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**ИНОСТРАННЫЙ ЯЗЫК (ВТОРОЙ) В СФЕРЕ
ПРОФЕССИОНАЛЬНОЙ ДЕЯТЕЛЬНОСТИ (АНГЛИЙСКИЙ)**

Методические указания к
лабораторным работам
для студентов направления подготовки
38.03.01 Мировая экономика

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ВВЕДЕНИЕ

Методические указания разработаны для проведения лабораторных работ студентов в рамках дисциплины «Иностранный язык (второй) в сфере профессиональной деятельности (английский)». Основная цель методических указаний – совершенствовать навыки чтения текстов экономической направленности, освоить новые лексические единицы в рамках предложенных текстов, совершенствовать грамматические навыки и навыки разговорной речи, повысить познавательный интерес обучающихся к культуре страны изучаемого языка.

Методические указания включают 7 разделов. Каждый раздел включает в себя тексты на экономическую тематику, задания, направленные на проверку понимания прочитанного, задания для развития навыков говорения, а также грамматические задания. Тексты, представленные в методических указаниях, служат материалом для лабораторных работ, а также могут быть использованы в виде материалов для самостоятельной работы студентов.

РАЗДЕЛ 1. WHAT IS ECONOMICS?

I. Improve your wordpower.

1. Study your active vocabulary:

economics (n) экономическая наука, экономика
 economist (n) экономист
 economic (adj) экономический
 difficult (adj) трудный
 possible (adj) возможный
 to be interested (in smth) интересоваться (чем-либо)
 to affect smth (v) влиять, воздействовать (на что-либо)
 price (n) цена
 necessary (adj) необходимый, нужный
 to sell v (sold, sold) продавать
 seller (n) продавец
 to buy (bought, bought) (v) покупать, закупать
 buyer (n) покупатель
 behaviour (n) поведение
 market (n) рынок
 market mechanism рыночный механизм
 market of services рынок услуг
 relationship (n) отношение, взаимоотношение
 to develop (v) разрабатывать, развивать, совершенствовать
 development (n) разработка, развитие, совершенствование
 area (n) область, район, территория
 labour (n) труд, рабочая сила
 like (prep) подобно, как
 prediction (n) предсказание, прогноз
 to predict (v) предсказывать, прогнозировать
 to follow (smth v) следовать (за кем-либо / чем-либо)
 so (cj) поэтому, так что, следовательно
 essential (adj) обязательный, необходимый, существенный
 particular (adj) конкретный, частный, отдельный
 to choose (v) (chose, chosen) выбирать
 actual (adj) фактический
 to make a decision (v) принимать решение
 enough (adv) достаточно
 data (n pl) данные
 datum (n) данная величина

2. Using a dictionary add as many words as possible into the table:

verbs	adjectives	nouns (concept)	nouns (agent)
1. to develop		market	economist
2.			
3.			
4. to buy			

5.		prediction	
6.			relative
7. to sell			
8.	definite		
9. to help			
10.		decision	

3. Match these words with the definitions below:

market, economics, price, labour, data, prediction

1. An amount of money for which a thing is offered, sold or bought.
2. Trade in particular goods, or goods in general.
3. Seeing or describing (a future happening) in advance as a result of knowledge, experience, thought.
4. The scientific study of the way in which wealth is produced and used.
5. Facts, information.
6. Workers, esp. those who use their hands.

4. What are the opposites?

Easy, impossible, unnecessary, to sell, unlike, equal.

5. Form all possible combinations and translate them.

1. market a) system
2. economic b) prediction
3. accurate c) model
4. price d) area
5. correct e) situation
6. particular f) approach
7. specialized g) life
8. main h) economics
9. development i) definition
10. real j) mechanism

6. Make up your own sentences using the following words and word combinations:

to understand economic problems, to follow rules, real life, to predict the results, actual economic situation, to make decision.

II. Reading Comprehension

Read and translate the following text. Consult a dictionary if necessary.

WHAT IS ECONOMICS?

It is difficult to give a full and accurate definition of economics, but it is possible to indicate what problems economists are interested in. They are factors that affect prices of goods and services and also resources necessary to produce. Economists are also interested in sellers' and buyers' behaviour in the market, in the relationship between "price system" and "market mechanism".

Now economics is more complex. There are three main approaches to economics: microeconomics, macroeconomics and development economics. There are also several specialized areas of study. Among them are money economics, international economics, labour economics, industrial economics, agricultural economics, growth economics, mathematical economics, etc.

Like many other sciences, economics uses models to understand economic problems. A model often helps an economist to make correct predictions. The economist usually follows several rules when he makes a model of economic behaviour.

First, real life is complex and it is not possible for an economist to include all the details in a model. So, a model is an abstraction from real life. A model usually includes only essential elements and relationships of a particular economic situation.

Second, if an economist has two different models of one phenomenon, he always chooses the model that predicts the results of a particular phenomenon more accurately.

Third, although models are helpful in economic analysis, an economist always studies the actual economic situation before he makes decisions.

It is not enough to make models, it is also necessary to collect and study actual data in order to know how accurate a model is.

Answer the following questions:

1. What problems are economists interested in?
2. What are three main approaches to economics?
3. What specialized areas of economics do you know?
4. Why do economists use economic models?
5. Why is it not possible to include all the details in a model?
6. What does a model usually include?
7. Which of the models does an economist always choose?
8. Why is it necessary for an economist to collect and study actual data?

III. Comprehension and Word Study

1. Translate into Russian.

Market analysis, labour economics, labour market study, goods and services prices, growth economics problems, actual economic situation details, consumer behaviour, future prediction, growth mechanism, agriculture and manufacturing relationship, mineral resources prices, agricultural product price growth, area development, trade growth prediction.

2. Put the verbs in brackets into the correct tense.

1. Economists (to study) situations from real life by means of economic models.
2. Economists (to be) interested in relationship between prices for goods and buyers' behaviour.
3. The buyer (to choose) goods for which he (to have) enough money.

4. He (not/ to follow) our recommendations.
5. The manager (to make) decisions only after careful analysis of all the data.
6. She always (to buy) a lot of clothes.
7. The data (not/ to be) necessary now.
8. The prices for fuel (to be) very high.
9. A consumer (to be) a person who (to buy) goods and services.
10. There (to be) several mining areas in this country.

3. Join the halves.

A	B
1. Resources and labour are necessary	a) is essential for economic growth of a country.
2. It is necessary to know marketing	b) the results of every phenomenon.
3. It is not enough to study economic theory	c) to produce goods.
4. Like other sciences, economics uses models	d) to sell goods and services well.
5. To buy goods and services it is necessary for a consumer	e) to have enough money.
6. It is not always possible, to predict	f) to be a good economist.
7. To have enough money for his	g) family he works a lot.
8. Development of trade	h) to analyze real life situations.

4. Make sentences positive or negative.

1. People (to get) resources from the earth.
2. Consumers (to buy) goods from manufacturers.
3. We (to study) economics.
4. The economist (to study) consumers' behaviour in the service markets.
5. The plant (to process) agricultural products, it (to manufacture) machines.
6. Industry and agriculture (to use) fuel.
7. I (to study) medicine.
8. Teachers (to study) labour markets.
9. It (to be) possible to predict prices for essential goods.

5. Say whether it is true or false:

1. It isn't difficult to give a full and accurate definition of economics.
2. There are two main approaches to economics.
3. Economics uses models to understand economic problems.
4. It is possible for an economist to include all the detail in a model.
5. The economist usually follows one rule when he makes a model of economic behaviour.

6. Complete the following statements:

1. There are three main approaches to economics ...
2. There are several specialized areas of study ...
3. A model often helps an economist to ...
4. It is not possible for an economist to ...
5. A model usually includes ...

IV. Post-reading activities.

1. Discuss with your partner the text “What is Economics?”

2. Be ready to speak about economics.

V. Written task

Translate into Russian using a dictionary.

HISTORY OF ECONOMICS

In the 1500s there were few universities. Those that existed taught religion, Latin, Greek, philosophy, history, and mathematics. No economics. Then came the Enlightenment (about 1700) in which reasoning replaced God as the explanation of why things were the way they were. Pre-Enlightenment thinkers would answer the question, “Why am I poor?” with, “Because God wills it”. Enlightenment scholars looked for a different explanation. “Because of the nature of land ownership” is one answer they found.

Such reasoned explanations required more knowledge of the way things were, and the amount of information expanded so rapidly that it had to be divided or categorized for an individual to have hope of knowing a subject. Soon philosophy was subdivided into science and philosophy. In the 1700s, the sciences were split into natural sciences and social sciences. The amount of knowledge kept increasing, and in the late 1800s and early 1900s social science itself split into subdivisions: economics, political science, history, geography, sociology, anthropology, and psychology. Many of the insights about how the economic system worked were codified in Adam Smith's *The Wealth of Nations*, written in 1776. Notice that this is before economics as a subdiscipline developed, and Adam Smith could also be classified as an anthropologist, a sociologist, a political scientist, and a social philosopher.

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

For a while economics got lost in itself, and economists learned little else. Marshall's analysis was downplayed, and the work of more formal economists of the 1800s (such as Leon Walras, Francis Edgeworth, and Antoine Cournot) was seen as the basis of the science of economics. Economic analysis that focuses only on formal interrelationships is called Walrasian economics.

10. to market			
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3. Match these words with the definitions below.

Facility, to ensure, to obtain, security, to seek, to overtake.

1. To make (something) certain to happen.
2. Ability to do or perform something easily and well.
3. To come up to the same level as from behind.
4. To become the owner, to get.
5. The state of being safe.
6. Try to find and get smth.

4. What are the opposites?

Low, small, ineffectively, to sell, loss, to export.

