

KEY ISSUES of MANAGEMENT



**МИНИСТЕРСТВО НАУКИ И ВЫСШЕГО ОБРАЗОВАНИЯ РФ
ФГБОУ ВО «УДМУРТСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ»
ИНСТИТУТ ЯЗЫКА И ЛИТЕРАТУРЫ**

**KEY ISSUES
of
MANAGEMENT**

Учебно-методическое пособие

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Учебно-методическое пособие предназначено для студентов бакалавриата, магистратуры экономических специальностей. Цель пособия – развитие у студентов профессионально ориентированной грамматической и коммуникативной компетенции. Пособие содержит широкий спектр учебных материалов экономической тематики, способствующих формированию у студентов языковых и речевых умений, а также позволяющих осуществлять контроль уровня освоения знаний. Пособие может быть использовано в высших и средних специальных учебных заведениях, где преподавание профессионального иностранного языка является частью учебного плана, а также для самостоятельного изучения теми, кто по роду своей деятельности связан с внешнеэкономической деятельностью.

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Предисловие

Характерной особенностью современного образования является его тенденция к интеграции и междисциплинарности. Процессы интеграции и глобализации в образовании способствуют тому, что образовательные учреждения пересматривают подходы к созданию курсов в соответствии с потребностями студентов и требованиями современного общества.

С присоединением России к Болонскому соглашению и переходом российского образования на многоуровневую систему (бакалавриат, магистратура), построение программ на принципах компетентностного и контекстного подходов является актуальным. Это позволяет организовать процесс обучения в более динамичный и эффективный. Кроме того, современная ситуация в образовании создает благоприятные условия для более активного трансфера знаний.

В рамках Болонского соглашения предполагается проводить активные академические обмены в образовании, внедрять проведение совместных научных исследований в различных областях знаний и академические студенческие мобильности. С одной стороны, наблюдается заметное оживление в выше обозначенных сферах деятельности. С другой стороны, возникают сложности в период адаптации студентов к требованиям обучения в западных вузах, где требования образовательных стандартов и критерии оценки студентов значительно отличаются от российских образовательных стандартов. При разработке данного пособия авторы посчитали целесообразным принять во внимание рекомендацию Еврокомиссии относительно восьми ключевых компетенций, среди которых компетенция в сфере иностранных языков, а также межличностная и межкультурная компетенции. В результате изучения иностранного языка обучающийся должен уметь использовать иностранный язык в межличностном общении и профессиональной деятельности. Учитывая вышеуказанные факторы, авторы включили в структуру данного пособия серию языковых коммуникативных упражнений, способствующих развитию коммуникативных умений.

Использование активных методов обучения способствует созданию определенных педагогических условий, при которых возможна реализация принципов интегративного и контекстного подходов на занятиях по иностранному языку. Дж. Макдоноу и Кристофера Шо считают что, в каждодневной жизни редко мы используем языковые умения не изолированно, а комбинированно. Следовательно, одной из задач преподавателя является создание таких условий и разработка таких заданий, которые бы дали возможность студентам интегрировано развивать все четыре умения (говорение, слушание, чтение, письмо), поскольку студенты, по мнению этих авторов, получают более глубокое понимание того, как происходит общение на иностранном языке. Кроме того, у студентов возникает мотивация, если они видят значимость и ценность выполнения заданий.

Целью данного пособия является формирование и развитие у студентов языковых компетенций в контексте будущей экономической деятельности, что даст студентам возможность хорошо ориентироваться в реалистичных ситуациях иноязычной профессиональной среды.

В предлагаемом учебно-методическом пособии авторами предпринята попытка компиляции языкового материала по профессиональной тематике. Интегративный характер пособия обусловил логику изложения материала. Учебное пособие состоит из 14 блоков, тематика которых охватывает основные понятия в области менеджмента, такие как, роль менеджера, планирование и стратегия, мотивация и т.д. Тексты аутентичны и профессионально значимы. Материал уроков четко структурирован и логично организован, имеет единую тематику и структуру.

В каждом блоке представлены пре - текстовые задания, тематические тексты и после - текстовые упражнения. В упражнениях тщательно отрабатывается терминологическая лексика. Языковые упражнения направлены на развитие грамматических, лексических знаний и применение их в практической деятельности. Такие задания как анализ ситуаций в компании, деловые игры, симулирование ситуации, ведение деловой корреспонденции и т.д. направлены на формирование умений слушания, говорения, чтения и письма и интеграцию их в речевой деятельности.

Пособие предназначено для студентов магистратуры, а также для тех, кто по роду своей деятельности связан с работой по внешнеэкономической деятельности. Пособие может быть также использовано в высших и средних специальных учебных заведениях, где преподавание профессионального иностранного языка является частью учебного плана.

Пособие может быть также использовано для самостоятельного изучения лицами, владеющими английским языком, но стремящимися усовершенствовать его в области делового иностранного языка.

UNIT 1

THE MANAGER'S ROLE

DISCUSSION

Look at the following list of positions and organisations and answer the questions below. Then, in groups of two or three, compare your answers.

POSITION	ORGANISATION
Manager	a famous pop music group
Head of Research and Development	an oil company
Supervisor (on an assembly line)	a car company
General Manager	a fashion business
Vice-chancellor	a university
Chairman	a multinational company

1. What duties do all these people have in common?
2. What qualities and skills are required for each position?
3. Which of the positions would you prefer to have? Why?
Are there any you would not want to hold? Why?

READING

Our society is made up of all kinds of organisations, such as companies, government departments, unions, hospitals, schools, libraries, and the like. They are essential to our existence, helping to create our standard of living and our quality of life. In all these organisations, there are people carrying out the work of a manager although they do not have that title. The vice-chancellor of a university, the president of a students' union or a chief librarian are all managers. They have a responsibility to use the resources of their organisation effectively and economically to achieve its objectives.

Are there certain activities common to all managers? Can we define the task of a manager? A French industrialist, Henri Fayol, wrote in 1916 a classic definition of the manager's role. He said that to manage is "to forecast and plan, to organise, to command, to coordinate and to control". This definition is still accepted by many people today, though some writers on management have modified Fayol's description. Instead of talking about *command*, they say a manager must *motivate* or *direct* and *lead* other workers.

Henri Fayol's definition of a manager's functions is useful. However, in most companies, the activities of a manager depend on the level at which he/she is working. Top managers, such as the chairman and directors, will be more involved in long range planning, policy making, and the relations of the company with the outside world. They will be making decisions on the future of the company, the sort of product lines it should develop, how it should face up to the competition, whether it should diversify etc. These strategic decisions are part of the planning function mentioned by Fayol.

On the other hand, middle management and supervisors are generally making the day-to-day decisions which help an organisation to run efficiently and smoothly. They must respond to the pressures of the job, which may mean dealing with an unhappy customer, chasing up supplies, meeting an urgent order or sorting out a technical problem. Managers at this level spend a great deal of time communicating, coordinating and making decisions affecting the daily operation of their organisation.

