

## **Subject 11: The business cycle**

The business cycle or trade cycle is a permanent feature of market economies<sup>1</sup>: gross domestic product (GDP) fluctuates as booms and recessions succeed each other. During a boom, an economy (or at least parts of it) expands to the point where it is working full capacity, so that production, employment, prices, profits, investment and interest rates all tend to rise. During a recession, the demand for goods and services declines and the economy begins to work at below its potential. Investment, output, employment, profits, commodity and share prices, and interest rates generally fall. A serious, long lasting recession is called a depression or a slump.

The highest point on the business cycle is called a peak, which is followed by a downturn or downswing or a period of contraction. The lowest point on the business cycle is called a trough, which is followed by a recovery or an upturn or upswing or a period of expansion. Economists sometimes describe contraction as “negative growth”.

There are various theories as to the cause of the business cycle. Internal (or endogenous) theories consider it to be self-generating, regular, and indefinitely repeating. A peak is reached when (or just before) people begin to consume less, for whatever reason. As far back as the mid-nineteenth century, it was suggested that the business cycle results from people infecting one another with optimistic or pessimistic expectations. When economic times are good or when people feel good about the future, they spend, and run up debts. If interest rates rise too high, a lot of people find themselves paying more than they anticipated on their mortgage or rent, and so have to consume less. If people are worried about the possibility of losing their jobs in the near future they tend to save more. A country’s output, investment, unemployment, balance of payments, and so on, all depend on millions of decisions by consumers and industrialists on whether to spend, borrow or save.

Investment is closely linked to consumption, and only takes place when demand and output are growing. Consequently, as soon as demand stops growing out the same rate, even at a very high level, investment will drop, probably leading to a downturn. Another theory is that sooner or later during every period of economic growth - when demand is strong, and prices can easily be put up, and profits are increasing - employees will begin to demand higher wages or salaries. As a result, employers will either reduce investment, or start to lay off workers, and a downswing will begin.

External (or exogenous) theories, on the contrary, look for causes outside economic activity: scientific advances, natural disasters, elections or political shocks, demographic changes, and so on. The business cycle is caused by major technological inventions (the steam engine, railways, automobiles, electricity, microchips, and so on), which lead to periods of ‘creative destruction’.

**Activity 01:** Find the words in the text in which mean the following.

- 1) Beliefs about what will happen in the future.
- 2) Money borrowed in order to buy a house or flat (GB) or apartment (US).
- 3) Money paid for the use of a house or flat owned by somebody else.
- 4) Spending on goods and services.
- 5) Spending on new machines, factories, and so on.
- 6) Owners or managers of manufacturing companies
- 7) To dismiss employees.

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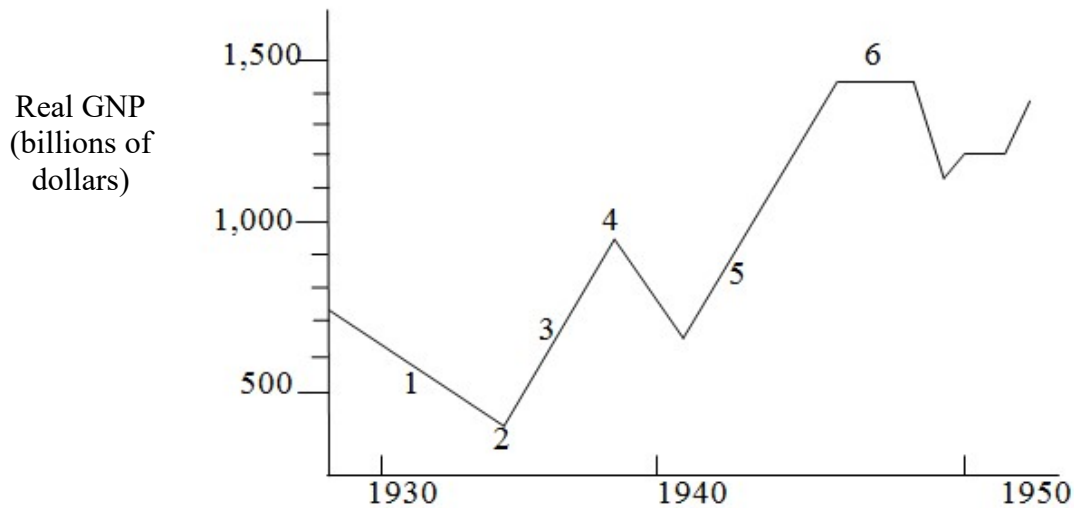
<sup>1</sup> (Mackenzie, 2009, pp.145-146)

