monopsony |
| natural monopoly | oligopoly | perfect completion |

- 1)exits when products are homogeneous, and there are a great many firms too small to have any influence on the market price, and firms can easily enter and exit industry.
- 2) A.....is a market in a particular product in which a single producer can fix an artificial price.
- 3)is the situation in which there is only once buyer.
- 4) A.....is an industry in which the efficient existence of more than one producer is impossible; examples include public utilities such as water, gas and electricity, where it would be inefficient to have several competing companies laying their own networks of pipes or tables.
- 5)exists when many producers of slightly differentiated products are able to sell them at well above their marginal cost.
- 6) An.....is a concentrated market dominated by a few large suppliers. This is very frequent in manufacturing because of economies of scale and the cost barriers of entering an industry.
- 7)are factors which cause the average cost of producing something to fall as output increases.
- 8)are economic or technical factors that make it difficult or impossible for firms to enter a market or compete with existing suppliers.
- 9) A.....is a group of producers or sellers who fix prices and quantities in order to avoid competition and increase profits. This is illegal in many countries, most notably the USA.

Subject 09: Market structure and competition

1.....

In most markets there is a definite market leader: the firm with the largest market share. This is often the first company to have the field, or at least the first to have succeeded in it. The market leader is frequently able to lead other firms in the introduction of new products, in price changes, in the level of promotions, and so on.

2.....

Market leaders usually want to increase their market share even further, or at least to protect their current market share. One way to do this is to try to find ways to increase the size of the entire market. Contrary to a common belief, wholly dominating a market, or having a monopoly, is seldom an advantage: competitors expand markets and find new uses and users for products, which enriches everyone in the field, but the market leader more than its competitors. A market can also be expanded by stimulating more usage: for example, many households no longer have only one radio or cassette player, but perhaps one in each room, one in the car, plus a minidisc player or a Walkman or two.

3.....

In many markets, there is often also a distinct market challenger, with the second-largest market share. In the car hire business, the challenger actually advertises this fact: for many years Avis used the slogan 'We're number two. We try harder: Market challengers can either attempt to attack the leader, or increase their market share by attacking various market followers.

4.....

The majority of companies in any industry are merely market followers which present no threat to the leader. Many market followers concentrate on market segmentation: finding a profitable niche in the market that is not satisfied by other goods or services, and that offers growth potential or gives the company a differential advantage because of its specific competencies.

5.....

A market follower which does not establish its own niche is in a vulnerable position: if its product does not have a 'unique selling proposition there is no reason for anyone to buy it. In fact, in most established industries, there is only room for two or the three companies: think of soft drinks, soap and washing powders, jeans, sports shoes, and so on. Although small companies are generally flexible, and can quickly respond to market conditions, their narrow range of customers causes problematic fluctuations in turnover and profit. Furthermore, they are vulnerable in a recession when, largely for psychological reasons, distributors, retailers and customers all prefer to buy from big, well-known supplier.

Activity 01: Read the following text and write short headings for each paragraph.

Activity 02: Find words in the text which mean the following.

- 1) A company's sales expressed as a percentage of the total market.
- 2) Short-term tactics designed to stimulate stronger sales of a product.
- 3) The situation in which there is only one seller of a product.
- 4) Companies offering similar goods or services to the same set of customers.
- 5) A short and easily memorized phrase used in advertising.
- 6) The division of a market into submarkets according to the needs or buying habits of different groups of potential customers.
- 7) A small and specific market segment.

- 8) A factor which makes you superior to competitors in a certain respect.
- 9) A business's total sales revenue.
- 10) A period during which an economy is working below its potential.

Activity 03: Complete each pair of sentences with the same adjective from the list below.

| | | | |
|------------|--------|--------|--------|
| aggressive | deep | fierce | heavy |
| intense | strong | tough | unfair |

- 1) a) Sonara reduced their prices so much that they were accused of..... competition.
b) Brent & Kay have an.....advantage over their competitors because of their connections with the Board of Trade.
- 2) a) There will be.....competition for the contract as the terms are excellent.
b) At this time of the year, all fruit growers are involved inactivity.
- 3) a) Everybody knows that competition to win a stake in United Telecommunications will be.....
b) Deliveries were delayed owing to.....storms in the north of the country.
- 4) a) European mobile phone manufacturers are under..... price competition from Korean companies.
b) A good leader has to be able to make..... decisions when necessary, and to make them quickly.
- 5) a) Prices have gone down owing to.....competition.
b) The CEO says the.....pound is responsible for the fall in exports.

→ **Grammar: Modals of certainty, probability, possibility¹**

We use different modals to say that an event or situation is certain, probable or possible.

1. **Will/won't:** We often use will / won't with an adverb to show how certain we are that something will or will not happen. e.g: *Prices for airline tickets **will certainly** rise next year.*
2. We use **should, ought to, be likely to** when we think something will probably happen. e.g: *Our sales **are likely to** improve next quarter.*
When we expect something will not happen, we use shouldn't, ought not to be unlikely to. e.g: *That **shouldn't** be a problem.*
3. We use **may, could, may not, might** when there is only a possibility that something will or will not happen. e.g: *The situation **may** improve in the longer term.*
4. We use **must** when the obligation comes from the person speaking or writing. e.g: *We **must** ask them to dinner when they're over here.*
5. We use **have to** when the obligation comes from another person or institution, not the speaker. e.g: *You **have to** renew your residence permit after three months.* (This is the law)
6. We use **must** or **can't** when we make a logical deduction. e.g: *They **must** be tired after such a long flight.*

¹ Cotton ,D., Falvey ,D., & Kent,S. (2005). *Market Leader Intermediate Business English Course Book*, New Edition. Longman/Pearson Education.p.58.

Activity 04: Complete the sentences with the correct modal.