An interesting modern view on managers is supplied by an American writer, Mr Peter Drucker. He has spelled out what managers do. In his opinion, managers perform five basic operations. Firstly, managers set objectives. They decide what these should be and how the organisation can achieve them. For this task, they need analytical ability. Secondly, managers organise. They must decide how the resources of the company are to be used, how the work is to be classified and divided. Furthermore, they must select people for the jobs to be done. For this, they not only need analytical ability but also understanding of human beings. Their third task is to motivate and communicate effectively. They must be able to get people to work as a team, and to be as productive as possible. To do this, they will be communicating effectively with all levels of the organisation – their superiors, colleagues, and subordinates. To succeed in this task, managers need social skills. The fourth activity is measurement. Having set targets and standards, managers have to measure the performance of the organisation, and of its staff, in relation to those targets. Measuring requires analytical ability. Finally, Peter Drucker says that managers develop people, including themselves. They help to make people more productive, and to grow as human beings. They make them bigger and richer persons.

In Peter Drucker's view, successful managers are not necessarily people who are liked or who get on well with others. They are people who command the respect of workers, and who set high standards. Good managers need not be geniuses but must bring *character* to the job. They are people of integrity, who will look for that quality in others.

Understanding the main points

1. Answer the following questions.

1. According to the writer, what is the main duty of the head of any organisation?

2. Why do some people disagree with Henry Fayol's definition of the role of management?
3. In what ways are the functions of a company director, for example, different from those of a middle manager?
4. In Peter Drucker's opinion, which of the following things should a manager be?
 - exceptionally intelligent
 - keen to improve people's lives
 - interested in other people
 - popular
 - able to give clear orders
 - honest
 - admired by others
 - able to examine carefully and make judgements

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

1. carefully, not wastefully (paragraph 1)
.....
2. expand the range of products (paragraph 3)
.....
3. operate (paragraph 4)
.....
4. resolving (paragraph 4)
.....
5. said in a clear, detailed way (paragraph 5)
.....

LANGUAGE STUDY

1. Complete the following sentences using suitable words or phrases from the box below.

directors	junior executive	colleagues
managing director	supervisor	staff
senior executives	superior	employees
middle managers	subordinates	work-force

1. The group of executives working below the top managers are generally called
2. Valerie is an important person in our company. She is a member of the

3. Peter, a recent university graduate, has been with the firm for a year. He is at present a and is being trained for a managerial position.
4. Their is expanding rapidly. They now have over 5,000 employees.
5. At least 50% of our have been with the company over ten years.
6. in an organisation generally have more fringe benefits than lower-level managers.
7. We are a small group in the Research and Development Department. Fortunately, I get on well with all my
8. Our telephone operators work under the direction of a
9. I work under Mr Brown. He is my
10. Sheila and Tom work under my authority. I am their boss and they are my
11. I am responsible for training and development.
12. A is a person of high rank in an organisation, usually next in importance to the Chairman.

2. *Word building. Complete the following sentences with the correct form of the words in italics.*

1. *produce*

- a) Our *production* of washing-machines increased by 5% last year.
- b) We have recently put on the market two new
- c) per worker will increase with the introduction of the new machines.
- d) Word processors have helped to make office workers more
- e) The company is well-known in the agricultural industry. It sells mainly farm – eggs, butter, milk, etc.

2. *compete*

- a) Coca Cola's main is the Pepsi-Cola company.
- b) We try to stay by investing heavily in advertising and promotion.
- c) Our company's main objective is to keep ahead of the

3. *plan*

- a) The meeting did not go as
- b) Some projects take years of
- c) Before asking a bank manager for money, it is wise to show him a business

4. *analyse*

- a) Managers needs to have an mind.
- b) Our showed that we needed to put more emphasis on marketing.
- c) We must look at the problem

3. *Complete the following sentences with the correct word or phrase (a, b, c, d).*

1. Nowadays, I eat out at restaurants regularly and often go abroad for holidays. My is much higher than it used to be.
 - a) standard of living
 - b) cost of living
 - c) lifestyle
 - d) way of life
2. Writing reports is not a that everyone enjoys.
 - a) duty
 - b) work
 - c) job
 - d) function
3. This machine uses much less fuel than the previous one. It is far more
 - a) sparing
 - b) economic
 - c) effective
 - d) economical
4. The management has worked out a to improve our market share.
 - a) strategy
 - b) policy
 - c) target
 - d) planning
5. Many of the in the Personnel Department are part-time workers.
 - a) staff
 - b) staffs
 - c) employers
 - d) personal

6. One of the company's main is to increase sales by 10% per year.
- a) designs
 - b) plans
 - c) purposes
 - d) objectives
7. Several machines have broken down. We won't be able to an important order.
- a) fill
 - b) meet
 - c) make
 - d) do

4. *Phrasal verbs with out.* Complete the following sentences, using suitable forms of the verbs from the box below.

sort out spell out sell out	make out buy out sound out pull out	bring out carry out turn out
-----------------------------------	--	------------------------------------

1. The firm about five hundred sports cars a year.
2. We hope to our production problems soon.
3. If the firm doesn't make a profit, the owners will probably
4. I'm willing to consider introducing flexitime, but would you first the advantages of the system, please?
5. Givenchy have an exciting new perfume.
6. Would you the cheque to David Brown, please?
7. In order to develop new products, pharmaceutical companies have to a lot of research.
8. Several leading banks such as Barclays have of South Africa.
9. A group of senior managers want to take over the firm by it
10. We're looking for a new chef executive. I understand one or two possible candidates have already been

5. *What do you think?*

1. What personal qualities are essential in a good manager?
2. What professional skills are essential in a good manager?
3. What approach to people should a manager have?

UNIT 2

FREDERICK W. TAYLOR: SCIENTIFIC MANAGEMENT

DISCUSSION

Read the following information about IBM's methods of work and then discuss the questions below.

In his book *Management* Peter Drucker makes some comments about the workers who produce IBM's equipment. He says that IBM made a conscious effort to make their jobs *big*. Take, for example, the machine operators. Although the operations they perform are designed to be simple, the workers do a number of different tasks, of which at least one requires skill and judgement on the worker's part. Also, because of the range of his/her tasks, the worker is able to change the pace at which he/she works.

Drucker says interesting things about other IBM methods. The way the company develops new products is worth nothing. Before the engineering of the new product is finished, the project is given over to one of the foremen, who then manage it. So, the final details of the engineering design are worked out on the shop floor with the engineer and workers who will make the machine.

IBM production workers are not told what production rate they must achieve. They work out a rate with their foreman. IBM says that "there is no such thing as a production norm. Each man works out for himself, with his superior's help, the speed and flow of work that will give him the most production".

1. What are the advantages of making the jobs of production workers *big*?
Are there any disadvantages?
2. Why, do you think, does IBM develop new products in the manner described?
3. What do we learn about
 - a) IBM's attitude towards its production workers?
 - b) the company's style of management?

READING

No one has had more influence on managers in the twentieth century than Frederick W. Taylor, an American engineer. He set a pattern for industrial work which many others have followed, and although his approach to management has been criticized, his ideas are still of practical importance.

Taylor founded the school of Scientific Management just before the 1914-18 war. He argued that work should be studied and analysed systematically. The operations required to perform a particular job could be identified, then arranged in a logical sequence. After this was done, a worker's productivity would increase, and so would his/her wages. The new method was scientific. The way of doing a job would no longer be determined by guesswork, and rule-of-thumb practices. Instead, management would work out scientifically the method for producing the best results. If the worker followed the prescribed approach, his/her output would increase.