**Activity 02:** Match up the following half sentences.

- |  |  |
|--|--|
| 1. Companies may have to reduce investment or the size of the work force | A. consumers borrow a lot of money.              |
| 2. Companies only invest   | B. if labour costs increase too much.            |
| 3. During a period of economic growth                                    | C. if their company's sales are increasing.      |
| 4. External theories of the business cycle                               | D. include psychological factors.                |
| 5. Governments often stimulate the economy                               | E. include technological and population changes. |
| 6. Increases in interest rates   | F. prior to general elections.                   |
| 7. Internal theories of the business cycle                               | G. result in higher rents and mortgages          |
| 8. People can demand higher pay  | H. when they are afraid of becoming unemployed.  |
| 9. People tend to spend less   | I. while consumption is increasing.              |

**Activity 03:** Which shows US real gross national product from 1929 to 1952.

- a) .....boom
- b) .....peak
- c) .....level off or to remain steady
- d) .....recession or contraction or downturn
- e) .....trough or slump
- f) .....upturn or expansion or recovery.



## Subject 12: Economic growth and indicators

### I/Economic growth, what is growth?<sup>1</sup>

The growth is the change in national income over time, usually measured over one year. National income is the amount produced by a country in one year.

#### ▪ **How can we measure growth?**

We measure it by the percentage change in the level of national income, often over the period of one year.

There are three ways of adding it up: production, or incomes, or expenditure.

National income per capita often matters most if looking at how well off a country is; how well it is doing; or if comparing it with another country.

Some problems in measuring national income (NI) and Growth:

- ✓ Statistics are unreliable; they are often late arriving; and they are sometimes not strictly comparable across national boundaries because of different definitions and standards.
- ✓ There can be much excluded data:
  - Non-income earning producers, e.g. housewives/husbands, family members, and production within the household.
  - The “Black Economy” is excluded – in Italy it may be as high as 30 per cent of national income!
  - Those who swap services (e.g., Baby Sitting Clubs) or maybe barter goods.

Some issues we can include when we measure “development”:

- ✓ Number per thousand or ten thousand of the population, of things like doctors, nurses, hospital beds, telephones, newspapers, TV sets, or radios. The higher the figure the “more developed” the country registers. This is simple and crude, but revealing.
- ✓ The Human Development Index (HDI) of the United Nations Development Program (UNDP), invented in 1990, and refined in 1994. The UNDP sees “human development” to mean that people are long lived, well educated, and enjoy a high standard of living. So in their measure they include three items:
  - Life expectancy.
  - Adult literacy (at 2/3 weight of education) and average years of schooling (1/3 weight).
  - GDP per capita, adjusted by purchasing power parity (PPP) which means what the money buys in that country.

### II/Economic indicators :<sup>2</sup>

An economic indicator is a piece of economic data, usually of macroeconomic scale, that is used by analysts to interpret current or future investment possibilities. These indicators also help to judge the overall health of an economy.

There are several economic indicators that are listed down. Each one can help investors, economists and financial analysts make smart financial decisions.

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<sup>1</sup> Economics and Institutions for Development.(n.d.). *Unit 1:Conceptualising Development*.SOAS University of London. Retrieved January 11,2021, from [https://www.soas.ac.uk/ccdep-demos/000\\_P516\\_EID\\_K3736-Demo/unit1/page\\_10.htm](https://www.soas.ac.uk/ccdep-demos/000_P516_EID_K3736-Demo/unit1/page_10.htm)

<sup>2</sup> (Mascul, 2002, pp.84-86)

## **A/Inflation and unemployment:**

*Inflation* is rising prices, and the rate at which they are rising is the *inflation rate*. The related adjective is *inflationary*.

The *unemployed* are people without jobs in a particular area, country, etc. The *level of unemployment* is the number of people without a job. Unemployed people are *out of work*, and are also referred to as *jobless* (adj.) or the jobless.