5. Form all possible combinations and translate them:

1. economica) company
2. naturalb) facilities
3. manufacturingc) quantities
4. traded) resources
5. largee) security
6. rawf) level
7. high-techg) markets
8. developingh) products
9. worldi) countries
10. highj) materials

6. Make up your own sentences using the following words and word combinations:

level of living, trade facilities, to buy raw materials, world markets, high-quality machinery, reliable household appliances.

II. Reading Comprehension.

Read and translate the following text. Consult a dictionary if necessary.

SMALL NATIONS

People of every nation try to achieve as high level of living as possible. They also seek economic security to make their level of living constant. But nations vary in area and population, so security can only be relative. Nations with large territories but which are not too large in population, such as the USA, Canada, Australia, may have a relatively high degree of economic security because they are supplied with proper amounts of natural resources, manufacturing companies, trade facilities, such as rivers, roads, railroads, airports, and efficient means of communication.

In contrast, some nations are small in area and large in population. They can ensure economic security only if they cooperate effectively with other people. For

example, Belgium is a small country of about 31,000 square kilometres and with a population of about 10 million, or about 300 persons per square kilometre. The Belgians can maintain a relatively high level of living but they should produce at home as large quantities of foodstuffs and other necessities as possible. They have to buy raw materials and sell their products in the world market. The obtained profits are to be used to import additional foodstuffs and other necessities of life that the Belgians must use to maintain their level of living.

Thus, the Belgians have to turn to world markets for three reasons: 1) they have to buy raw materials; 2) they must sell the manufactured goods; 3) they have to buy additional quantities of the necessities of life. The Belgians greatly depend on world markets, so they should welcome any international action that can ensure the stability of prices in world markets.

Japan is known as another small nation with big population, which was able to overtake such industrialized country as the USA in some fields of economy. Traditionally the country has to produce some manufactured goods for export in order to import additional foodstuffs. The main items of Japanese export are high-tech products such as computers and computer programmes, modern automobiles, high-quality machinery and equipment, reliable household appliances, etc. Nowadays Japan has become one of the largest contributors of long-term capital to developing countries.

Answer the questions.

1. What do people seek for?
2. Why is the economic security of large nations relatively high?
3. How can a small nation ensure its economic security?
4. What do you know about Belgium?
5. How can the Belgians maintain a relatively high level of living?
6. Why is trade so important for Belgium?
7. What are the main items of Japanese export?

III. Comprehension and Word Study.

1. Translate into Russian.

1. To start business a manufacturer should buy the necessary means of production.
2. Nowadays people can easily communicate with each other by means of the Internet.
3. Oligopoly means a market condition in which relatively few firms produce identical or similar products.
4. A high tariff on imported goods is a possible means to reduce domestic demand for these goods.
5. For many developing countries the US assistance meant economic dependence.
6. New means of communication have appeared with the introduction of computers in people's life.
7. The development of trade relations will mean larger international income. .

8. A plane is known as the quickest means of travel to the farthest places on the earth.

9. What does the term “economic security” mean in economic theory?

2. Translate into English:

достичь высокого жизненного уровня, импортировать предметы первой необходимости, стабильность цен на мировом рынке, высококачественное оборудование, эффективно сотрудничать, эффективные средства связи, покупать сырье, продавать произведенные товары, относительно высокая степень экономической надежности, полученная прибыль, надежная бытовая техника, развивающиеся страны.

3. Complete the sentences:

1. People of every nation try to achieve
2. People seek economic security to make
3. The Belgians have to buy
4. The Belgians have to turn to world markets for three reasons ...
5. Japan is known as small nations which was able to
6. The main items of Japanese export are
7. Nowadays Japan has become one of the

4. Join the halves.

A.	B.
1. Some nations are small	a) with big population
2. People of every nation	b) high-tech products such as computers
3. Japan is known as another small nation	c) may have a relatively high degree of economic security
4. The main items of Japanese export are	d) to make their level of living constant
5. Nations with large territories	e) in area and large in population
6. The Belgians can maintain	f) a relatively high level of living
7. The Belgians greatly depend on world market	g) so they should welcome any international action
8. People seek economic security	h) try to achieve as high level of living as possible

IV. Post-reading activities.

1. Discuss with your partner the text “Small Nations”.

2. Be ready to speak about the economy of small nations.

V. Written Task.

Translate into Russian. Use a dictionary if necessary.

One of the things that people discover every day is that you can't have everything. You are reminded of it every time you shop. Although you may see twenty or thirty items that you would really like to buy, you know that you will have to limit your selection to one or two. Everyone goes through life having to make choices.

Every business, even sports teams, must pick and choose from among the things they would like to have because they cannot have everything. Governments, too, cannot have everything. Every year the most important political debates concern questions about spending taxpayers' money.

Neither individuals nor societies can have all the things they would like to have. There simply is not enough of everything. Economists note that there is no limit to the amount or kinds of things that people want. There is, however, a limit to the resources, things used to produce goods and services, available to satisfy those wants. Once that limit is reached, nothing else can be produced. In other words, when nation's resources (all its workers, factories, farms, etc.) are fully employed, the only way it will be able to increase the production of one thing will be by reducing the production of something else.

To summarize: human wants are unlimited, but the resources necessary to satisfy those wants are limited. Thus, every society is faced with the identical problem, the problem of scarcity.

3. Match these words with the definitions below:

domestic, well-being, total, to protect, trade, to restrain.

1. complete
2. to keep safe, esp. by guarding
3. to control or prevent from doing smth.
4. the process of buying, selling or exchanging goods.
5. of or within a particular country; not foreign or international.
6. personal and physical comfort, esp. good health and happiness.

4. What are the opposites?

Foreign, small, unlike, independence, bad, to import, possible, poor, weak, indirectly, uncertain.

5. Form all possible combinations and translate them in Russian:

1. worlda) fundamentals
2. economicb) nations
3. governmentc) enterprise
4. dependend) trade
5. nationale) tariffs
6. freef) producer
7. foreigng) markets
8. protectiveh) resources
9. domestici) prosperity
10. mineralj) policy

6. Make up your own sentences using the following words and word combinations:

good agricultural lands, rich nations, free market economy, foreign trade, to support domestic producers, to be interested in the development of domestic market.

II. Reading Comprehension

Read and translate the following text. Consult a dictionary if necessary.

LARGE NATIONS

Economic security of large nations, like the United States and Russia, can be maintained, which¹ means their smaller dependence on world markets. Nowadays these large nations are provided with such economic fundamentals as natural resources, good agricultural land, and effective manufacturing enterprises relatively well, although in future gas, oil, and mineral resources will be exhausted and these nations will have to export them.

Self-sufficiency can be ensured by the government policies of large nations but it is impossible for more dependent nations. Self-sufficiency may be achieved by various policies in accordance with particular economic characteristics of each

nation. Although large and rich nations are less self-sufficient today than they were 30 years ago, they are still able to rely mainly on their domestic resources and production for national prosperity.

The USA is an example of a country with a free market economy and strong economic fundamentals. It is also known as an economy of free enterprise². American government (usually called the US administration) does not participate directly in foreign trade but it often uses protective tariffs to support domestic producers.

However, with its large territory which includes about 6 percent of the land surface of the earth, the United States has always been more interested in the development of domestic market. More than 90 percent of the nation's total trade has recently be done on its territory. Thus, the United States has sought to maintain its economic security through a policy of protection that has restrained trade with other nations in favour of³ a domestic market where industry and agriculture have been free to develop and expand to meet domestic demand.

At present a variety of policies are being followed by different countries in the world economy. However, all these policies are being used in order to provide a certain degree of economic security for a nation.

On the one hand, the economic security of any nation is based on economic nationalism recognized as the only practical economic way of life in the modern world. On the other hand, various conflicts can be caused if a nation follows policies of restraints in trade which prevent the growth of world economic well-being.

Пояснения к тексту

1. which – зд. переводится как местоимение «что»
2. free enterprise – свободное предпринимательство
3. in favour of – в защиту

Answer the questions:

1. What large nations do you know?
2. What economic fundamentals can provide relative economic security?
3. What kind of policy can the governments of large nations follow?
4. Are large nations more self-sufficient nowadays than several decades ago?
5. What are the main characteristics of the US economy?
6. What is the main strategy of the US economy?
7. What is the aim of every economic policy of any country?
8. What are the reasons for conflicts in the modern world?

III. Comprehension and Word Study

1. Translate into Russian:

economic security; protective tariffs; the growth of world economic well-being; on the other hand; the development of domestic market; national prosperity; world

markets; dependent nations; particular economic characteristics; economy of free enterprise; self-sufficiency; to restrain trade; to meet domestic demand.

2. Translate into English:

экономическая безопасность, обеспечивать независимость, полагаться на внутренние ресурсы и производство, национальное благосостояние, экономика свободного предпринимательства, поддерживать отечественных производителей, развитие внутреннего рынка, удовлетворять внутренний спрос, обеспечивать определенную степень экономической стабильности.

3. Complete the following sentences:

1. Self-sufficiency can be ensured by
2. Self-sufficiency may be achieved by
3. Large and rich nations are still able to
4. American government does not participate directly in
5. The United States has sought to maintain its economic security through
6. On the one hand, the economic security of any nation is based on
7. On the other hand, various conflicts can be caused if

4. Join halves.

A	B
1. Self-sufficiency can be ensured	a) than they were 30 years ago
2. The economic security of any nation is	b) based on economic nationalism
3. Economic security of large nations	c) by the government policies of large nations
4. Nowadays large nations are provided	d) with free market economy
5. American government often uses protective tariffs	e) to support domestic producers
6. More than 90 percent of the nation's total trade	f) has recently be done on its territory
7. Large and rich nations are less self-sufficient today	g) with such economic fundamentals as natural resources
8. The USA is an example of a country	h) means their smaller dependence on world markets

IV. Post-reading activities.

1. Discuss with your partner the text “Large Nations”.
2. Be ready to speak about economy of large nations.

V. Written task.

Translate into Russian using a dictionary.