When Taylor started work at the end of the nineteenth century, the industrial revolution was in full swing. Factories were being set up all over the USA. There was heavy investment in plant and machinery, and labour was plentiful. He worked for twenty years (1878 – 1898) with the Midvale Steel Company, first as a labourer, then as a Shop Superintendant. After that, he was a consultant with the Bethlehem Steel Company in Pennsylvania.

Throughout this time, he studied how to improve the efficiency of workers on the shop floor. He conducted many experiments to find out how to improve their productivity. His solutions to these problems were, therefore, based on his own experience. Later, he wrote about his experiments. These writings were collected and published in 1947, in a work entitled *Scientific Management*.

When he was with Bethlehem Steel, Taylor criticized management and workers. He felt that managers were not using the right methods and that workers did not put much effort into their job. They were always "soldiering" – taking it easy. He wanted both groups to adopt a new approach to their work, which would change their thinking completely. The new way was as follows:

1. Each operation of a job was studied and analysed;
2. Using this information, management worked out the time and method for each job, and the type of equipment to be used;
3. Work was organized so that the worker's only responsibility was to do the job in the prescribed manner;
4. Men with the right physical skills were selected and trained for the job.

Observing; analyzing; measuring; specifying the work method; organizing and choosing the right person for the job – these were the tasks of management.

Taylor's approach produced results! For example, at Bethlehem Steel, he did an experiment with shovels, the tool used for lifting and carrying materials. He studied the work of two first-class shovellers and then changed their working procedure. In the beginning, the men used their own shovels for all the types of materials they handled, whether coal or iron ore. The average load was 38 pounds, and each lifted 25 tons of material a day. By experimenting, Taylor found out that if the men used smaller shovels and carried 21 pounds per load, their daily output increased to 30 tons. As a result, at the beginning of each shift, workers were given different sized shovels, depending on the type of material they loaded, but the load was still 21 pounds. Other workers meeting the standards set by the two shovellers had their wages increased by 60%. Those who could not reach the standard were given special training in shoveling techniques.

By introducing methods like these, Taylor and his colleagues greatly increased productivity at Bethlehem Steel. After a few years, the same amount of work was done by 140 workers instead of 500. Handling costs of materials were halved, which led to annual savings of \$80,000.

Taylor made a lasting contribution to management thinking. His main insight, that work can be systematically studied in order to improve working methods and productivity, was revolutionary. Also, he correctly emphasized that detailed planning of jobs was necessary.

The weakness of his approach was that it focused on the system of work rather than on the worker. With this system the worker becomes a tool in the hands of management. It is assumed he/she will do the same boring, repetitive job hour after hour, day after day while maintaining a high level of productivity. Another criticism is that it leads to de-skilling – reducing the skills of workers. Because the tasks are simplified, workers become frustrated. And with educational standards rising among factory workers, dissatisfaction is likely to increase. Finally, some people think that it is wrong to separate doing from planning. The two tasks can, and should, be done by the same person. A worker will be more productive if he/she is engaged in such activities as planning, decision-making, controlling and organizing. For all these reasons, a reaction has set in against the ideas of Frederick W. Taylor.

Understanding the main points

1. Complete the following sentences, using your own words.

1. Taylor's method of management was revolutionary because
2. Companies which adopted this new approach to management would benefit because
3. Scientific Management would also be a good thing for workers because

4. At Bethlehem Steel Taylor decided to give workers smaller shovels so that
5. As a result of the new working procedures introduced at Bethlehem Steel, within a few years the company

2. Complete the following table.

Frederic W. Taylor: <i>Scientific Management</i> (1947)	
ADVANTAGES	DISADVANTAGES
1.	1.
2.	2.
3.	3.

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

1. making a judgement without being certain (paragraph 2)
.....
2. calculate (paragraph 2)
.....
3. quantity of goods produced (paragraph 2)
.....
4. established (paragraph 3)
.....
5. amount to be carried (paragraph 6)
.....
6. fixed period of time worked each day, especially for factory workers (paragraph 6)
.....
7. perception, clear realization, deep understanding (paragraph 8)
.....

2. What is the meaning of the **shop floor**? (paragraph 4)

LANGUAGE STUDY

1. Complete the following chart.

PERSON	NOUN	VERB	ADJECTIVE
manager	management	manage	managerial or managing
		criticise	
performer			
	science		
	training		
			analytical
	industry		
		observe	
			engineering
			revolutionary
		consult	

2. Phrasal verbs and compound nouns with *set*.

A. Match the following verbs and nouns with the correct definitions.

- | | |
|---------------------|--|
| 1. set up (v.) | a) keep for a special purpose |
| 2. set-up (n.) | b) establish a business or organisation |
| 3. set back (v.) | c) something that slows or impedes progress |
| 4. set-back (n.) | d) an organization or arrangement |
| 5. set about (v.) | e) start to do, or deal with, something |
| 6. set in (v.) | f) put back or delay the development of something |
| 7. set out (v.) | g) begin an undertaking of some kind, e.g. a journey |
| 8. set against (v.) | h) start and probably continue |
| 9. set aside (v.) | i) balance against |
| 10. set down (v.) | j) write, make a record of |

B. Complete the following sentences, using suitable verbs and nouns from the list above.

1. When the Managing Director to change the management structure, no one thought he had a chance of succeeding.
2. The strike of our shop floor workers production at least three months.
3. It looks as if a recession is about to No one seems to have any money at the moment.
4. The new Marketing Manager doesn't understand the of our department yet.

5. It is a common practice of companies to certain business losses taxes.
6. One of our competitors has a distribution network covering the whole country. How annoying!
7. How on earth are we going to reducing our costs?
8. Most companies a part of their profits for future investment. The money is kept in their reserves.
9. We had a big last year when our warehouse caught fire and our stock was destroyed.
10. If an employee has an accident at work, he or she has to what happened in a report.

3. Complete the following passage, using suitable words and phrases from the box below.

assembly line	foreman	schedule	quality control
bonus	lay off	incentive	robot
capacity	layout	overtime	
component	redundant	shift	

“I used to work in a company which made (1) for cars. Things like spark plugs, carburetors, and so on. We were well paid and we had a productivity (2) too. And if we needed extra money for a holiday, you usually had the chance to do a bit of (3). The management was generous. They gave prizes, such as car radios, to workers who attended regularly. That was a real (4) for us not to be sick! We worked two (5) at the factory – I usually worked at night. I liked the (6) a lot. He let you get on with the job.

Things changed two years ago. We got several big orders at once and just couldn't cope. The Production Manager got really upset when we got behind (7). The (8) people weren't too pleased either because a number of carburetors had faults, so they were thrown away. In the end, the company brought in some management consultants. They studied our methods of work, then recommended automating part of the plant. That meant changing the whole (9) of the factory.

Well, we did as they said. I must say, our production (10) did increase and stock levels became high again. The trouble is, the management decided to cut down the work-force. At first, only a few workers were (11), but later staff from all departments were made (12).

Nowadays, I'm working on an (13) in a car manufacturing factory. I spray the car bodies. Would you believe it, I hear they're bringing in (14) to do my job! So I'll be out of a job again soon”.

UNIT 3

THE QUALITY OF WORKING LIFE

DISCUSSION

An American writer, Studs Terkel, has written a book entitled *Working*. In it, he describes the working lives and feelings of all kinds of American people. In this extract, a spot welder at a Ford assembly plant in Chicago, USA, is talking about his job.