## **B/Trade:**

The *balance of payments* is the difference between the money coming into a country and that going out. *The trade balance* is the difference between payments for imports (goods and services from abroad) and payments for exports (products and services sold abroad). When a country exports more than it imports, it has a *trade surplus*. When the opposite is the case, it has a *trade deficit*. The amount of this surplus or deficit is the *trade gap*.

## **C/Growth and GDP:**

Economic output is the value of goods and services produced in a country or area.

*Gross domestic product* or *GDP* is the value of all the goods and services produced in a particular country.

The size of an economy is also sometimes measured in terms of *gross national product* or *GNP*. This also includes payments from abroad, for example, from investments.

Growth is when output in the economy increases. The growth rate is the speed at which a company's economy grows and gets bigger.

### ✓ **Peaks and troughs:**

If a figure rises to a level and then stops rising, remaining at that level, it *levels off* and *remains steady* or *stable*.

If a figure reaches its highest level - a *peak* - and then goes down, it *peaks* at that level. If it reaches its lowest level - a *trough* - and then *bottoms out*, it falls to that level and then starts rising again.

### ✓ **Boom and bust:**

**Demand** is the amount of goods and services that people want in a particular period.

A **boom** is when there is rising demand, and other indicators are strong.

**Stagnation** is when the economy is growing slowly, or not at all.

**Stagflation** is when slow growth is combined with prices that are increasing fast.

**Recession** is a period when there is negative growth, a period when the economy is producing less. A **slump** is a very bad recession. A **depression** is a very bad slump.

**Activity 01:** Find the words or expressions in the text which mean the following.

- 1) The worst possible economic situation.
- 2)..... A situation when there is a negative growth.
- 3) Rising price without rising growth.
- 4) A very slow economy.
- 5) A very positive economic situation.

- 6) The amount produced by a country in one year.
- 7) The difference between payments for imports and payments for exports.
- 8) The value of all the goods and services produced in a particular country.

**Activity 02:** Complete what this reporter says about Rainbow's economy with expressions from A and B opposite.

Rainbow's economic indicators are perfect. In the past, Rainbow imported more than it exported, and there was a (1). .....this (2) ..... was very worrying. Now the country exports a lot of computer equipment, but still imports most of its food: the value of (3) ..... is more than the value of (4). ..... so there is a (5). .....and the (6) .....is positive. Prices are rising very slowly: with an (7)..... of two per cent per year, (8) ..... is under control of the working population, very few are (9) ..... .Only three per cent are (10).....

**Activity 03:** Complete the sentences with the best linker.

- 1) They were fiercely debating the issue of growth..... , their discussion never got out of hand.
  - a) However
  - b) Despite
  - c) Besides
- 2) KPC Systems remains a substantial force. ...., there are signs that its market value is shrinking.
  - a) Even though
  - b) In addition
  - c) On the other hand
- 3) ..... a difficult operating environment in some of our key businesses, our performance improved significantly.
  - a) Nevertheless
  - b) Despite
  - c) However
- 4) Their sales of cosmetics began to decline as fewer women purchased products sold door-to-door..... , their cosmetics had little appeal with teenagers.
  - a) However
  - b) In addition
  - c) On the other hand
- 5) ..... we are very positive about the potential of the Angolan operations, we remain extremely cautious in our approach.
  - a) Even though
  - b) However
  - c) In addition
- 6) It has been a difficult year..... , earnings per share increased 15 per cent.
  - a) Nevertheless
  - b) Besides
  - c) Although

## **Subject 13: Business Operations**

Business is an organized approach to providing customers with the goods and services they want. The word business also refers to an organization that provides these goods and services. Most businesses seek to make a *profit* - that is, they aim to achieve revenues that exceed the costs of operating the business. Prominent examples of for-profit businesses include Mitsubishi Group, General Motors Corporation, and Royal Dutch/Shell Group.

However, some businesses only seek to earn enough to cover their operating costs. Commonly called *nonprofits*, these organizations are primarily nongovernmental service providers. Examples of nonprofit businesses include such organizations as social service agencies, foundations, advocacy groups, and many hospitals.

Business Operations a variety of operations keep businesses, especially large corporations, running efficiently and effectively. Common business operation divisions include: production, marketing, finance, and human resource management.<sup>1</sup>

*Production* includes those activities involved in conceptualizing, designing, and creating products and services. In recent years there have been dramatic changes in the way goods are produced. Today, computers help monitor, control, and even perform work. Flexible, high-tech machines can do in minutes what it used to take people hours to accomplish. Another important development has been the trend toward just-in-time inventory.