THE ECONOMY OF GREAT BRITAIN

The United Kingdom has a developed mixed private-and public-enterprise economy and ranks among the top industrial countries in growth rates, productivity, and competitiveness. The gross national product (GNP) is growing faster than the population. The GNP per capita is among that of most other European countries.

The state sector was reduced during the 1980s and 1990s owing to policies of privatization, or denationalization, of publicly owned corporations. There was also an improvement in the standard of living. Unemployment and inflation rates were gradually reduced but remained high.

Nowadays, government policies include the close monitoring and frequent adjustment of interest rates; a gradual reduction in the level of direct personal taxation; a reduction in the levels of power and influence of national trade unions in national labour negotiations; the encouragement of wider home ownership and of individuals' share holdings in companies. Considerable emphasis is placed on increased exposure of the economy to market forces. The government controls the production of coal, steel, and ships, it also runs certain utilities, the railways, and most civil aviation.

Manufacturing industries account for one-fifth of the GNP. Small companies predominate, though companies with 500 or more employees employ a larger percentage of the work force. Major manufactures include motor vehicles, aerospace equipment, electronic data-processing and telecommunication equipment, metal goods, precision instruments, petrochemicals, and other chemicals. High-technology industries are being developed.

Agriculture accounts for less than 2 percent of the GNP and employs some 2 percent of the work force. Farming is highly mechanized, though farms are not extremely large, and is dominated by the raising of sheep and cattle. The United Kingdom is not agriculturally self-sufficient. Chief crops include barley, wheat, sugar beets, and potatoes.

The mineral industry accounts for approximately 6 percent of the GNP but employs less than 1 percent of the work force. Production from oil fields in the North Sea has allowed the United Kingdom to become virtually self-sufficient in petroleum. The United Kingdom's coal industry, despite its steady decline since the early 1950s, remains one of the largest and most technologically advanced in Europe.

Public revenues ordinarily fall short of expenditures and are chiefly derived from income taxes, which are highly progressive, and excises. A single graduated income tax was introduced in 1973. Deficits are offset by public borrowing. The country (as well as its capital) is a major world financial and banking centre.

Chief imports of Great Britain are: metallic ores, except iron ore, food. Chief exports are: china, automobiles and other vehicles, wooden goods, steel, electrical and mechanical machinery, tractors, scientific instruments, chemicals, petroleum.

Just under half of the total population is in the labour force. The highest proportion of employees (more than two-thirds) are in the service sectors, financial services and distribution. Manufacturing, although it has declined, employs more than one-fifth of all workers. Smaller numbers are in construction, energy, agriculture, forestry, and fishing.

РАЗДЕЛ 4 GLOBALIZATION OF WORLD ECONOMY

I. Improve your wordpower.

1. Study your active vocabulary:

globalization (n) глобализация
 the latter (adj) последний (из двух названных ранее)
 finance (n) финансы, денежные отношения
 finance (v) финансировать
 financial (adj) финансовый
 establishment (n) основание, учреждение, создание
 to establish (v) основывать, создавать
 sharp (adj) определенный, отчетливый, резкий
 sharply (adv) определенно, отчетливо, резко
 advertising (n) реклама, рекламирование, рекламное дело
 advertise (v) рекламировать
 reduction (n) снижение, уменьшение, сокращение
 to reduce (v) понижать, уменьшать
 introduction (n) введение
 euro (n) евро (денежная единица)
 single (adj) единый
 currency (n) валюта, деньги
 transaction (n) дело, сделка
 to join (v) соединять(ся), сливать(ся), вступать (в члены общества)
 circulation (n) денежное обращение
 former (adj) прежний, бывший
 the former первый из двух упомянутых ранее
 competitiveness (n) конкурентная способность
 participation (n) участие
 to participate участвовать
 to promote (v) способствовать; содействовать распространению, развитию
 subsidiary (n) филиал
 business (n) коммерческая деятельность, предпринимательство
 to do business вести дело, заниматься предпринимательством
 to do e-business заниматься электронной коммерцией

2. Using a dictionary add as many words as possible into the table:

verbs	adjectives	nouns (concept)	nouns (agent)
1.	financial		
2. to advertise			
3.		introduction	
4.			participant
5. to promote			
6.		business	
7.	different		

8. to establish			
9.		reduction	
10.			consumer

3. Match these words with the definitions below:

advertising; tax; currency; transaction; subsidiary; globalization.

1. A piece of business.
2. An amount of money which must be paid to the government according to income, property, goods bought, etc.
3. Connected with but of less importance than the main one, for example: plan, company, etc.
4. The business of encouraging people to buy goods.
5. The particular type of money in use in a country.
6. The quality of being concerned with causes and effects over the whole world, not just single parts of it.

4. Form all possible combinations and translate them:

1. economica) products
2. sharpb) trade
3. consumerc) economy
4. singled) globalization
5. foreigne) markets
6. mixedf) transactions
7. eurog) reduction
8. financialh) markets
9. businessi) zone
10. internationalj) currency

5. Make up your own sentences using the following words and word combinations:

new consumer products, the introduction of the new currency, to advertise new goods and services, privatization of the economy.

6. Give the opposites to the following words:

a reduction, to increase, the former, dependent, to promote, developed, easy, foreign, independence, support, seller, different, a part; employment, loss.

II. Reading Comprehension

Read and translate the following text. Consult a dictionary if necessary.

GLOBALIZATION OF WORLD ECONOMY

Globalization is understood as increasing internationalization of ideas, science, communication and technology that must be distinguished from economic

globalization. The latter means the process of integration of markets, great changes in trade and finance and the establishment of the global economy.

The main aim of economic globalization is to change the world into one dynamic market which has uniform characteristics in different countries. Globalization should lead to a free mobility of capital as well as to privatization of the economy and a sharp reduction in government budgets. Besides, globalization means wide advertising of new consumer products all over the world, low taxes for producers both domestic and foreign and similar life-styles¹ for people of different nationalities.

First steps towards globalization in Europe were made by the establishment of the Common Market in 1993 and the introduction of the “euro” as the new single currency for Europe on January 1, 1999. Since that time the euro has been used in foreign trade transactions by the countries which joined the euro-zone². Euro banknotes were introduced in circulation in 12 member-countries of the European Union on January 1, 2002.

Some countries of Central and Eastern Europe have recently joined the European Union, such as Lithuania and Poland while others are planning to do it in the near future. However, in order to transform the former planned economies into really mixed economies³ countries of Eastern Europe must increase sharply the levels of productivity and competitiveness of their economies. Special adjustments should be made in agriculture, tax system and in the system of social security⁴.

Economists think that the single currency will increase trade integration as well as labour mobility in the euro-zone. The introduction of the new currency and participation of different countries in integrated European financial markets should reduce any risks in business transactions and lead to more efficient European finance, promote European political as well as economic integration.

Globalization at a business level means that a company has decided to participate in the global economy and it is going to establish its subsidiaries in foreign markets. However, a company will have to adjust its products or services to the consumers' requirements in a foreign country. Nowadays any company may do e-business using the Internet services. In order to attract consumers it is important to advertise new goods and services both in national and international markets. Advertising of popular goods and services is often done in such international languages as English, German, French, and Spanish.

Пояснения к тексту

1. similar life-style – похожий образ жизни
2. euro-zone – страны, где используется денежная единица “евро”; зона “евро”
3. a mixed economy – смешанная экономика (*сочетает элементы командной и свободной рыночной экономики*)
4. social security – социальное обеспечение

Разрыв страницы

Answer the questions.

1. What does globalization mean?

2. What are the main characteristics of “economic globalization?”
3. What are the aims of economic globalization?
4. What are the main steps of globalization in Europe?
5. What is the euro?
6. When and where was the euro introduced?
7. Is the euro used in all European countries?
8. What problems should the former Eastern European countries cope with nowadays?
9. What benefits can the single European currency ensure?
10. What does globalization mean in business?
11. What is important in e-business?

III. Comprehension and Word Study:

1. Translate from English into Russian:

to establish its subsidiaries in foreign markets, to increase the level of productivity, great changes in trade and finance, the main aim of economic globalization, free mobility of capital, sharp reduction in government budgets, wide advertising new consumer products all over the world, low taxes for producers, similar life-styles for people of different nationalities, single currency, foreign trade transactions, a system of social security, in order to attract consumers, advertising of popular goods and services.

2. Join the halves.

A	B
1. The main aim of economic globalization is	a) to privatization of the economy
2. Globalization should lead to a free mobility of capital as well as	b) the single currency will increase trade integration
3. Globalization means	c) a company has decided to participate in the global economy
4. Economists think that	d) to change the world into one dynamic market
5. Globalization at a business level means that	e) using the Internet services
6. Nowadays any company may do e-business	f) international languages
7. Advertising of popular goods and services is often done in	g) should reduce any risks in business transactions
8. The introduction of the new currency	h) wide advertising of new consumer products all over the world

3. Translate from Russian into English:

Реклама популярных товаров и услуг; введения новой валюты; глобализация мировой экономики; главная цель экономической глобализации; резкое сокращение государственного бюджета; низкие налоги для производителей; похожий образ жизни для людей различных национальностей; смешанная экономика; уровень производства; для того чтобы привлечь потребителей; рекламировать новые товары и услуги как на внутреннем, так и на внешнем рынках.

4. Translate the words and put them in the sentences below.

1. globe, globalization, global, globally
2. establish, establishment, established, establishing
3. advertising, advertise, advertisement, advertiser
4. reduce, reduced, reduction, reducing
5. introduced, introducing, introduce, introduction
6. competitive, competitiveness, compete, competition, competitor
7. participator, participation, participate, participating
8. promotion, promote, promoter, promoting
9. Europe, European, euro
10. circulate, circulating, circulation

1. The ... in taxes usually stimulates production.
2. Both small and large companies spend money on ... in newspapers or on TV in order to promote their goods and services.
3. ... may help people to move from one country to another easily in order to seek for better jobs.
4. In order to get more profits companies try to ... goods.
5. The ... of the single currency has made transactions between different foreign companies much easier and faster.
6. The members of the... Union started to use the... as the single currency in ... in 2002.
7. Most countries of Central and Eastern Europe try to join the European Union as... in such a union can provide certain benefits in trade.
8. Famous American companies such as Coca Cola, and McDonalds have already ... subsidiaries in Russia and they can successfully ... with domestic producers for consumers.