Read the extract and then answer the questions below.

“I stand in one spot, about two- or three-foot area all night. The only time a person stops is when the line stops. We do about thirty-two jobs per car, per unit. Forty-eight units an hour, eight hours a day. Thirty-two times forty-eight times eight. Figure it out. That’s how many times I push that button.

The noise, oh it’s tremendous. You open your mouth and you’re liable to get a mouthful of sparks. (shows his arms) That’s a burn, these are burns. You don’t compete against the noise. You go to yell and at the same time you’re straining to maneuver the gun to where you have to weld.

You got some guys that are uptight, and they’re not sociable. It’s too rough. You pretty much stay to yourself. You get involved with yourself. You dream, you think of things you’ve done. I drift back continuously to when I was a kid and what me and my brothers did ...

It (the production line) don’t stop. It just goes and goes and goes. I bet there’s men who have lived and died out there, never seen the end of that line. And they never will – because it’s endless. It’s like a serpent. It’s just all body, no tail. It can do things to you ... (laughs)

I don’t understand how come more guys don’t flip. Because you’re nothing more than a machine when you hit this type of things. They give better care to a machine than they will to you. They’ll have more respect, give more attention to that machine. And you know this. Somehow you get the feeling that the machine is better than you are”. (laughs)

1. How does the man feel about his job?
2. Do you think that many workers today feel as he does? Explain your answer.
3. What examples can you find in the text of non-standard English?

READING

Over the last thirty years, a new approach to management has been developing. Those favouring it say that the way to increase workers' efficiency is to improve their job satisfaction and motivation. Followers of the Quality of Working Life movement (QWL) have been trying out various methods of making work more interesting. These include job enlargement, job enrichment and new forms of group work.

With job enlargement, the worker is given additional tasks to perform. Thus, the operator of a word-processor may be asked to do filing duties as well. Job enrichment involves giving extra responsibilities to workers such as production planning, quality control and technical development of equipment. In some organisations, special types of work groups have been formed where workers share responsibility for certain tasks. For example, at the Volvo car plant in Kolmar, Sweden, assembly workers do not work on a moving production line. They are organized into thirty teams of fifteen to twenty members. They have their own tasks, like assembling heating and electrical systems, and they work in their own part of the factory.

As can be seen, the basic idea of QWL is that a worker should have an interesting, even challenging job. QWL encourages managers, therefore, to be sensitive to the needs of employees.

The roots of the QWL movement can be traced back to the 1920s and 1930s. It was at this time that the famous Hawthorne plant of the Western Electric Company in Chicago, USA, from 1927 – 32. Most of the studies were directed by Professor Elton Mayo, a Harvard University psychologist. Their aim, initially, was to evaluate the factors influencing productivity. However, the researchers soon directed their attention towards studying people, especially their social relationships at work.

It all began when the Hawthorne Company investigated the effect of factory lighting on production and workers' morale. They found out that the groups of workers who were studied increased their output whether the lighting was improved or not. This led them to look for the human factor influencing efficiency. To help them in their search, they brought in Professor Elton Mayo and his colleagues.

He directed a series of experiments on how working conditions affected output. In the early experiments, his subjects were a group of girls who assembled telephone equipment. Such things as lighting, lunch times, rest periods, wall colours, pay and temperature were varied to see how they affected productivity. The researchers generally discussed the changes with the girls before putting them into effect. Once again, it was found that there was an increase in productivity whether conditions were made better or worse.

The researchers began looking for other factors which would explain the increased productivity. They realized that their study was also about workers' attitudes and

values. It was clear that the girls had developed a high morale during the experiment and had been motivated to work hard. This high morale was put down to several factors. First, the girls had enjoyed feeling they were especially selected for the study and were receiving a lot of attention from management. Secondly, they had developed good relationships with each other and with their superior during the experiment. This was because they had been fairly free to work at their own pace and to divide their work up amongst themselves. Lastly, the good relationships and social contacts had made their work more enjoyable.

This experiment was followed by many others. The researchers came to the conclusion that social relations, among workers and between workers and their bosses, affect output, the quality of work and motivation. Another important finding was that a worker needs more than money and good working conditions to be productive. The feeling of belonging to a group, and his/her status within that group, strongly affect his/her behaviour – even if the group is an unofficial or informal one.

It is said that Elton Mayo founded the Human Relations school whose offspring is the Quality of Working Life movement. He directed and publicized the Hawthorne experiments which have been so influential to this day. The conclusions of the study challenged the theory of Scientific Management put forward by Frederick W. Taylor. Both men, however, changed the course of management thinking.

Understanding the main points

1. Decide whether the following statements are true or false.

- | | |
|---|-----|
| 1. Managers who believe in QWL are experimenting with new ways of organizing work. | T/F |
| 2. The idea of job enlargement is to make work more satisfying for an employee. | T/F |
| 3. Job enrichment involves giving workers more tasks of the same level of difficulty. | T/F |
| 4. The Kolmar car plant is efficient because workers specialize in one task. | T/F |
| 5. The QWL approach makes managers more aware of their workers' interests. | T/F |

2. Answer the following questions.

1. In what way did the Hawthorne experiments change direction?
2. In Mayo's experiments how did changes in working conditions affect the workers he studied?
3. Why did the group of girls become more efficient?

4. According to the researchers what other factors, besides money, affect a worker's productivity?
5. Why have Mayo's experiments been so influential?

Vocabulary focus

1. Match the words and phrases to their meanings.

- | | |
|-----------------------------|--|
| 1. motivation | a) assess, study |
| 2. assembly workers | b) asked somebody to come and help |
| 3. production line | c) desire or incentive to do something |
| 4. challenging | d) state of mind |
| 5. carried out | e) causing them to operate |
| 6. evaluate | f) factory workers who each have a particular job to do in the production of a vehicle, machine etc. |
| 7. morale | g) arrangement of workers and machines in a factory whereby each worker is responsible for one stage of assembly, and the article being assembled is passed from one worker to the other (usually on a moving conveyor belt) |
| 8. brought in | h) at their own speed |
| 9. putting them into effect | i) questioned |
| 10. at their own pace | j) interesting, difficult, stimulating |
| 11. status | k) conducted, held |
| 12. challenged | l) position in relation to others |

LANGUAGE STUDY

1. Complete the following sentences with the correct word or phrase (a, b or c).

1. People work harder if they know that someone is in their progress.
 - a) enthusiastic
 - b) interesting
 - c) interested

2. Nothing has been announced but we've heard that the Company Secretary has resigned.
 - a) formally
 - b) officiously
 - c) unofficially

3. Friendly no longer exist between members of the sales department because some got bonuses and others didn't.
 - a) relations
 - b) contacts
 - c) connections

4. in the Production Department is low because the workers have heard about the plans to reduce the work-force.
 - a) Morale
 - b) Feeling
 - c) Moral

5. This is a useful
 - a) equipment
 - b) machine
 - c) machinery

6. We have carried out into the effect of lighting on our workers' productivity.
 - a) a research
 - b) some research
 - c) researches

7. Strikes can be avoided if managers are to the feelings of their employees.
 - a) aware
 - b) sensible
 - c) sensitive

8. Some people like to work at their own
 - a) beat
 - b) motion
 - c) pace

9. We have several proposals for increasing sales. We must the merits of each of them.
 - a) cost
 - b) value
 - c) evaluate