The word *inventory* refers to the amount of goods a business keeps available for wholesale or retail. In just-in-time inventory, the firm stocks only what it needs for the next day or two. Many businesses rely on fast, global computer communications to allow them to respond quickly to changes in consumer demand. Inventories are thus minimized and businesses can invest more in product research, development, and marketing.

*Marketing* is the process of identifying the goods and services that consumers need and want and providing those goods and services at the right price, place, and time. Businesses develop marketing strategies by conducting research to determine what products and services potential customers think they would like to be able to purchase. Firms also promote their products and services through such techniques as advertising and personalized sales, which serve to inform potential customers and motivate them to purchase.

Firms that market products for which there is always some demand, such as foods and household goods, often *advertise* if they face competition from other firms marketing similar products. Such products rarely need to be sold *face-to-face*. On the other hand, firms that market products and services that buyers will want to see, use, or better understand before buying, often rely on personalized sales. Expensive and durable goods - such as automobiles, electronics, or furniture - benefit from personalized sales, as do legal, financial, and accounting services.

*Finance* involves the management of money. All businesses must have enough capital on hand to pay their bills, and for-profit businesses seek extra capital to expand their operations. In some cases, they raise long-term capital by selling ownership in the company.

Other common financial activities include granting, monitoring, and collecting on credit or loans and ensuring that customers pay bills on time. The financial division of any business must also establish a good working relationship with a bank. This is particularly important when a business wants to obtain a loan.

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<sup>1</sup>Nagornykh,V. (2016, January28). *Business English Introduction*. Prezi. Retrieved December 25, 2020, from <https://prezi.com/dopqznokwf/business-english/>

*Human Resource Management*, businesses rely on effective human resource management (HRM) to ensure that they hire and keep good employees and that they are able to respond to conflicts between workers and management. HRM specialists initially determine the number and type of employees that a business will need over its first few years of operation.

They are then responsible for recruiting new employees to replace those who leave and for filling newly created positions. A business's HRM division also trains or arranges for the training of its staff to encourage worker productivity, efficiency, and satisfaction, and to promote the overall success of the business. Finally, human resource managers create workers' compensation plans and benefit packages for employees.

**Activity 01:** Write questions, relating to the text, to which these could be the answers.

- 1) Common business operation divisions include: production, marketing, finance and human resource management.
- 2) They aim to achieve revenues that exceed the costs of operating the business.
- 3) The process of identifying the goods and services that consumers need and want using the 04Ps.
- 4) Recruiting new employees to replace those who leave and for filling newly created positions.
- 5) Granting, monitoring, and collecting on credit or loans and ensuring that customers pay bills on time, also establishing a good working relationship with a bank.

**Activity 2:** Find words or expressions in the text which mean the following.

- 1) The amount of goods a business keeps available for wholesale or retail
- 2) An organization that provides goods and services with the aim to make profit.
- 3) Is an inventory strategy that involves ordering and receiving inventory for production and customer sales only as it is needed to produce goods, and not before.
- 4) A sum of money that one or more individuals or companies borrow from banks or other financial institutions so as to financially manage planned or unplanned events.
- 5) To inform potential customers and motivate them to purchase goods/ services by using advertisements.
- 6) The management of money.

**Activity 03:** Cross out the word which does not normally go with the key word.

- 1) to fund, to be involved in, to carry out, to expire: **a project**
- 2) to award, to do, to tender for, to bid for: **a contract**
- 3) to enter into, to build a, to break up a , to make: **partnership**
- 4) to operate, to improve, to compete, to provide: **a service**
- 5) to declare a, to go out to, to win a , to put something out to: **tender**
- 6) to pursue, to succeed, to achieve , to specify: **an objective**

**Activity 04:** Put a or an before the words in the box.

advert	commercial	strategy	USP (Unique Selling Point)	company		
VIP	hour	economy	account	MBA	employee	endorsement

## **Subject 14: Companies and company structure**

### **A/ Types of Companies:**<sup>1</sup>

Capital is required to start a business as well as to carry it on. The way to raise capital and control it depends on the type of the business.

In a "*one-man business*", the sole trader is the only responsible person.