Разрыв страницы

5. Complete the sentences:

1. Globalization is understood as
2. The main aim of economic globalization is
3. Globalization should lead to
4. Globalization means
5. First steps towards globalization in Europe were made by
6. Euro banknotes were introduced in circulation in
7. Globalization at a business level means

IV. Post-reading activities.

1. Discuss with your partner the information you've got from the text "Globalization of World Economy".

2. Make sure that you can speak about the problem of globalization.

3. Get ready to speak in detail about the globalization of World Economy.

V. Written task

Translate into Russian using a dictionary.

TYPES OF INTERNATIONAL BUSINESS

Merchandise exports are goods sent out of a country whereas **merchandise imports** are goods brought in. Since these are tangible goods that visibly leave and enter countries, they are sometimes referred to as visible exports and imports. The terms *exports* or *imports* are used frequently yet in reality the reference is only to the merchandise exports or import.

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

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

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

Travel, tourism, and transportation. Earnings from transportation and from foreign travel can be an important source of revenue for international airlines, shipping companies, reservations agencies, and hotels. On a national level, such countries as Greece and Norway depend heavily on revenue collected from carrying foreign cargo on their ships. The Bahamas earns much more from foreign tourists than it earns from exporting merchandise.

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

Use of assets from abroad. Royalties are the payment for use of assets from abroad, such as for trademarks, patents, copyrights, or other expertise under

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

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

Direct investments. Direct investment takes place when control follows the investment. This can amount to a small percentage of the equity of the company being acquired, perhaps even as little as 10 percent. The ownership of a controlling interest in a foreign operation is the highest type of commitment to foreign operations in the given country. Direct investment operations may be set up in order to gain access to certain resources or access to a market for the firm's product.

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

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

РАЗДЕЛ 5 ENTREPRENEURSHIP

I. Improve your wordpower.

1. Study the following words and word combinations:

foster (v)воспитывать, вынашивать
 innovation (n)нововведение
 facilitate (v)облегчать, способствовать
 available (adj)наличный, доступный
 failure (n)провал, банкротство
 involve (v)вовлекать
 considerable (adj)значительный
 effort (n)усилие
 overcome (v)преодолеть
 venture (n)предприятие
 survival (n)выживание
 corresponding (adj)соответствующий
 judgment (n)суждение
 application (n)заявление
 acceptance (n)принятие
 attain (v)достигать, добиваться
 escape (v)избегать
 waste (n)растрата
 threat (n)угроза
 ally (n)союзник
 notion (n)понятие, представление
 evolve (v)развивать
 embrace (v)охватывать
 urgent (adj)срочный, безотлагательный

2. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns	Adverbs
attain	available considerable	innovation survival judgment acceptance	
waste		application	
evolve		threat	

3. Match the words with the definitions below.

1. foster (v)
2. facilitate (v)

3. involve (v)
4. judgment (n)
5. attain (v)
6. threat (n)
7. ally (n)
8. notion (n)
9. evolve (v)
10. embrace (v)

- a. a person or country that helps or support one
- b. an idea, belief or option
- c. to cause someone to be connected or concerned
- d. a sign of possible danger
- e. the ability to decide correctly
- f. to encourage to grow or develop
- g. to cause to develop gradually
- h. to succeed in arriving at after effort
- i. to make easy or easier
- j. to contain or include

4. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. foster, involve, effort, survival, acceptance, attain, escape, threat, ally, embrace, evolve

B. imply, remain, include, associate, achieve, force, risk, promote, grow, adoption, avoid

5. What are the opposites?

Rejection, destruction, rival, hamper, success, inaccessible, omit, incongruous, negligible.

6. Form all possible word combinations using the words of both columns and translate them in Russian:

1. generala) creativity
2. economicb) risk
3. newc) taking
4. considerable) agreement
5. personale) driven
6. initiativef) competitor
7. typicallyg) notions
8. makeh) perspective
9. aggressivei) venture
10. similarj) experiments

II. Reading Comprehension

Read and translate the following text. Consult a dictionary if necessary.

ENTREPRENEURSHIP

Entrepreneurship is a social phenomenon reflects the basic conditions that foster the economic development as a result of human creativity, new ideas, and innovations. There is a general agreement among the scholars that entrepreneurship facilitates economic freedom makes available a certain amount of rights that guarantee independent decision-making in choosing the type and field of economic activity and methods of operation. Economic creativity results in the new businesses and jobs being created and the resulting new products and services.

Millions new enterprises start each year despite more than a 50 % failure rate. Starting and managing a new business involves considerable risk and effort to overcome all the inertia against creating something new. In creating and helping a new venture to grow, the entrepreneur has all the responsibility for its development, growth and survival, as well as corresponding risks and reward.

The exploration of the aspects of entrepreneurship from a business (economic), managerial, and a personal perspective is reflected in the following judgments of an entrepreneur. In almost all of the definitions of entrepreneurship, there is an agreement that we are talking about a kind of behavior that includes:

- (1) initiative taking;
- (2) the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical application;
- (3) the acceptance of risk or failure (readiness to risk).

From an economist's point of view, an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. From a psychologist's point of view, an entrepreneur is such a person that is typically driven by certain forces – wish to obtain or attain something in life, to make experiments, or perhaps to escape authority of others (gain independence).

It is a person who creates wealth for others as well who finds better ways to utilize resources, and reduce waste (loss), and who produces jobs others are glad to get.

To one business person, an entrepreneur may appear as a threat, an aggressive competitor, whereas to another business person the same entrepreneur may be an ally, a source of supply, a customer, or someone good to invest in.

Each of these definitions contains similar notions, such as newness, organizing skill, creating ability, wealth increase, and risk taking. To include all types of entrepreneurial behavior, one researcher has proposed the following definition: Entrepreneurship is the process of creating something different (new) with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risk, and receiving the resulting rewards of monetary and personal satisfaction and independence.

Just as the concept of entrepreneurship has developed gradually over time as the world's economic structure has changed and has become more complex, so it will continue to evolve to embrace new realities. As the need to promote entrepreneurship become more urgent, so does the need to understand what it is and how it operates in a variety of situations.

1. Answer the questions

1. What does entrepreneurship reflect as a social phenomenon?
2. What does entrepreneurship facilitate?
3. Where does economic creativity result?
4. What is the failure rate of new enterprises?
5. What does starting a new business involve?
6. What for has the entrepreneur got all the responsibility?
7. What does an entrepreneur kind of behavior include?
8. What does an entrepreneur mean from an economist's point of view, from a psychologist's point of view?
9. What is the definition of entrepreneurship?

2. Translate into English:

1. Предпринимательство – это форма деятельности в сфере производства товаров и предоставления услуг с целью получения прибыли.
2. Предприниматель – это человек, занимающийся любым видом экономической деятельности, приносящей прибыль.
3. Предприниматель рискует, чтобы получить прибыль.
4. Предприниматель применяет новые технологии производства.
5. Рост компании зависит от деловой активности предпринимателя.
6. Трудно ли быть предпринимателем?

3. Complete the following sentences with the words given below:

approval, arrange, assure, creates, incomparable, investigation, meticulous, start-ups.

1. Entrepreneur is someone who starts a company, _____ business deals, and takes risks in order to make a profit.
2. Someone _____ a job for you, gets orders, collects money from the clients and takes on the responsibility for making both ends meet.
3. Entrepreneurship gives you an _____ sense of personal freedom.
4. Entrepreneurs are a mystery to some people, especially those who are only comfortable with a nine-to-five existence and _____ weekly paychecks.
5. Entrepreneurs minimize risks by advance planning, research, and _____ consideration of all factors that could affect and possibly endanger their business.
6. When the entrepreneur forgets to do advance _____ and preparation, then he or she is a gambler at best, and a failure statistic at worst.
7. While entrepreneurs are adventures on the business sea, they still seek the _____ of others, often after they have launched an action.
8. Nearly half of all small business _____ are retail shops.

III. Intensive Reading Task

Read and translate the following text. Consult a dictionary if necessary.

THE ENTREPRENEURIAL DECISION PROCESS

For the person who actually starts his or her own business, the experience is filled with enthusiasm, frustration, anxiety, and hard work. There is a high failure rate due to such things as poor sales (lack of demand), intense competition, lack of capital, or lack of managerial ability. The financial and emotional risk can also be very high. What, then, causes a person to make this difficult decision?

Many individuals have difficulty bringing their ideas to the market and creating a new venture. Yet, entrepreneurship and the actual entrepreneurial decision have resulted in several million new businesses being started throughout the world, even in previously controlled economies such as those of China, Hungary, Poland, and Russia. While no one knows the exact number, in the United States (which leads the world in company creation) estimates indicate that from 1 to 2 million new companies have been created each year in recent years.

Indeed, millions of companies are created despite recession, inflation, high interest rates, lack of infrastructure, economic uncertainty, and the fear of failure. Each of these companies is created through a very personal human process that, although unique, has some characteristics common to all. Like all processes, the entrepreneurial decision entails a movement, from something to something – a movement from a present life-style to creating a new enterprise.

CHANGE FROM PRESENT LIFE-STYLE

The decision to leave a career or life-style is not an easy one. It takes a great deal of energy to change and to create something new. As a rule individuals tend to start businesses in areas where they worked before. Most of the new companies are created by individuals who worked in the field of research and development (R&D), and marketing. While working in technology, individuals develop new product ideas or processes. They quit their jobs to create their own companies when these new ideas are not accepted by their employers. Similarly, individuals in marketing have become familiar with the market and customers' unfilled wants and needs, and they make a decision to start new enterprises to fill these needs.