10. Has the change in exchange rates had any on the cost of your raw materials?
 - a) result
 - b) affect
 - c) effect

2. Phrasal verbs and idiomatic expressions with **put**.

put down to	attribute, e. g. I put his mistake down to inexperience.
put forward	suggest, propose (an idea, scheme)
put across	explain or communicate clearly
put back	move to a later date
put off	postpone or delay
put on to	give someone information about, e. g. You need expert advice about this. I can put you on to a very good lawyer.
put through	connect by telephone
put up	invest, provide money for, e.g. They have put up \$50,000 for the project.
put out	(a) put someone out – inconvenience him or her (b) put oneself out – make a special effort
put up with	tolerate, endure
put one's finger on	find the cause of the trouble
put one's foot in	say the wrong thing or make an awkward mistake
put paid to	destroy, ruin completely, e. g. His accident put paid to his chances of being promoted.
put in a good word for	recommend someone

A. Rewrite the following sentences, replacing the words in italics with phrasal verbs or idiomatic expressions from the list above. Make any other necessary changes.

1. I think we'd better *hold* the meeting a week *later*.

.....

2. Apparently a foreign investor has *provided* \$1 m to finance the project.

.....

3. At such short notice, I can't *postpone* my visit.
.....
4. My boss won't *accept* any inefficiency from his staff.
.....
5. She knows a lot about the use of computers but she can't seem to *express* her ideas *clearly* to the rest of us.
.....
6. Our chairman has *presented* a proposal for a profit-sharing scheme.
.....
7. I'm not surprised by our poor financial performance. I *think it was caused by* ineffective leadership.
.....
8. I've been trying to discover why the morale of the sales department is so low but I just can't *understand what the problem is*.
.....

B. Complete the following sentences with phrasal verbs and idiomatic expressions from the list above.
Make any other necessary changes.

1. Our sales have been low this quarter. That's to my chances of a bonus.
2. (on the phone) Hello ... yes, it is ... Mr Smith? Certainly. Hold on a second. I'll you
3. It's very kind of you to ask me to dinner. I hope I'm not you
4. When senior managers from head office come to visit us we really ourselves to make their stay enjoyable.
5. You want to know the prices of houses in the United States? Sorry, I can't help, but I can you to someone who can.
6. I it when I asked Mr Johnston how his wife was. Apparently, she's just left him!
7. You'd like to transfer to the Personnel Department, would you? Perhaps I can for you when I see the Personnel Manager.

3. Think of a particular ethical issue that concerns you. Write a letter to an organisation asking what its policy is on this issue.

UNIT 4

DECISION-MAKING

DISCUSSION

Read the following case study. Then, working in groups of two or three, answer the questions below. Finally, compare your answers with those of the other groups.

The time is almost midnight. Sheldon, Chief Executive of Reprox, a photocopying equipment firm, sits in an armchair, looking shocked. He has just had a phone call from Donald, his Marketing Manager, and what Donald has told him is very worrying. Sheldon pours himself out a stiff whisky and considers the facts.

Apparently, the previous night, Donald had gone to a local restaurant with his wife. There, he had seen the firm's top salesman, Melvin, having dinner with a woman. Donald had been amazed at Melvin's choice of a dining companion, for the woman was Lois Markham, an executive from Hitex, one of their main competitors.

The next day, Donald called Melvin to his office, intending to give the top salesman a quiet warning about mixing with the enemy. However, the conversation did not go as planned.

"If you must know, I've been living with Lois for about a year now. And I might very well marry her," Melvin said, "but I don't see that it's any business of this company's".

"Come on now, don't be so naïve," Don answered. "Think of the security aspect. We're in a competitive business – it's dog eat dog".

"I haven't done anything wrong. You've got no right to interfere in my private life. And if you start doing so, maybe I'll have to look for another job".

Sheldon considered the problem. Should he turn a blind eye to what was going on? Or was some sort of action needed on his part?

1. Summarise briefly the problem that Sheldon must solve.
2. What factors should he take into account before taking a decision?
3. How should he deal with the situation?
4. Can firms do anything to avoid this type of problem?

READING

In carrying out management functions, such as planning, organizing, motivating and controlling, a manager will be continually making decisions. Decision-making is a key management responsibility.

Some decisions are of the routine kind. They are decisions which are made fairly quickly, and are based on judgement. Because a manager is experienced, he knows what to do in certain situations. He does not have to think too much before taking action. For example, a supervisor in a supermarket may decide, on the spot, to give a refund to a customer who has brought back a product. The manager does not have to gather a great deal of additional information before making the decision.

Other decisions are often intuitive ones. They are not really rational. The manager may have a hunch or a gut feeling that a certain course of action is the right one. He will follow that hunch and act accordingly. Thus, when looking for an agent in an overseas market, a sales manager may have several companies to choose from. However, he may go for one organization simply because he feels it would be the most suitable agent. He may think that the chemistry between the two firms is right. Such a decision is based on hunch, rather than rational thought.

Many decisions are more difficult to make since they involve problem-solving. Very often, they are strategic decisions involving major courses of action which will affect the future direction of the enterprise. To make good decisions, the manager should be able to select, rationally, a course of action. In practice, decisions are usually made in circumstances which are not ideal. They must be made quickly, with insufficient information. It is probably rare that a manager can make an entirely rational decision.

When a complex problem arises, like where to locate a factory or which new products to develop, the manager has to collect facts and weigh up courses of action. He must be systematic in dealing with the problem. A useful approach to this sort of decision-making is as follows: the process consists of four phases: i) defining the problem; ii) analyzing and collecting information; iii) working out options and iv) deciding on the best solution.

As a first step, the manager must identify and define the problem. And it is important that he does not mistake the *symptoms* of a problem for the *real* problem he must solve. Consider the case of a department store which finds that profits are falling and sales decreasing rapidly. The falling profits and sales are *symptoms* of a problem. The manager must ask himself what the store's *real* problem is. Does the store have the wrong image? Is it selling the wrong goods? Or the right goods at the wrong prices? Are its costs higher than they should be?

At this early stage, the manager must also take into account the rules and principles of the company which may affect the final decision. These factors will limit the solution of the problem. One company may have a policy of buying goods only from home suppliers; another firm might, on principle, be against making special payments to secure a contract; many enterprises have a rule that managerial positions should be filled by their own staff, rather than by hiring outside personnel. Rules and policies like these act as constraints, limiting the action of the decision-taker.

The second step is to analyse the problem and decide what additional information is necessary before a decision can be taken. Getting the facts is essential in decision-making. However, as already mentioned, the manager will rarely have all the knowledge he needs. This is one reason why making decisions involves a degree of risk. It is the manager's job to minimize that risk.

Once the problem has been defined and the facts collected, the manager should consider the options available for solving it. This is necessary because there are usually several ways of solving a problem. In the case of the department store, the management may decide that the store has the wrong image. A number of actions might be possible to change the image. New products could be introduced and existing lines dropped; advertising could be stepped up; the store might be modernized and refurbished or customer service might be improved.