When two or more persons, jointly establish a firm, they raise some capital between them and are said to enter into *partnership*. They are named partners: "*Active partners*" when they work, "*sleeping partners*" when they take no active part in the business, the name under which a partnership is carried on is called *the style of the firm*. A partnership cannot comprise more than twenty persons.

In the case of a larger concern, if sufficient capital has not been brought in, a bigger company must be set up. This kind of association is called a "*Joint Stock Company*". The stock or capital is subscribed in shares, transferable by their owners, or shareholders, of whom there must be seven at least.

When the capital of a Company is fully paid up, the shares are sometimes converted into stocks. A Joint Stock Company can easily increase its working capital by issuing debentures which bring in a yearly interest to their owners. At each annual general meeting of the shareholders the company will appoint an auditor for one year. This auditor will examine the accounts and make a report at the next general meeting.

### **B/Company structure:**

Most organizations have a hierarchical or pyramidal structure, with one person or a group of people at the top, and an increasing number of people below them at each successive level. There is a clear line or chain of command running down the pyramid. All the people in the organization know what decisions they are able to make, who their superior (or boss) is (to whom they report), and who their immediate subordinates are (to whom they can give instructions).

Some people in an organization have colleagues who help them: for example, there might be an Assistant to the Marketing Manager. This is known as staff position: its holder has no line authority, and is not integrated into the chain of command, unlike, for example, the Assistant Marketing Manager, who is number two in the marketing department.

Yet the activities of most companies are too complicated to be organized in a single hierarchy. Shortly before the First World War, the French industrialist Henry Fayol organized his coal-mining business according to the functions that it had to carry out. He is generally credited with inventing functional organization. Today, most large manufacturing organizations have a functional structure, including (among others) production, finance, marketing, sales, and personnel or human resources departments. This means, for example, that the production and marketing departments cannot take financial decisions without consulting the finance department.

Functional organization is efficient, but there are two standard criticisms. Firstly, people are usually more concerned with the success of their department than that of the company, so there are permanent battles between, for example, finance and marketing, or marketing and production, which have incompatible goals. Secondly, separating functions is unlikely to encourage innovation.

Yet for a large organization manufacturing a range of products, having a single production department is generally inefficient. Consequently, most large companies are decentralized, following the model of Alfred Sloan, who divided General Motors into separate operating

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<sup>1</sup>Lavigne,G. (1975). *Time is Money: Anglais pratique et commercial* (2nd ed). Editions LICET.p.12.



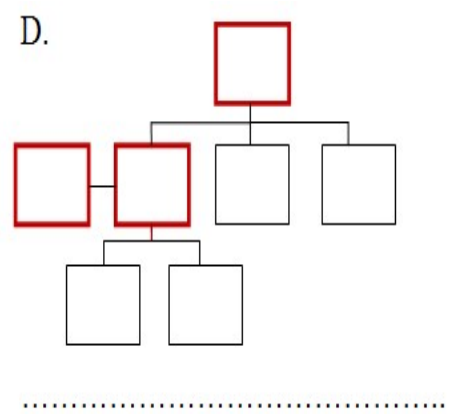
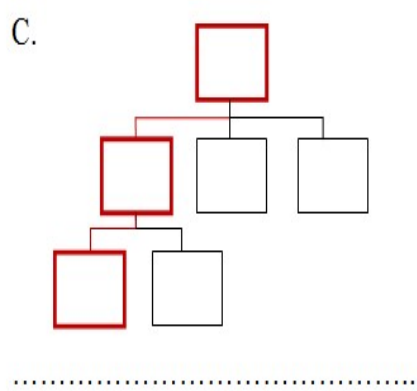
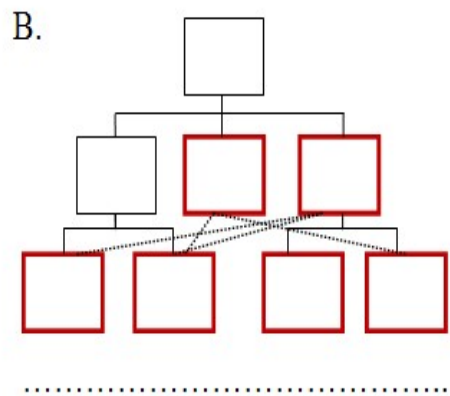
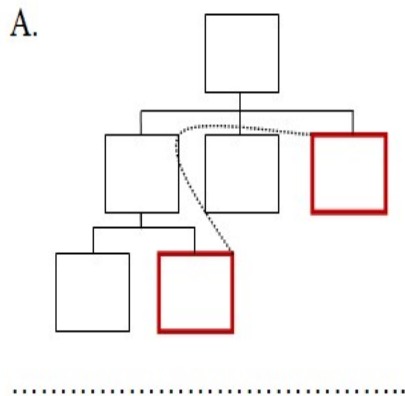
divisions in 1920<sup>1</sup>. Each division had its own engineering, production and sales departments, made a different category of car (but with some overlap, to encourage internal competition), and was expected to make a profit.