Perhaps an even stronger incentive to overcome the inertia and leave a present life-style to create something new comes from a negative force – disruption. A significant number of companies are created by people:

- 1) who have retired;
- 2) who are relocated due to a move by the other member of the family (in most cases a husband may get a job in a new location);
- 3) who have been fired. (A study in one major city in the United States indicated that the number of new business listings in the Yellow Pages increased by 12 percent during a layoff period.);

4) who have received an educational degree. (For example, a person who is not promoted after receiving a degree may become frustrated and decide to leave and start a new company.)

What causes an individual to create a new company due to personal disruption? There are a lot of other occupations rather than an entrepreneur. The decision to start a new company occurs when a person perceives that creating a new enterprise is both desirable and possible.

1. Join the halves.

1. For the person who actually starts his or her own business...
2. Many individuals have difficulty bringing their ideas...
3. Millions of companies are created despite...
4. It takes a great deal of energy to...
5. Individuals in marketing have become familiar with ...
6. The decision to start a new company occurs when ...

- a) ... recession, inflation, high interest rates, lack of infrastructure, economic uncertainty.
- b) ... create something new.
- c) ... to the market and creating a new venture.
- d) ... the market and customer's unfilled wants and needs.
- e) ... the experience is filled with enthusiasm, frustration, anxiety, and hard work.
- f) ... a person perceives that creating a new enterprise is both desirable and possible.

2. Complete the sentences:

1. There is a high failure rate due to such things as ...
2. Entrepreneurship and the actual entrepreneurial decision have resulted in ...
3. Like all processes, the entrepreneurial decision entails ...
4. As a rule individuals tend to start businesses in ...
5. While working in technology, individuals develop ...
6. They quit their jobs to create their own companies when ...
7. A significant number of companies are created by people who ...

***3. Read the text and fill in the gaps:**

appears, driving, endorsed, encouraged, evidenced, in terms of, infrastructure, continue, research, promoting, reward, output, support.

THE FUTURE OF ENTREPRENEURSHIP

As I _____ by the many different definitions, the term *entrepreneurship* means different things to different people. However, in spite of the differences, there are some common aspects: risk taking, creativity, independence, and 2_____. These common aspects are supposed to be the 3_____ force behind the notion of entrepreneurship in the future. One thing is

clear – the future for entrepreneurship 4_____ to be bright. We are living in the age of the entrepreneur, with entrepreneurship 5_____ by educational institutions, governmental units, society, and corporations. Entrepreneurial education has never been so important 6_____ courses and academic 7_____.

Various governments have also taken an increasing interest in 8_____ the growth of entrepreneurship. Individuals are 9_____ to create new businesses and are provided such government 10_____ as tax incentives, buildings (space), roads, and a communication system – a strong government 11_____ – to facilitate this creation process. The encouragement by the federal and local governments is supposed to 12_____ in the future as more lawmakers understand that new enterprises create jobs and increase the economic 13_____ in an area.

IV. Speaking Practice.

1. **Dramatize the dialogue and make up your own conversation on analogy.**

The person has just made a decision to become an entrepreneur. He has come to the consultant business law company to clear up all questions he has.

Entrepreneur Lots of people are starting up their own businesses, but only a small number of them seem to succeed. Why is it so?

Lawyer Well, there are several reasons.

Entrepreneur I think I can guess. These are because of the difficult times.

Lawyer You are absolutely right. There has been a pretty general recession and the question of labour relations.

Entrepreneur True. True. I am used to hearing all kinds of horror stories about the activities of wicked trade unions, about excessive wage demand and about different strikes.

Lawyer I am sure there is no doubt that these factors do contribute to the rapid disappearance of many little businesses. But it is more than likely in my opinion, that what really accounts for most of the failures is quite simply bad management.

Entrepreneur In which ways may a business be badly managed? And can we learn some lessons about good management?

Lawyer Our first lesson: never attempt to start a new venture if you haven't got enough capital to see it through.

Entrepreneur I definitely have enough money to start. I doubt of a right place and suitable premises for my new business.

Lawyer The question is quite important. Don't be too much of a hurry to settle on premises if you aren't sure they are right. Some businesses operate inefficiently because they haven't got enough room to plan properly or to expand if they need to.

Entrepreneur How much of my capital can I spend on presenting a company image, on fitting and office furniture. To be successful a glossy image is very important. Am I right?

Lawyer So that's our third lesson: get your priorities right and don't spend too much of your capital on non-productive items. Think it over a bit. Next time I'll teach you the fourth lesson about how to research the market and a lot of other factors to be taken into account.

Entrepreneur It is not difficult to predict knowing the fundamentals of business. The talk will probably be about installing the right equipment, hiring a suitable workforce, controlling production and the storage of stock, keeping a close check on prices and customer credit.

Lawyer You are not so ignorant that it seems to be. But above all remember today's golden rule. Plan every step of the way before you start... Any other time is too late.

2. Discuss in pairs advantages and disadvantages of being an entrepreneur.

Questions for discussion.

1. Give some reasons why an individual entrepreneur might succeed in bringing a product to the market where the government or a large corporation would fail.
2. What do you think entrepreneurship will mean in the future?

3. Get ready to speak in detail about entrepreneurs and entrepreneurship.

V. Written Task.

Translate into Russian using a dictionary.

DESIRABILITY OF NEW VENTURE CREATION

The perception that starting a new company is desirable results from an individual's culture, subculture, family, teachers, and peers. In a country where an individual who successfully creates a new business is honored and respected – more companies will be created. For example, in the United States there has always been a high value on being one's own boss, having individual opportunity, being a success, and making money – all aspects of entrepreneurship. Therefore, it is not surprising to find a high rate of company creation in the United States. On the other hand, in some countries successfully establishing a new business and making money are not as highly valued, and failure may be a disgrace. Countries with such cultures (national traditions) do not have as high a business creation rate.

No culture is totally for or against entrepreneurship. Many subcultures (local traditions) shape their own value systems. Even in the United States entrepreneurship is not supported and promoted in the same way. In supportive

environments where creating a new company is one of the best occupations, more individuals actively create new enterprises.

In Moscow most of the new companies (about 40 %) operate in trade, 30 % operate in the field of R&D, all the rest operate in building, transport and other fields.

In addition to local traditions, family traditions are very important too. Studies of companies in a variety of industries throughout the world indicate that 50 to 70 percent of the founders of companies had fathers or mothers who had an independent occupation.

Encouragement to create a company is further gained from teachers in schools, who familiarize the students with entrepreneurship as one possible career path. Schools with courses in entrepreneurship and innovation tend to develop entrepreneurs. Taking the entrepreneurship course increases the probability for such students to become entrepreneurs. An area having a strong education base is almost always a prerequisite for entrepreneurial activity and company creation.

Finally, peers are very important in the decision to create a company. More new companies are created in an area with a meeting place where entrepreneurs and potential entrepreneurs can discuss ideas, problems, and solutions.

TYPES OF START-UPS

So, the decision to create a new company is made. What types of companies there exist? While there are many classification systems, one that is most useful divides start-ups into three categories: life-style firms, foundation companies, and high-potential ventures.

A life-style (“home”) firm is a private enterprise. It usually achieves only modest growth due to the nature of the business, the objectives of the entrepreneur, and the limited money devoted to R&D. This type of firm may grow after several years to 30 or 40 employees and have annual revenues of about \$2 million. A life-style firm exists primarily to support the owners and usually has little opportunity for significant growth and expansion.

The second type of start-up – the foundation company (innovation enterprise) – is created from R&D and lays the foundation for a new industry. This firm can grow in 5 to 10 years from 40 to 400 employees and from \$10 million to \$20 million in annual revenues. Since this type of start-up rarely goes public, it usually draws the interest of private investors only.

The third type of start-up – the high-potential venture – is the one that receives the greatest investment interest and publicity (investors are striving to invest money in it). While the company may start out like a foundation company, its growth is far more rapid. After 5 to 10 years the company could employ around 500 employees with \$20 million to \$30 million in annual revenues. The company usually shortly becomes a public limited company.

The creation of a new venture must be desirable and possible for an individual to change from a present life-style to a radically new one. It is not surprising that the type and number of new business creations vary greatly throughout any country.

РАЗДЕЛ 6 PROFIT

I. Improve your wordpower.

1. Study the following words and word combinations:

monetary return (n) денежное обращение
 reward (n) награда
 effort (n) усилие
 uncertainty (n) неопределенность
 outcome (n) результат, следствие
 satisfaction (n) удовлетворение
 accomplishment (n) завершение, достижение
 expenses (n) расходы
 subtract (v) вычитать
 merchandise (v) торговать
 payroll (n) платежная ведомость
 utilities (n) коммунальные услуги
 donation (n) дотация
 supply (n) предложение, поставка
 gross profit (n) валовая прибыль
 net profit (n) чистая прибыль
 amount (n) количество

2. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns	Adverbs
reward		satisfaction	
		uncertainty	
		loss	
		accomplishment	
subtract			
supply		donation	
		expenses	

3. Match the words with the definitions below.

1. reward (n)
2. outcome (n)
3. loss (n)
4. accomplishment (n)
5. amount (n)
6. effort (n)
7. satisfaction (n)
8. gain (v)

9. expenses (n)
 10. supply (n)
 11. tax (n)
 12. utility (n)
 13. payroll (n)
 14. merchandise (n)
-
- a. the use of strength; trying hard
 - b. something given or gained as return for work or service
 - c. something that causes contentment or pleasure
 - d. an effect or result
 - e. a failure to make a profit
 - f. to obtain something useful, necessary, wanted
 - g. the act of finishing work completely and successfully
 - h. the money used or needed for a purpose
 - i. a quantity or sum
 - j. necessary materials for daily life
 - k. things for sale, goods for trade
 - l. the total amount of wages paid in a particular company
 - m. any useful service for the public
 - n. a sum of money paid to the government

4. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. reward, effort, uncertainty, outcome, loss, satisfaction, gain, involve, supply, insurance

B. fulfillment, exertion, result, payment, obtain, warranty, provide, deficit, unsureness, entail

5. What are the opposites?

Downfall, confidence, discontent, add, relaxation Разрыв страницы

6. Form all possible word combinations using the words of both columns and translate them in Russian:

1. to make a) satisfaction
2. to encourage b) a sense
3. to take c) money
4. to receive d) a business
5. to serve e) money
6. to gain f) people
7. to invest g) the amount of money
8. to pay h) a profit
9. to subtract i) a risk
10. to own j) the community

II. Reading Comprehension

Read and translate the following text. Consult a dictionary if necessary.