It is worth noting that, in some situations, one of the options may be to take no action at all. This is a decision just as much as taking a more positive course of action. Peter Drucker, in his book *The Practice of Management*, gives a good example of the no-action option. He writes about a shipping company which, for twenty years, had problems filling a top position. Each person selected got into difficulties when doing the job: In the twenty-first year, a new President asked, "What would happen if we did not fill it?" The answer was "Nothing". It then turned out that the position had been created to perform a job that had long since become unnecessary.

Before making a decision, the manager will carefully assess the options, considering the advantages and disadvantages of each one. Having done this, he will have to take a decision. Perhaps he will compromise, using more than one option. Thus, the manager of the department store may solve his problem by making changes in the product range, increasing advertising and improving the interior of the store.

Understanding the main points

1. Decide whether the following statements are true or false.

- | | |
|--|-----|
| 1. Before taking a routine decision managers must collect a great deal of information. | T/F |
| 2. When choosing an overseas agent most managers rely on their intuition. | T/F |
| 3. When a firm dismisses one of its junior managers it is making a strategic decision. | T/F |
| 4. Managers cannot always wait until they have all the necessary information before taking important decisions. | T/F |
| 5. The first thing managers must do when solving a problem is to collect all the facts. | T/F |
| 6. After collecting all of the necessary information managers have to identify the various actions they could take to solve a problem. | T/F |
| 7. When important decisions have to be made managers need to use a systematic process of decision-making. | T/F |

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

1. very important (paragraph 1)
.....
2. immediately, without hesitation (paragraph 2)
.....
3. occurs, appears (paragraph 5)
.....
4. put, build, establish (paragraph 5)
.....
5. consider carefully, assess (paragraph 5)
.....
6. bear in mind, consider, remember (paragraph 7)
.....
7. succeed in getting, win (paragraph 7)
.....
8. choices, possible courses of action (paragraph 9)
.....
9. increased (paragraph 9)
.....
10. take a middle course of action (paragraph 11)
.....

LANGUAGE STUDY

1. Collocations:

make a decision

take a decision

take into account

solve a problem

The phrases above are examples of collocation. This refers to words which are frequently grouped together.

Complete the following sentences with appropriate verbs:

- a) gave/expressed, come
- b) run
- c) made
- d) bear/keep
- e) take, making/taking/reading
- f) given
- g) reached
- h) put
- i) take
- j) made/put forward/came up with
- k) come to/reached/arrived at
- l) reached/drawn

1. Although our company wants to expand rapidly, we must in mind that we have limited cash to do so.
2. It is important to into account all options before a decision.
3. The Financial Director has the conclusion that we must reduce costs by 10%.
4. Finally, the Chairman his option about the matter. After we had listened to him, we were able to to an agreement.
5. Patricia an interesting suggestion at the meeting.
6. If we don't come up with new products, we the risk of falling behind our competitors.
7. Our chairman is too old for the job. Some of the directors have pressure on him to resign.
8. The writer has some recommendations in his report.
9. What conclusion have you from the facts given in his letter?
10. I have a great deal of thought to our financial problems.
11. After five hours' negotiation, we finally agreement.
12. I don't want to action until I've heard everyone's option.

2. *Idiomatic uses of spot.*

A. *Below are some phrases each containing the word **spot**. Match the phrases with the correct definitions.*

- | | |
|----------------------------|---|
| 1. on the spot | a) at the centre of public attention |
| 2. in the spot | b) quick, random examination |
| 3. in the spotlight | c) cash on delivery |
| 4. spot-on | d) aspect of a character, situation or organization that can be criticized |
| 5. spot-check | e) immediately or at the place of action |
| 6. put someone on the spot | f) outstanding moment |
| 7. spot-cash | g) ask someone a difficult question or put someone in a difficult situation |
| 8. high spot | h) be much better than |
| 9. weak spot | i) in a difficult situation |
| 10. knock spots off | j) exactly right |

B. *Complete the following sentences with suitable phrases from the list above.*

1. We're at the moment because one of our biggest customers has gone bankrupt. He owed us a lot of money.
2. Recently, The Distillers company has been Two companies have been fighting to take it over, and everyone has been talking about the takeover battle.
3. The forecasts of our Marketing Department have been I don't know how they manage to be so accurate.
4. Our terms for this consignment of rubber are
5. I don't want to wait for an answer. Can't you give me a decision
6. Can we give you twenty machines for immediate delivery?
Mm ... Now, you're really me
I don't know how many we have in stock.
7. The income tax officials often do a on taxpayers to make sure they are giving accurate information.
8. The of our year is our staff party. Even the Chairman lets his hair down.
9. Our distribution system doesn't cover certain areas of the country. It's the in our business.
10. In my opinion, our computer products those of our competitors.

3. Complete the following passage with the correct forms of the words below:

- arise (v.)
- rise (v.)
- rise (n.)
- raise (v.)

A serious problem has (1) in my company. Because the cost of living (2) by 6% last year, management decided to(3) the salaries of all the staff. For this reason, they gave everyone a (4) of \$10 a week. However, later on, they had to pay for this by (5) the prices of all our products by 10%. Such a large (6) in prices made our products uncompetitive. So now, management is taking of lowering our salaries again!

4. Phrasal verbs with **up**.

Replace the words in italics in the following sentences with phrasal verbs below:

- | | |
|--------------------------|---------|
| weigh up | draw up |
| bring up | pick up |
| take up (three meanings) | step up |

1. Before *preparing* the contract, may I go over one or two points again, please?
.....
2. We have to *increase* our work-rate if we are going to get the accounts finished in time.
.....
3. If I'm going to have any chance of becoming a member of the Board, I'll have to *start playing* golf.
.....
4. I'd like to *mention* the subject of expense claims at our next meeting.
.....
5. (Chairman, at a meeting) Your point is interesting, Donna, but I'd like to *discuss* it later, if I may.
.....
6. We must *consider* all the possibilities before we decide which market to enter.
.....
7. I *start* my new appointment next month.
.....
8. We didn't get many orders last quarter but now sales have *improved*.
.....

UNIT 5

TOP MANAGEMENT – PLANNING AND STRATEGY

DISCUSSION

Read the following case study and then answer the questions below.

Richard Thomas, a brilliant electronics engineer, left the company he had worked with for ten years in order to set up his own business. He felt there was a gap in the market for low-priced computer components.

Richard's bank manager was impressed by his experience and by the business plan he presented. An overdraft facility of \$25,000 was quickly arranged. This, together with Richard's savings of \$15,000, provided the start-up capital for the firm, Computex.

He began by hiring another person to help him develop the components. The two of them spent the next six months producing the type of products they felt the market needed. When they had built up a good supply of components, they set about trying to sell them. To Richard's surprise, however, this proved very difficult. Many potential customers seemed to be suspicious of the low prices of the products. Why were they so much cheaper than those of more famous, well-established competitors, they wanted to know. Other customers clearly saw Richard's company as a newcomer not to be trusted – a cowboy outfit who would be here today and gone tomorrow.

It was over a year before Richard got his first order. By that time, he had an overdraft of \$40,000 and no more money to make further supplies of components. He was spending all his time advertising the products, running round to meet customers and trying to persuade them to buy.

Three months later, a few large orders were received, but Richard realized that he would have to wait two months or so before being paid.

At that point, the bank manager lost confidence in the business. He informed Richard that he was calling in the overdraft. "Give me some time to look around for more capital," Richard said. "All right, I'll give you a month, but no more," was the bank manager's reply.