Businesses that cannot be divided into autonomous divisions with their own markets can stimulate decentralization, setting up divisions that deal with each other using internally determined transfer prices. Many banks, for example, have established commercial, corporate, private banking, international and investment divisions.

An inherent problem of hierarchies is that people at lower levels are unable to make important decisions, but have to pass on responsibility to their boss. One solution to this is matrix management, in which people report to more than one superior. For example, a product manager with an idea might be able to deal directly with managers responsible for a certain market segment and for a geographical region, as well as the managers responsible for the traditional functions of finance, sales and production. This is one way of keeping authority at lower levels, but it is not necessarily a very efficient one. Thomas Peters and Robert Waterman, in their well-known book *In Search of Excellence*, insist on the necessity of pushing authority and autonomy down the line, but they argue that one element probably the product - must have priority; four-dimensional matrices are far too complex.

A further possibility is to have wholly autonomous, temporary groups or teams that are responsible for an entire project, and are split up as soon as it is successfully completed. Teams are often not very good for decision-making, and they run the risk of relational problems, unless they are small and have a lot of self-discipline. In fact they still require a definite leader, on whom their success probably depends.

**Activity 01:** According to the text label the diagrams, according to which of these they illustrate



<sup>1</sup> (Mackenzie, 2009, pp.91)

**Activity 02:** Match the departments on the left with the correct definition on the right.

- |                             |  |
|-----------------------------|--|
| 1. sales                    | A. is responsible for manufacturing goods          |
| 2. purchasing               | B. deals with recruiting new staff                 |
| 3. planning                 | C. deals with invoices and payments                |
| 4. research and development | D. handles advertising and new product launches    |
| 5. quality control          | E. buys in products and services                   |
| 6. production               | F. tries to develop new products                   |
| 7. personnel                | G. makes sure that standards are maintained        |
| 8. finance                  | H. persuades people to buy the company 's products |
| 9. distribution             | E. sets out a strategy for the company's future    |
| 10. marketing               | F. transports goods to different places            |

**Activity 03:** In the extracts below some managers of TECHNIFORM, a manufacturing company, are describing their departments. Use the words below to complete the gaps in the extracts and write the mimes of the departments in the spaces provided.

background	recruiting	supervise	maintain
biggest	standards	consumers	sacking
responsible	scientific	technical	launching
check	improving	shifts	questionnaires

1) Tamara Oku

I work in the human side of the business. My department is involved in .....new staff, training them, and dealing with a whole range of problems, including personal problems. I suppose that's why some people refer to our activities as 'human resource'. And the part of my job I don't like? Well, it's me who's in charge of.....people if their work is not up to standard.

Tamara works in the.....department.

2) Robert Ngara

In my department we're..... for making sure that..... know about our products. We also deal with..... new products. We use.....and surveys to find out what products people want to buy.

Robert is head of the..... department.

3) Tessa Mkrana

We work very closely with Hassan's department although there are fewer of us. One of our most important tasks is to..... items on the assembly line to make sure there are no problems. We have to.....very high .....in the factory I also liaise with our principal customers to make sure there are no problems.

Tessa is head of the.....department.

4) Hassan Abdelkader

Our department is the ..... in the company. In fact there are over 250 of us altogether, and most of the people work in a system of three .....Our work never really stops, unless there are.....problems. One of my main jobs is to..... part of the assembly line.

Hassan is a supervisor in the .....department.

5) Hafiz Ahmed

Mine is the smallest department in the company. In fact there are only five of us and we all come from a .....or engineering.....Basically what we do is to devise new products or to look at ways of.....the products we make at the moment. It's a very exciting job.