PROFIT

Many times, we say that the profit is too high, or that the business is making “too much profit” without really understanding profit. Profit is the monetary return, or the reward, a business's owner or owners receive for taking the risk of investing in the business. The owner may invest money, time, effort, or skills.

Profit is the reward received for taking the risk of investing in a business. But, what is risk? It is simply uncertainty – not knowing what the outcomes will be. With risk comes the chance of loss – in this case, the chance of losing the money, time, and effort invested in a business, but the chance of profit is possible too. There are three main reasons that people are willing to take the risk:

“Satisfaction from owning one's own business”. A lot of people owning a business indicate that a person is responsible, successful, and talented. Therefore, many people gain a sense of pride and accomplishment from owning a business.

“Satisfaction from serving the community in which the business is located”. Many people live in the same community in which their businesses are located. They receive satisfaction from operating a business that serves their community's needs.

“Possibility of making a profit”. This reason is the main motivation for a person to take the risks involved in becoming a business owner. The desire to make a profit is known as the profit motive. Certainly, the satisfaction from owning a business or from serving one's community can motivate people to take the risk of investing in a business. However, the main motivation, the one that really encourages people to take the risk, is the chance of making a profit.

Determining Profit

Profit is the amount of money that is left after expenses are subtracted from income. To understand this formula, let's look what each component means. Income is money that comes into a business. This income is from the sale of goods or services and called income from sales. Expenses are monies that must be paid out in order to continue in business. There are two main types of expenses: cost of merchandise and operating expenses. Cost of merchandise is the money that business must pay for the goods that they sell or for the raw materials from which they make goods to sell. Operating expenses are those expenses necessary to keep the business operating on a daily basis. Payroll, utilities, rent, insurance, supplies, equipment, taxes, bad debts, and donations are all examples of operating expenses. As you can see, there are many expenses involved in running a business.

Income and expenses are two elements that what, if any, profit a business will make. However, there are two types of profit, and it is very important to understand the difference. One of them is gross profit. It is the amount of money that is left after the cost of merchandise is subtracted from the income from sales. For example, if a business buys T-shirts for 15 rubles each T-shirt and sells them for 50 rubles, the gross profit would be 35 rubles. If the business sells 100

T-shirts, the gross profit is 3,500 rubles. Another type of profit is net profit. It is the amount of money that is left after operating expenses are subtracted from gross profit. This is the money that is actually left for the business owner to keep or to reinvest in the business.

1. Answer the questions :

1. What is profit ? Define the word.
2. Why does the uncertainty occur?
3. What are three main reasons why people are willing to take the risk?
4. What is the profit motive?
5. What is the formula of profit?
6. Define the words “income” and “expenses”.
7. What are two main types of expenses? Define them.
8. What are two types of profit?
9. Give an example of gross profit.
10. What is net profit?

2. Translate into English:

1. Владельцы бизнеса могут инвестировать деньги, время, усилия, навыки и опыт, и получать из этого прибыль.
2. Прибыль это награда, полученная за предпринятый риск инвестирования в бизнес.
3. Многие люди испытывают гордость и чувство собственного удовольствия от владения собственным бизнесом.
4. Возможность получения прибыли – одна из трех основных причин почему люди идут на риск.
5. Расходы – это деньги, которые должны быть потрачены, чтобы продолжить бизнес деятельность.
6. Есть два вида прибыли и очень важно понимать различие между ними.

3. Complete the following sentences with suitable forms of the words in the box below:

capital, interest, profit, net, current, debtor, dividend, statement, creditor, shares.

1. A person or organization that owes money is a ...
2. A person or organization to whom money is owed is a ...
3. The asserts, including cash, debtors and stocks used in a company's trading, available at the present moment, are its ... assets.
4. The equal parts into which the ownership of a company is divided are its ...
5. The money paid to shareholders out of a company's profits is the ...
6. A company's turnover, less its cost of sales, is its gross
7. A company's turnover after the cost of sales, tax, rent and other liabilities are deducted is its ... profit.
8. The sum of money paid by a borrower to a lender for the use of the lender's money is the ... on the loan.

9. The document sent to the debtor by the creditor, showing how much is owed and for what, is the ... of account.
10. The shareholders' investment in a company is the share

IV. Intensive Reading Task

Read and translate the following text. Consult a dictionary if necessary.

IMPORTANCE OF PROFIT

Profits are important and beneficial to society, as well as to businesses. Some of the benefits of profit to our society include the following items:

“Consumer needs and wants are met”. This idea probably sounds pretty strange – consumers benefit when businesses make profits. How is this possible? Profits enable businesses to expand. In this way, they are able to offer consumers more and different kinds of products and services. New products can be discovered, developed, or offered to satisfy customer needs and wants. In addition, the profit motive encourages businesses to change the kinds of goods or services they provide, so that changing customer needs and wants can be met. Profits encourage business owners to make their businesses more efficient, thereby conserving resources that may be needed by the consumers of tomorrow. The added benefit is that fewer resources will be used today, leaving more resources available for future consumers. Businesses compete for profits. Because of this competition, improved products and services, higher quality products and services, lower prices, and more services are offered to consumers.

“Wages and employment opportunities are better”. Businesses that are profitable can afford to pay better wages and provide more benefits to their employees. Also, profitable businesses usually hire more employees, thereby increasing employment opportunities for more workers. As businesses expand, they provide more opportunities for workers to advance.

“Our economy is strengthened”. Profitable businesses can expand, hire more workers, and invest in new businesses. All of these help to make our economy stronger and healthier because they result in more tax rubles paid to the government. The government will use the tax rubles to pay for services and programs such as education and defense, which benefit all citizens. When businesses make profits, they are more likely to contribute to charitable causes. These contributions can help to fight against the poverty and diseases, which exist in our society. Other contributions can be used to improve the community.

Of course, profits are very important for businesses. They make it possible for businesses to grow, expand, and hire more employees. Because of profits, businesses are able to develop new and improved products for their customers and to compete with other businesses. Most of all, profits provide the incentive necessary for an individual to risk the time, money, and effort invested in a business. Although businesses may be able to survive without making profit in the short run, it is absolutely necessary for businesses to make profit in the long run. Otherwise, their employees, suppliers, owners, and creditors cannot be paid.

Profits, therefore, are the lifeblood of businesses, since without profits, businesses would eventually cease operating

1. **Join the halves.**
 1. Profits are able to...
 2. Profits encourage business owners to make their businesses more efficient ...
 3. Improved products and services, higher quality products, lower prices ...
 4. As business expand ...
 5. Profitable businesses can expand, hire more workers and ...
 6. When businesses make profits, they are more likely to ...
 7. Because of profits, businesses are able to ...
 8. It is absolutely necessary for businesses to ...
 9. Profits are the lifeblood of businesses, since ...
- a. ... invest in new businesses.
 - b. ... compete with other businesses.
 - c. ... make profit in the long run.
 - d. ... thereby conserving resources that may be needed by the consumers of tomorrow.
 - e. ... they provide more opportunities for workers to advance.
 - f. ... without profits, businesses would eventually cease operating.
 - g. ... offer consumers more and different kinds of products and services.
 - h. ... are offered to consumers.
 - i. ... contribute to charitable causes.

2. Complete the sentences:

1. Businesses are able..
2. New products can be ...
3. The profit motive encourages...
4. Businesses compete for profit, therefore...
5. Businesses that are profitable can ...
6. The government will use the tax rubles ...
7. When businesses make profits, they are ...
8. These contributions can help ...
9. Profits make it possible for businesses ...
10. Profits provide ...

*3. Read the text and fill in the gaps with words given below:

deducted, wages, dissatisfaction, sales, affect, raise, common, customers, demand, luck, control, loss, increases, merchandise, recession, exist.

FACTORS AFFECTING PROFIT

There are many factors that 1_____ how much profit a business might make. Here are some of the most 2_____:

“Expenses”. Expenses must be 3_____ from income to determine profit. The more a business's expenses increase, the lower profit will be. It is important for businesses to keep their expenses as low as possible.

“4_____ for the product or service”. If the demand for a business's products or services remains the same or 5_____, profit increases too. And if demand decreases, profit decreases too.

“Economy”. Sometimes, the economy experiences a 6_____ or depression – 7_____ may be lower or people are out of work. A business's profit may be decreased simply because its 8_____ do not have the money to buy as many products or services as in the past. The profits of businesses are more likely to increase, since more 9_____ can be made.

“Chance”. Sometimes profits are affected by chance or 10_____. On occasion, this is good for the business. On the other hand, the chance of 11_____ is always possible. And, even though a business is going well one year, there is no guarantee that factors, many times beyond 12_____, will not change the profit picture.

“Prices”. Why don't businesses just 13_____ their prices to cover any increase in the cost of 14_____ or any decrease in demand? Actually, it is difficult for businesses to raise their prices because decreased sales might result. Customers who don't like price increases may show their 15_____ by not doing any further business with the company if they are able to get the same or similar products from another businesses. Because most of the businesses in the free enterprise system 16_____ in a competitive environment, it is important that a business does not charge more than its competitors unless it gives some additional service to customers.