- 1) As we already represent three major brands, Siemens probably.....offer us an exclusive contract.
a) won't b) will c) must
- 2) I can't believe there are so many complaints about our new range of biscuits. Therebe something wrong with one of the ingredients.
a) must b) should c) can
- 3) Salesvery likely to continue to rise till the summer.
a) should b) are c) will
- 4) The deluxe model.....not be as successful this year as it was last year.
a) could b) might c) must
- 5) There is no doubt about it anymore. The planning authorityagree to our request.
a) definitely won't b) is likely to c) probably will
- 6) They.....be doing well because they have just closed down two of their subsidiaries
a) mustn't b) shouldn't c) cannot
- 7) Unfortunately, our competitors.....most probably launch a similar model at about the same time.
a) must b) may c) will

Activity 05: Look at these sentences. Decide if they are certain, probable, possible or not possible.

- 1) Easyjet are likely to lower their prices.
- 2) The airline might outsource its catering to reduce costs.
- 3) It shouldn't be difficult to book a flight at this time.
- 4) Some airlines are sure to lower their prices to increase their market share.
- 5) The price of aircraft fuel certainly won't fall in the short run.
- 6) Some airlines definitely won't lower their prices because their revenue is falling.
- 7) This airline might not go bankrupt if the government supports it financially.
- 8) We may get a reservation if we are very lucky.

Subject 10: The functions of money

Companies produce, sell, and distribute goods and services. Money makes it possible for businesses to obtain what they need from suppliers and for consumers to obtain goods. Money is defined as anything that is generally accepted in payment for goods and services or in the repayment of debts. The basis of the market economy is voluntary exchange. In the economy, the exchange usually involves money in return for a good or service.

This concept of money must be distinguished from two other terms:

- ✓ Wealth = value of all property or assets, including currency and bank deposits, but also including stocks, real estate, etc.
- ✓ Income = flow of earnings per unit of time.

Nowdays most people think of money as bills, coins, and checks. Historically, and in other economies, money might be shells, gold, or even goods such as sheep. Economists identify money by the presence or absence of certain functions. Anything that is used as a medium of exchange, a unit of accounting, and a store of value is considered money. There are three principal functions of money.¹

- A. Medium of Exchange.
- B. Unit of Account.
- C. Store of Value.

A. Medium of Exchange:

Money serves as a medium of exchange; it is used to pay for goods and services. By serving as a medium of exchange, money promotes economic efficiency by reducing transaction costs: the time and effort spent in exchange. Without money, trade must take place through barter - exchange goods and service for other goods and services. But barter can be quite costly, it can take time for you to find someone who both: has the good that you want and wants the good that you have. This is the problem of finding a “double coincidence of wants.” Money can solve this problem, since everyone will accept it.

B. Unit of Account:

Values of goods and services can be measured in terms of money. As serving as a unit of account, money reduces transaction costs by allowing all prices to be stated in common terms. With barter, you must keep track of each good’s price in terms of every other good. But with money, you only need to keep track of each good’s price in terms of one good: money. Each nation uses a basic unit to measure the value of goods, as it uses the foot or meter to measure distance. In the United States, this base unit of value is the dollar. In Japan, it is the yen; in European Union, the euro. An item for sale is marked with a price that indicates its value in terms of that unit.

C. Store of Value:

Money also serves as a store of value; it serves as a way of storing wealth. Other assets also serve as a store of value: stocks, bonds, real estate, etc. But money is unique in terms of its liquidity- the ease and speed with which an asset can be converted into a medium of exchange. People usually receive their money income once a week, once every two weeks, or once a month. However, they usually spend their income at different times during a pay period. To be able to buy things between paydays, a person can store some of his or her income in cash and some in a checking account. It is important to note that in periods of rapid and unpredictable inflation-, a general rise in the prices of all goods- money is less able to act as a store of value.

¹ Global Corporate Finance Society.(n.d.).*Functions of money*.Corporate Finance Institute. Retrieved January 21, 2021, from <https://corporatefinanceinstitute.com/resources/finance/ functions-of-money/>

Activity 01: Comprehension questions.

1. What is the difference between: money, wealth and income?
2. What are the main functions of money?
3. How can money serve as a store of value?

Activity 02: Match each partnership with its definition.

| | | |
|---------|-----------|--|
| Price { | 1/ tag | A/ a company that is first to reduce or increase prices. |
| | 2/ war | B/ label attached to goods, showing the price; also means price. |
| | 3/ leader | C/ a reduction in price |
| | 4/ cut | E/ an increase in price |
| | 5/ hike | F/ a good period for sellers, when prices are rising quickly. |
| | 6/ boom | G/ when competing companies reduce prices in response to each other. |

→ **Grammar:** How much vs. How many¹

The choice between much and many depends on the noun it is describing.

- ✓ **Much** is used to describe mass nouns or noncount nouns like juice, rice, patience, and happiness. When using much, the noun will always be singular; it cannot be plural.
- ✓ **Many** is used to describe count nouns or nouns that can be counted like books, ideas and items. When using many, the noun will always be plural.

| | | |
|------------------|------------------------|--|
| How many? | countable plural nouns | How many presentations? How many reports? |
| How much? | uncountable nouns | How much time? How much water? |

Activity 03: Complete the sentences with: *many* or *much*.

- 1) How..... pocket money do you get per week?
- 2) Howreports were stolen last year?
- 3) Howcoins did you find yesterday?
- 4) The company doesn't havemoney left.
- 5) Howtimes have they discussed this project?
- 6) Are thereimportant jobs left to do?
- 7) Howtime will you need to complete the project?
- 8) Our biggest customers didn't purchasemachinery from us last year.

¹Rogers, J. (2006). *Market Leader Intermediate Business English Practice File*, Pearson Longman, England. p. 33.