Hafiz works in the .....department.

## **Subject 15: Importance of management**

The success of a group depends upon mutual co-operation among the members of a group. Management creates teamwork and co-ordination among the members of the group. Management is indispensable in all organizations whether a business firm, a government, a hospital, a college, a club,...etc.

The word 'management' is derived from the Latin word 'Manus' which means hands. Thus, management refers to handling a particular activity. Management refers to the process of setting certain pre-determined objectives and achieving them through optimum utilization of resources. According to Drucker: "*Management is a multi-purpose organ that manages business and manages managers and manages workers and work, is the dynamic element in every organization... Without it the resources of production remain resources and never become production*"<sup>1</sup>. Competent managerial leadership alone can convert the disorganized resources of men, money, materials and machinery into a productive enterprise. In the absence of management, an organization is merely a collection of resources. The following facts prove the importance of management:

- **Accomplishment of group goals:** The success of a business organization depends on three important factors:
  - a) How efficiently and effectively it has used its human and physical resources.
  - b) How effectively it has adapted the enterprise to the existing business environment: needs and desires of customers, policies of competitors, and economic, social and political situation of a country.
  - c) How far the existing business policies- have succeeded in realizing the aims and objectives of the business.
- **Efficient running of an organization:** Efficiency of an organization will depend on how far its management has been successful in providing leadership to the subordinates and workers and in involving them mentally and emotionally in the accomplishment of organizational objectives. Management provides leadership by:
  - a) Explaining the purpose behind organizational goals and their necessity.
  - b) Being specific as regards organizational goals.
  - c) Making the attainment of goals a challenging task.
  - d) Providing proper feedback to subordinates.

Management also seeks to involve the subordinates mentally and emotionally in the accomplishment of organizational goals. It seeks to involve the worker's self rather than just his skill. The result is that the workers become ego-involved instead of merely task-involved. This motivates them to release their own resources of initiative and creativity towards the organizational objectives.

- **Sound organizational structure:** Management establishes a sound organization that is in accordance with the desired objectives and the work to be done to accomplish them. It establishes a: pattern of authority —responsibility relationships- who will command whom, who will be responsible for what, and who will be accountable to whom. Then it fits this structure with the right persons, having the right qualifications and training for the position to be assigned to them. But even the best organization structure and the most skilled and able personnel may remain ineffective if there is no proper environment to work. Management provides them with the adequate environment. It encourages the spirit

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<sup>1</sup> Drucker, P.F. (2010). *The Practice of Management*. Harper Business. p.6.

of co-operation, and mutual understanding among workers. .This creates a sense of responsibility among workers who then work on their own and do not need someone else to force them.

**Activity 01:** Comprehension questions.

- 1) What is meant by management?
- 2) What is the difference between efficiency and effectiveness?
- 3) How leadership is provided by management?
- 4) What are the factors of success of a business organization?

**Activity 02:** Match up the words or expressions on the left with the definitions on the right.

- |              |   |
|--------------|---|
| 1/ Ask       | A/ them the freedom to make their own decisions.                        |
| 2/ Praise    | B/inspiration   |
| 3/ Give      | C/ people’s achievement.  |
| 4/Develop    | D/ all their staff to work towards the same goal.                       |
| 5/Work       | E/ the potential of others and make sure they fulfill it.               |
| 6/Source of  | F/as a part of the team   |
| 7/ Identify  | G/their staff so that the staff may do jobs better than their managers. |
| 8/ Encourage | H/ their employees’ opinions and involving them.                        |

**Activity 03:** Complete the following sentences with these words.

achieved	board of directors	communicate	innovations
manageable	performance	resources	setting
			supervise

- 1) Managers have to decide how best to allocate the human, physical and ..... available to them.
- 2) Managers - logically - have to make sure that the jobs and tasks given to their subordinates are.....
- 3) There is no point in .....objectives if you don't.....them to your staff.
- 4) Managers have to.....their subordinates, and to measure, and try to improve, their.....
- 5) Managers have to check whether objectives and targets are being.....
- 6) A top manager whose performance is unsatisfactory can be dismissed by the company's .....
- 7) Top managers are responsible for the ..... that will allow a company to adapt to a changing world.