Answer the questions:

1. Name five factors affecting profit.
2. Why is it important for businesses to keep their expenses as low as possible?
3. What happens if the demand remains the same, increases, decreases?
4. What does the economy experience sometimes?
5. Why may a businesses' profit be decreased?
6. What factors in the economy are beyond control?
7. Why is it difficult for businesses to raise their prices?

IV. Speaking Practice.

1. Dramatize the dialogue and make up your own conversation on analogy.

DE: Hello and welcome to the programme Make or Break. My name is David Evans. In today's programme we look at the rise and fall of the American tycoon, Alan Bond. A self-made millionaire, Bond has been a well-known figure in the Australian business and on the world business stage. Dear audience, you are welcome to ask questions and make your own comments.

Q: Was Bond basically a businessman, I mean did he invest millions of dollars and how did he see a return of his investment?

DE: Bond was a man who had always known exactly what he wanted and how to get it, as he makes clear in this interview about his early years.

Bond: I wanted to make a million before I was 21 and I started business when I was 18. And I set myself a goal – I'd made a million by the time I was 21.

Q: He got satisfied and lived peacefully ever after, didn't he?

DE: Of course not. He went on to make several more millions as a property speculator in Perth during the boom years.

Q: I remember there was the crash in the property market in the early 70s. Did it cause any trouble in your business?

Bond: Definitely yes. But it forced me to diversify my interests. I went into mining, oil exploration and retail.

Q: But things had not been going so well for you, as far as I know.

Bond: Sure. I still had a vast amount of capital tied up in property – and the property market was dead. I was losing my money and was forced to start liquidating my assets.

DE: Fortunately with access to enormous supplies of credit he embarked upon one of the biggest takeover binges the world has ever seen.

Bond: I was lucky and soon gained control of hundreds of companies all over the world.

Q: Lucky? From the reliable sources I got to know that Alan Bond finished the decade with debts of \$9.25 bn. One of the biggest debtors in the world.

DE: That sounds amazing. We can ask Bond about his debts after a minute break for advertising. Stay with us.

2. Discuss in pairs the topic "Profit".

3. Get ready to speak in detail about profit.

V. Written Task

Translate into Russian using a dictionary.

HOW TO INCREASE PROFIT?

Profits are not fixed or guaranteed, there are ways a business owner can help to increase profit.

Increasing sales is a popular way to increase profit. Businesses try to increase sales by offering better quality products or services than competitors, by keeping prices at/or below the level of competitors, and by using promotional

techniques, such as personal selling, creative displays, special sales, and advertising.

Profits can be increased when workers are more efficient. This means that workers must use scarce resources wisely. These resources include such things as time and supplies. For example, workers should spend time on the job working, rather than talking with others or taking care of personal matters. When workers are efficient, they are able to produce more for the company. Increased production can result in more sales and more profit. Many businesses reward employees for efficient work habits through monetary bonuses and other rewards. Some of the work habits, which are rewarded, are promptness, regular attendance, and superior performance. Increasing worker efficiency is receiving much attention as businesses realize just how much time and money can be saved.

Another way of increasing profit is decreasing expenses. Businesses can decrease expenses in several ways. They might consider eliminating some free services, such as delivery, gift wrapping, or alterations. Businesses must be certain that their expenditures in terms of cost of merchandise are at the best prices. Perhaps a new supplier would offer better prices or benefits than a current supplier. In addition, businesses should try to obtain the best rates for such expenses as advertising, insurance, etc., and should try to keep payroll expenses as low as possible without sacrificing service to customers. And, businesses should encourage workers to use resources-wisely. For example, turning off lights and equipment when not being used and not wasting supplies. Decreasing expenses is the best way that businesses can help to increase profit.

РАЗДЕЛ 7 ADVERTISING

I. Improve your wordpower.

1. Study the following words and word combinations:

persuasive (adj)убедительный
 promote (v)продвигать
 substitute (v)замещать
 feedback (n)отклик, реакция
 outweigh (v)перевешивать
 challenge (n)вызов
 contend (v)бороться, состязаться
 appreciate (v)оценивать, признавать
 announce (v)объявлять
 hinder (v)мешать, препятствовать
 intend (v)намереваться
 particular (adj)особенный
 inventory (n)опись, список, реестр
 reduction (n)сокращение
 utilize (v)использовать
 assertive (adj)позитивный, утвердительный
 eventual sale (n)возможные продажи
 goodwill (n)репутация фирмы

2. Using a dictionary add as many words as possible into the table.

Verbs	Adjectives	Nouns	Adverbs
appreciate announce hinder utilize	persuasive assertive	 inventory reduction	

3. Match the words with the definitions below.

1. persuasive (adj)
2. substitute (v)
3. outweigh (v)
4. challenge (n)
5. appreciate (v)
6. hinder (v)
7. particular (adj)
8. inventory (n)
9. utilize (v)

10. assertive (adj)
- a. the quality of demanding competitive action, interest or thought
 - b. a list of all the goods in a place
 - c. forceful; expressing or tending to express strong opinions or claims
 - d. able to make somebody do or believe something
 - e. to understand and enjoy the good qualities or value of
 - f. worthy of notice; special, unusual
 - g. to make good use of
 - h. to prevent someone of doing something
 - i. to be important than
 - j. a person or thing acting in place of another

4. Choose the words with similar meaning from the two groups and arrange them in pairs.

A. persuasive, promote, substitute, outweigh, challenge, appreciate, announce, particular, inventory, reduction, assertive

B. specific, to be aware of, confident, convincing, contest, decrease, replacement, list, exceed, move up, declare

5. What are the opposites?

Rise, impel, thwart, ordinary, unconvincing, negative

6. Form all possible word combinations using the words of both columns and translate them in Russian:

1. persuasivea) feedback
2. massb) competitor
3. directc) attention
4. impersonald) message
5. to cope withe) certificate
6. to grabf) buyer
7. prospectiveg) media
8. potentialh) slogan
9. utilizei) nature
10. advertisingj) customer

II. Reading Comprehension

Read and translate the following text. Consult a dictionary if necessary.

ADVERTISING

Advertising may be defined as a persuasive message carried by a non-personal media and paid for by an identified sponsor. This definition indicates two basic parts of advertising: the message and the medium. Both work together to communicate the right ideas to the right audience.

Advertising promotes goods, services, and ideas in mass media, such as television, radio, newspapers, and magazines, to reach a large number of people at once. It serves as a substitute for a salesperson talking to an individual buyer. Advertising is a one-way communication and, unlike a salesperson, cannot receive direct feedback and immediately handle objections.

Advertisers, who must pay the mass media to “run” their advertisements, or commercials, control the exact nature of the one-way message that will be communicated to the target audience. The impersonal nature of advertising also allows marketers to control the timing and degree of repetition that is necessary. These features often provide benefits that far outweigh disadvantages associated with lack of feedback.

Marketers of soft drinks, cosmetics, soaps, and many other products that do not require direct and immediate feedback often rely heavily on advertising. For these marketers, the challenge is to effectively present messages to an audience that may not be interested in seeing or hearing them. They must contend with readers who quickly turn the magazine page. They must deal with viewers who tape-record programs and then fast-forward through commercials. They must cope with competitors who use advertising to compare brands. Because of these demands, advertising is often highly creative and innovative.

We all recognize and appreciate creative advertising. You probably remember all the commercials that grabbed your attention. You may have even talked to your friends about some advertising you liked. The ability of creative advertising to stimulate people to talk to other people about products, services, and ideas is word-of-mouth communication. It may be one of the most effective means of communicating a message to prospective customers. The ability to use advertising's power to influence word-of-mouth communication can be a great asset to a marketer.

Advertising supports other promotional efforts. It may communicate information about a sales promotion or announce a public relations event. Advertising helps the salesperson “get a foot in the door” by pre-selling potential buyers. A salesperson's job can be made much easier if advertising informs the potential buyer about unique product benefits or encourages potential buyers to contact a salesperson. Without advertising, the salesperson's efforts may be hindered because the potential buyer does not know about the company or its products.

Advertising can be subdivided into many different sorts of categories. A very basic scheme classifies advertising as product advertising or institutional advertising.

1. Answer the questions

1. How can advertising be defined?
2. What are two basic parts of advertising?
3. What does advertising promote?
4. Can advertising receive direct feedback? How is such communication called?

5. What benefits can outweigh disadvantages associated with the lack of feedback?
6. What is the challenge for marketers of soft drinks, cosmetics, soaps, and other products that do not require direct feedback?
7. Why is advertising often highly creative and innovative?
8. What can be a great asset to a marketer?
9. What other promotional efforts does advertising support?

2. Translate into English:

1. Реклама продвигает товары, услуги и идеи в средствах массовой информации.
2. Реклама – это одностороннее общение, которое не может иметь прямую обратную связь.
3. Вы, конечно, помните все коммерческие рекламные ролики, которые приковывали ваше внимание.
4. Рекламную деятельность можно разделить на много различных видов и категорий.
5. Реклама имеет два основных составляющих компонента – сообщение и средство передачи этого сообщения.
6. Реклама заменяет продавца, который разговаривает с индивидуальным покупателем.
7. Маркетологи должны справиться с конкурентами, которые используют рекламу как средство сравнения торговых марок.

*3. Complete the following text with suitable forms of the words in the box below:

advertiser, brand, conveying, develop, loyal, customize, postal, personalized, purchases, records, retailer, sound, voice-recognition.

There are two important points to mention about strategies stressing direct-marketing media. First, new products and services, such as fax machines and computer *1* _____ systems, are used in much the same way as direct mail has always been used. That is, a list containing many individuals' names is used to direct contact potential buyers. A new technology, perhaps with *2* _____ or movement, replaces the *3* _____ service, but the process is essentially the same.