After rushing around and talking to a lot of people, Richard received firm offers from two venture capital companies. The first was prepared to invest \$200,000 in return for an 80% share of Richard's business; the second was willing to put up \$250,000 for a 90% share.

This was the situation facing Richard Thomas fifteen months after he had set up his high-technology enterprise.

1. Could Richard have avoided the situation he now finds himself in? If so, how?
2. What should he do now?
3. What advice would you give him about how to run the company in the future?
4. What problems can arise when someone starts up a high-technology enterprise?

READING

The top management of a company have certain unique responsibilities. One of their key tasks is to make major decisions affecting the future of the organization. These strategic decisions determine where the company is going and how it will get there. For example, top managers must decide which markets to enter and which to pull out of; how expansion is to be financed; whether new products will be developed within the organization or acquired by buying other companies. These and other such decisions shape a company's future.

Before doing any kind of strategic planning, the management must be sure of one thing. They must decide what is the mission and purpose of their business. They also need to decide what it should be in the future. In other words, they must know why the business exists and what its main purpose is. Deciding the mission and purpose is the foundation of any planning exercise.

Two examples will make this point clear – one British, the other American. Most people have heard of Marks and Spencer, one of the biggest and most successful retailers in the world. Michael Marks opened his first penny bazaar in 1884, in Leeds, England. Ten years later there were nine market stores, and Marks had taken into partnership Tom Spencer, the cashier of one of his suppliers. In 1926 Marks and Spencer became a public company. At that point, they could have rested on their laurels! However, around that time, they developed a clear idea of Marks and Spencer's mission and purpose. Their later success was founded on this idea. They decided that the company was in business to provide goods of excellent quality, at reasonable prices, to customers from the working and middle classes. Providing value for money was their mission and purpose. One of the strategies they used was to concentrate on selling clothing and textiles. Later on, food products were added as a major line of business.

The second example concerns the American Telephone and Telegraph Company. They decided on their mission some sixty or so years ago. The head of the

organization at that time, Theodore Vail, realized that a privately-owned telephone and telegraphic company might easily be nationalized. If the company didn't perform well, the public would call for its nationalization. To avoid this fate, it had to give efficient service to its customers. Vail and his colleagues decided that giving service would be the mission and purpose of the organization. This became the overall objective of the company, and has remained so ever since.

Having decided on its mission and purpose, an organization will have worked out certain more specific objectives. For example, a car firm may have the objective of producing and marketing new models of cars in the medium-price range. Another objective may be to increase its market share by 10% in the next five years. As soon as it has established its more specific, medium-term objectives, the company can draw up a corporate plan. Its purpose is to indicate the strategies the management will use to achieve its objectives.

However, before deciding strategies, the planners have to look at the company's present performance, and at any external factors which might affect its future. To do this, it carries out an analysis, sometimes called a SWOT analysis (strengths, weaknesses, opportunities and threats). First, the organization examines its current performance, assessing its strengths and weaknesses. It looks at performance indicators like market share, sales revenue, output and productivity. It also examines its resources – financial, human, products and facilities. For example, a department store chain may have stores in good locations – a strength – but sales revenue per employee may be low – a weakness. Next, the company looks at external factors, from the point of view of opportunities and threats. It is trying to assess technological, social, economic and political trends in the markets where it is competing. It also examines the activities of competitors. The department store chain, for example, may see the opportunity to increase profit by providing financial services to customers. On the other hand, increasing competition may be a threat to its very existence.

Having completed the SWOT analysis, the company can now evaluate its objectives and perhaps work out new ones. They will ask themselves questions such as: Are we producing the right products? What growth rate should we aim at in the next five years? Which new markets should we break into? The remaining task is to develop appropriate strategies to achieve the objectives. The organization decides what actions it will take and how it will provide the resources to support those actions. One strategy may be to build a new factory to increase production capacity. To finance this, the company may develop another strategy, the issuing of new shares to the public.

Company planning and strategic decision-making are key activities of top management. Once they have been carried out, objectives and targets can be set at lower levels in the organization.

Understanding the main points

Decide whether the following statements are true or false.

- 1. The top management have to make strategic decisions which determine the future of the company. T/F
- 2. Marks and Spencer’s mission and purpose was to provide money and goods of excellent quality to customers. T/F
- 3. The American Telephone and Telegraph Company decided to perform well because it wanted to be nationalized. T/F
- 4. Objectives are the results or targets that management thinks are desirable. T/F
- 5. Before deciding strategies, the planners have to look at the company’s internal and external factors which might affect its future. T/F

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

- 1. done as a part of a plan to achieve a particular purpose (paragraph 1)
.....
- 2. a business that sells goods to members of the public (paragraph 3)
.....
- 3. a company whose shares are freely sold and traded (paragraph 3)
.....
- 4. a person or organization that buys products or services (paragraph 4)
.....
- 5. the percentage of sales in a market that a company has (paragraph 5)
.....
- 6. a plan for achieving an aim, especially relating to the best way for an organization to develop (paragraph 5)
.....
- 7. a particular quality or ability that gives someone an advantage in relation to others (paragraph 6)
.....
- 8. lack of a particular characteristic that would give you the ability to succeed (paragraph 6)
.....
- 9. an increase in size, amount or degree (paragraph 7)
.....

LANGUAGE STUDY

1. Complete the following sentences with suitable phrasal verbs:

carry out
work out
pull out
break into
draw up

1. It often has to of the market.
2. You a strategy which will enable you to improve your performance in the market.
3. You usually a contract with the agents.
4. You can a market study to find out if potential customers will buy the product.
5. You can try to an overseas market.

2. Complete the following passage with the correct form of the words below.

strategy	planning	trust	finance
skill	innovative	personnel	set up
delegate	venture	expertise	
right	drawback	segment	

The problems of small high-tech firms have attracted a lot of attention recently. Research shows that many of these firms are (1) by talented, creative scientists. Their owners have no trouble coming up with (2) products but they often can't build on their early success.

One reason for this is that they don't have much management (3). Therefore, they are unable to develop the (4) which are necessary for their company's growth. They are in a rush to develop products, and don't think enough about how to market them. When they do try to sell their products, they spend too much time trying to gain the (5) of potential customers. Another mistake they make is to underprice their products so that they have no (6) for future development.

Once the firms begin to grow, their owners underestimate the future costs of developing and marketing new products. Lack of financial (7) is a major weakness of such companies. It is difficult for the high-tech firm to attract the right (8) because it cannot offer the same job security as a large organization.

The high-tech firm can get round some of these problems by developing a specialist image. It can aim at a particular (9) of the market. Customers then start seeking out the firm, so its marketing costs are reduced. The only (10) is that it may take some time before customers accept the firm's new technology.

As soon as the high-tech business has reached a certain size, it will be a good idea to bring in professional management. The founder of the firm can then (11) responsibility for activities like marketing and finance. If a high-tech firm needs money very badly, it may arrange a link-up with a larger company. It will offer that company exclusive (12) to its technology.

Enthusiasm, bright ideas, (13) capital and technology are not enough to ensure success. Basic management (14) – especially financial and marketing ones – are also vital.