**Activity 04:** Match up these verbs and nouns to make common collocations.

- |                |                 |
|----------------|-----------------|
| 1/ allocate    | A/ decisions    |
| 2/ communicate | B/ information  |
| 3/ develop     | C/ jobs         |
| 4/ make        | D/ objectives   |
| 5/ measure     | E/ people       |
| 6/ motivate    | F/ performance  |
| 7/ perform     | G/ resources    |
| 8/ set         | H/ strategies   |
| 9/ supervise   | I/ subordinates |

## **Subject 16: Management style and leadership**

Marshall GOLDSMITH is an expert on leadership and management styles. Can leadership be taught? Or are the only real leaders born leaders?

“Traditionally, the model for leadership in business has been the army. Managers and army officers give orders and their subordinates (the people working below them) carry them out. Managers, like army officers, may be sent on *leadership* courses to develop their leadership skills, their ability to lead. But they still need a basic flair or talent for leadership”<sup>1</sup>

▪ What makes a great leader?

A classic definition is that “leaders do the right thing and managers do things right.” A more standard definition is usually something like “managers work toward the organization’s goals using its resources in an effective and efficient manner.” The greatest leaders have charisma, an attractive quality that makes other people admire them and want to follow them. A leader may be described as a visionary, someone with the power to see clearly how things are going to be in the future. People often say leaders have drive, dynamism and energy.

▪ How have management styles changed in the last few years?

Before, leaders were distant and remote, not easy to get to know or communicate with. Today, managers are more open and approachable: you can talk to them easily.

There is more management by consensus, where decisions are not imposed from above in a top-down approach, but arrived at by asking employees to contribute in a process of consultation.

▪ Do you think this trend will continue?

Yes. There are more women managers now, who are often more able to build consensus than traditional military-style authoritarian male managers.

▪ What, exactly, is empowerment?

Encouraging employees to use their own initiative, to take decisions on their own without asking managers first, is empowerment. *Decision-making* becomes more decentralized and less bureaucratic, less dependent on managers and systems. This is often necessary where the number of management levels is reduced.

To empower employees, managers need the ability to delegate, to give other people responsibility for work rather than doing it all themselves. Of course, with empowerment and delegation, the problem is keeping control of your operations: a key issue of modern management.

**Activity 01:** Find words or expressions in the text which mean the following.

1. Encouraging employees to use their own initiative
2. Not easy to talk to.
3. The power to see clearly how things are going to be in the future.
4. If managers ask employees to take on responsibility.
5. If all the decisions are not made in a company’s head office.
6. To allow employees to decide things for themselves.
7. If decisions are not arrived at by consensus.
8. An organization where there are a lot of rules and procedures.
9. Easy to see and talk to.

**Activity 02:** Match the sentence beginnings (1-7) with the correct endings (A-G).

- 1) We are looking for a new CEO, someone with strong leadership
- 2) Ryad has real managerial flair

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<sup>1</sup>(Mascul, 2002, pp.96-97)

- 3) In the police, leaders are held responsible
- 4) The study concludes that a charismatic visionary leader is absolutely not required for a visionary company
- 5) She is an extraordinary leader
- 6) Thatcher had drive, energy and vision,
- 7) He was a born leader. When everyone else was discussing
  - A. But many thought it was the wrong vision.
  - B. And, in fact, can be bad for a company's long-term prospects.
  - C. And has won the respect of colleagues and employees.
  - D. For the actions of their subordinates.
  - E. Skills and experience with financial institutions.
  - F. What to do, he knew exactly what to do.
  - G. Who will bring dynamism and energy to the job?

**Activity 03:** Choose the right words from the box to complete the sentences.

impulsive	adventurous	aggressive	decisive	flexible
informal	motivating	passionate	persuasive	

- 1) He was rather .....- not the kind of person who plans what they say or do.
- 2) His style of leadership was quite .....He was always so competitive and so eager to succeed that many of us often found him ruthless.
- 3) If you want to get to the top, you have to be....., I mean be prepared to take risks and to try new ways of doing things.
- 4) She doesn't just tell us to do things - she makes us want to do them. We're lucky to have such a..... team leader.
- 5) She was a.....chairwoman, with a very Strong belief in the mission of our organization and very intense feelings about our achievements.
- 6) We always do what she wants us to because she gives us good reasons for doing it. She is very .....
- 7) What they need is a .....person, someone who can choose the right course of action even in a very difficult situation.