Second, computers are used to *4* _____ data bases that can *5* _____ the message any individual consumer or household receives. For example, a *6* _____ greeting may appear on a letter that, in addition to _____ an advertising message, indicates the name of a local *7* _____ that sells the brand being advertised. If the data base *8* _____ the ages of the children in households, the *9* _____ using direct marketing can send coupons only to those households with children in diapers. Furthermore, if the data base also indicates the *10* _____ of diapers a consumer regularly *11* _____, then an advertiser like Huggies can limit the mailing list to consumers who are *12* _____ to Pampers or other competitive brands.

III. Intensive Reading Task

Read and translate the following text. Consult a dictionary if necessary.

PRODUCING AN EFFECTIVE ADVERTISEMENT

Advertisements consist of verbal elements, visual elements, and auditory elements. The exact combination of these elements depends on the people who design the advertisement. Their choices are strongly influenced by the advertising medium to be used. However, the ultimate consideration is that advertisements reflect advertising objectives. The promotional mix should be a unified whole, employing all appropriate means of delivering a message. Many television, radio, and print media advertisements for a product advance virtually the same message or appeal, even though they are constructed differently to fit each medium.

Copy and art working together

Most advertisements, with the exception of radio advertisements, feature both copy (refers to the words) and art (refers to all aspects of an advertisement other than its verbal portions, such as pictures, graphs, charts, etc.). The two elements must work together and complement each other to accomplish the objectives set by the management. To do this, most advertisers follow the AIDA formula. AIDA stands for *attention, interest, desire, and action*.

Attention. An effective advertisement must draw *attention* from the very first glance or hearing. Copy can be used to accomplish this.

Interest. After attention has been attracted, the arousal of *interest* is next. If the attention-getter is powerful enough, interest should follow fairly automatically.

Desire. Immediately following the arousal of interest is the attempt to create a *desire* for the product. Interest in and the desire for the product are established in nearly simultaneous steps.

Action. *Action* is the last part of the AIDA formula. The last thing in commercials is often a call to action. In effect, the advertisement may urge listeners or viewers to phone the local dealer. Usually, the advertiser makes the action seem as effortless as possible by giving a phone number.

It must be understood that it may not be possible for every advertisement to move the reader or viewer to action with a single exposure. Repetition is usually necessary so that the advertisement's message can "sink in". Repetition also increases the chance that the target customer will see or hear the message at a time when there are no distractions. Finally, repetition recognizes the buyer's changing environment. Eventually, if the advertisement is an effective one aimed at the proper people, buyers are likely to move psychologically through the AIDA stages and then act.

1. **Join the halves.**

1. The exact combination of these elements depends on ...
2. The ultimate consideration is that ...
3. The two elements must work together and ...
4. An effective advertisement must draw attention from ...

5. Immediately following the arousal of interest is the attempt to ...
6. The advertiser makes the action seem as effortless as possible by ...
7. Repetition is usually necessary so that ...
8. The choice made from among a wide variety of media is ...

- a. ... complement each other to accomplish the objectives set by the management.
- b. ... create the desire for the product.
- c. ... the people who design the advertisement.
- d. ... giving a phone number.
- e. ... the very first glance or hearing.
- f. ... the advertisement's message can "sink in".
- g. ... advertisements reflect advertising objectives.
- h. ... a matter of selecting a communications channel for your message.

2. Complete the sentences:

1. Advertisements consist of ...
2. Their choices are strongly influenced by ...
3. Many television, radio, and print media advertisements for a product ...
4. If the attention-getter is powerful enough ...
5. The last thing in commercials is ...
6. It must be understood that it may not be possible for every advertisement to ...
7. Repetition also increases ...
8. Repetition recognizes ...

3. Decide which of the following statements are correct.

1. It is legal to make untrue statements about goods.
2. Adverts influence all the people.
3. Advertising creates an extra demand.
4. The manufacturers want their revenue to exceed their costs.
5. Advertising enriches our economy.

4. Which of the following expresses the main idea of the text best of all?

1. Businesses need to advertise.
2. Aims of advertising.
3. Types of advertising.
4. What advertising is and how it works.

***5. Read the text and fill in the gaps with the words below:**

economies, prepare, artwork, principal, normally, economical, media, obtain, build, detailed, agencies, executive, specialist, implement, brand, involving, create, production, customers, programme, field, design, maximum, establish, behalf, charges, magazines, advertising.

ADVERTISING AGENCIES

An agent is a person or firm with authority to act for another (the principal) in order to 1_____ a contractual relationship between the 2_____ and a third party. However, advertising 3_____ are an exception to this rule, acting as principals for the services they purchase on 4_____ of their clients. What sorts of services do they provide? They will book advertising space and 5_____ and produce material for them. A business may generate and control the 6_____ of its advertisements, or it may use the services of an agency. Some firms find it easier not to 7_____ their own advertisements. Take the case of an engineering firm. No doubt they have a talented staff, but their training will 8_____ be in the 9_____ of engineering. They could not be expected to 10_____ an eye-catching advertisement any more than the advertising agency staff could be expected to 11_____ a bridge or design a gas turbine.

The advertising agency will have developed its own 12_____ of expertise which it then makes available to its clients. There will be various 13_____ of scale. Commercial artists can be employed. They will do nothing else but create 14_____ called for in advertisements. The agency's managers will be able to develop an 15_____ strategy for clients — and 16_____ it. They will be able to produce a media schedule setting out a 17_____ of planned insertions, showing 18_____ Costs, timing, nature of media and the booking to be reserved. They will know the basic 19_____ made by advertising 20_____ for use of their services or facilities. Furthermore, because they are big 21_____ of the newspapers and 22_____ and the television networks, they will be able to 23_____ principals. For these reasons the agency fees will usually be amply covered by the savings they are able to achieve for their clients.

Among the 24_____ staff in an advertising agency will be the media buyer who is responsible for timely and 25_____ purchasing of media time and space to discharge the requirements of a client's media schedule. Another 26_____ in the agency, the media planner, will be charged with formulating plans 27_____ all types of media in such a way as to enable a client to reach out to the potential markets with 28_____ efficiency and minimum expense.

IV. Speaking Practice.

1. Dramatize the dialogue and make up your own conversation on analogy.

N.:I'm glad to resume our talk now.

D.:I'd like to be a successful salesperson.

N.:First of all you should make as many people as possible know about your product and buy your product.

D.:What are the different ways to market a product?

N.:First you need to package your product attractively.

D.:Do you mean that a jar, a can, a box or wrapping the product should be eye-catching and pleasant to look at.

N.: Definitely. You should think of who you want to buy your product. If it is a product for children it should be colourfully packaged, if it is for young people it should be modern and high-tech. When this is done, plan an advertising campaign that promotes the product.

D.: Which kind of advertising is the most successful?

N.: Well, that depends on your consumer. If you want to sell to businessmen, newspapers, magazines and journals may be your best bet. If you want to sell to children, television is a good medium. But again think of your consumers' interests and needs.

D.: What about the delivery of a product and aftersales?

N.: Delivery of a product should be prompt. Promptness keeps customers. If you agree on a date of delivery, make sure you fulfill that agreement. If you absolutely cannot, try to contact the customer ahead of the agreed date, explain the situation and the problem and try to postpone the delivery date.

D.: Now I see, if I do this, I won't lose a valuable customer, for doing a successful business all customers are valuable. And what about aftersales?

N.: Follow up after the sale. If you have brochures about new product, send the information to customers, even send samples if you can. If a customer complains about a newly purchased product, let him either return it for a new one or after to repair it for him free of charge.

D.: I see. Our motto is "The customer is always right".

N.: Right you are. You are quick to learn things. Surely you will be a good salesperson and gain much profit.

D.: Thank you for valuable advice.

N.: Good luck and see you soon.

2. Speak about the notion of advertising and its functioning in our life.

3. Get ready to speak in detail about advertising.

V. Written Task

Translate into Russian using a dictionary.

ADVERTISING

Businesses need to advertise. If they did not advertise no-one would even learn of the existence of their wares. In part, advertising is aimed at conveying information to potential customers and clients, but it is also used to persuade the public to buy. This is the area in which advertising is often criticized. Advertisements are sometimes misleading. Although it is illegal for advertisers to make untrue statements about their goods, services or prices, they still make their wares seem unduly attractive. They pander to our egos and our vanities. They create a demand which would not otherwise exist.

It is easy to say, "I'm not influenced by the adverts!". Everyone is influenced to a certain extent. There was recently some research on subliminal advertising. The word "coffee" was flashed on to the television screen. It happened

so quickly that no-one was aware it had happened. For just a fraction of a second it registered on the viewers' subconscious. The result? A surprising number of people chose to make coffee at that precise moment. Of course, it could have been a coincidence but it was highly unlikely.

Yet, for the typical manufacturer advertising is a form of insurance. The nature and extent of consumer's needs have to be constantly assessed. If the needs are over-estimated it is possible, through advertising, to soak up the surplus goods which have been produced. As a demand for a product sags, it can be stimulated. There are all sorts of useful by-products. Without the possibility of advertising, workforces would have to be laid off when sales fell. The warehouses would become overfilled and the stocks would deteriorate, perhaps even becoming obsolete.

An alternative to advertising would be to lower prices when sales fall. This would suit the purchasers but introduce an element of uncertainty for the manufacturers. They are always concerned to ensure that their revenue exceeds their costs, and where would they be if there were daily fluctuations in the prices of their products?

Advertising goes far beyond television and hoardings, newspapers and magazines. The manager of a clothes store is advertising by putting models wearing the store's clothes in the window. A bicycle manufacturer is advertising when he sends a new price-list through the post to his retailers. How could trading be carried on without such devices?

Some would even go so far as to say that advertising actually enriches our lives. Commercial television is able to provide us with free programmes thanks to its advertising revenues. National newspapers derive much of their revenue from advertising. Look at a typical newspaper and you will discover the proportion of the pages devoted to advertisements. We also have advertisers to thank for the free colour supplements accompanying the Sunday newspapers