4. Rewrite the following sentences without changing their meaning. Use the verbs or phrases in italics followed by the correct prepositions and make any other necessary changes.

e.g. We think you ought to change your pricing policy.
suggest

We suggest	changing	your pricing policy
	(that) you change	
	(that) you should change	

1. We always try to give good service to our customers.
make a point

2. "I'm delighted you have kept within your budget," said the Chairman to our Advertising Manager.
congratulate

3. The Managing Director said, "The new product must be launched by January".
insist

4. Marks and Spencer are making a special effort to sell fashionable clothes for young people.
concentrate

5. We are pleased when our customers are satisfied.
take pleasure

6. The owner doesn't want to sell the business at the moment.
interested
-
7. I don't agree with our Chief Executive when he says we should expand the range of our products.
wrong
-
8. We are considering breaking into new markets.
think
-
9. He is sure that the bank will lend him the money for future development.
depend
-
10. Marks and Spencer have always been able to forecast accurately what their customers want.
succeed
-

5. *Look at the mission statements of three companies:*

1. To make sports cars for discerning enthusiasts with good technical knowledge.
2. To sell clothing more cheaply than the department stores.
3. To sell electrical goods with a high level of after-sales service.

Which strategy from the list below does each company correspond to?

- a) **cost leadership:** offering products or services at the lowest cost; this is one strategy to adopt in volume industries where competitors produce large numbers of similar products.
- b) **differentiation:** offering products or services that give added value in terms of quality or service compared to competitors
- c) **focus:** using one of the above two strategies to concentrate on a niche, a specific part of the market with particular needs

6. *Choose some companies or service organizations that you know well. Then, in each case, discuss:*

- a) what the objectives of each business are;
- b) what strategies the management are using to achieve their objectives.

Are all the businesses using the right strategies?

If not, what changes should they make?

7. *Work individually or in groups of two or three.*

Give a short oral presentation of any organization you are familiar with. Try to point out its strengths, weaknesses, opportunities and threats (SWOT). Talk about its objectives and strategies, and say what you think its future Prospects are.

UNIT 6

GOAL-SETTING

DISCUSSION

Read the following conversation and then discuss the questions which follow.

Jack Macdonald is Sales Manager of a leather goods company. Brenda Cole is a sales representative. Each January, Jack writes a report on her work performance during the previous year and discusses it with her. Below is an extract from one such meeting.

M: I've said in my report that I'm fairly happy with your work, Brenda. I set you a sales target of \$150,000. And, in fact, you had sales of roughly \$118,000 – a reasonable effort on the whole.

C: Thanks. I'd have liked to have reached my target, but to be honest, I never thought I had much chance.

M: Really? You didn't say anything when we set the target last year. How come?

C: Oh, I didn't want to sound too gloomy, I suppose. No one else was complaining, so why should I? I didn't want to rock the boat.

M: Mm, I see. Still, results are what count here, and yours are quite good, I suppose. There are one or two things I'd like to mention, though.

C: Uh huh?

M: About the way you dress for work. One of our customers mentioned it. He said you looked rather ... er ... casual when you last visited him. It seems you were dressed in jeans and a jumper. That's no good for our image, surely?

C: Oh ... er ... no. I did dress casually once or twice, when I visited a customer on a Saturday morning. But usually ...

M: All right. But don't let it happen again, will you?

C: Of course not.

M: Another thing. I've noticed there are quite a few slow payers among your customers. Can't you do something about that?

C: I could chase them up a bit. Put some pressure on them.

M: Do that. You're expected to get on to slow payers, you know, and find out what's going on. Don't you ever read your job description?

C: Job description? I haven't looked at it for years. And I bet no one else has around here either.

M: You may be right. But it's no excuse. You know perfectly well, Brenda, that I set the highest standards for all my sales staff. And I expect you to meet them. Right?

C: Yes, O.K.

1. How well do you think Macdonald dealt with this part of the discussion?
Explain your answer, with examples.
2. If you were Brenda Cole, what would you have said to make the discussion more effective?

READING

Management by Objectives (MBO) is a system which was first described by the American Peter Drucker, in 1954, in his book *The Practice of Management*. Since then, MBO has attracted enormous interest from the business world, and its principles have been applied in many of the world's largest companies.

In his book, Peter Drucker emphasized that an organization and its staff must have clear goals. Each individual must understand the goals of the enterprise he/she works for, and must make a contribution to them. It is also vital, in Drucker's view, that the individual knows what his/her manager expects of him/her. He/she must know what sort of results he/she is expected to achieve.

If an organization uses the Management by Objectives approach, it must pay careful attention to planning. This is because each individual has clearly defined objectives. And these will contribute to the overall objectives of the enterprise. With MBO, individual and organization objectives are linked. A special feature of MBO is that the subordinate participates with his/her manager in developing objectives. After these have been worked out, his/her performance, in relation to the goals, can be assessed. MBO, therefore, focuses on results. The subordinate's performance is judged in terms of how well or badly he/she has achieved his/her goals.

Various kinds of MBO systems are used in organizations. Here is an example of how a programme might work in a company:

The programme consists of several stages. First, the subordinate's job is defined. Next, his/her current performance is evaluated. Then, new objectives are developed by the subordinate and his/her manager. Finally, the programme is put into action. Later, there are periodic reviews of the person's performance, and his/her progress is checked.

Let us consider these phases in more detail. At the first stage, the subordinate and his/her manager define the job separately. They also rank the tasks in order of importance. Both parties then meet and discuss the statements they have made in writing. It is quite possible that they will not agree about certain aspects of the job. They discuss their differences of opinion. In the end, they both have a clearer idea of what the job involves.

At stage two, the subordinate and his/her manager examine each task. They try to decide how well or badly it is being performed. Again, they do this evaluation

separately. They meet and discuss their assessments. All being well, the manager will have the chance to praise the subordinate for some of his/her work. On the other hand, the subordinate or the manager – or even both parties – may point out areas where there are problems – tasks which are not performed properly.

Developing objectives comes next. The subordinate and his/her manager try to develop goals which are challenging but realistic. The manager may set performance standards which can be measured or quantified. But this is not essential. The objectives probably spell out results that must be achieved. There will be dates by which the subordinate must achieve his/her goals.

In the table below, Figure 1, you can see examples of objectives for an MBO programme.

Figure 1

SUBORDINATE	OBJECTIVES
Sales representative	Increase sales of video-recorders in the Chicago area by 5%, by 1 June. Obtain five new accounts by 1 January. Send sales reports in on time.
Chief Accountant	Reduce bad debts from 8% to 4% of sales turnover by 1 January. Introduce new computer systems in Accounts Department by 1 January.
Marketing Manager	Complete test marketing of PX hi-fi units by 1 January. Increase market share of home computers by 3% by 1 January.
Production Manager	Meet 90% of all delivery dates. Reduce cost of bought-in materials by 5%. Reduce the number of units rejected by quality control. Increase number of quality control circles meeting each month. All goals to be achieved by 1 January.
Personnel Manager	Complete training programme for shop-floor workers by 1 January. Present bonus scheme for Board approval by 1 June. Make suggestions for improved selection procedures by 1 June.

The subordinate and the manager discuss the objectives and make plans for achieving them. The manager may have to help in some way, perhaps by providing more training for the subordinate or buying more modern machines.

Finally, the subordinate sets about achieving the goals. From time to time, the subordinate and the manager meet to discuss progress. It is vital that the manager receives feedback from the subordinate on performance and achievements. (The documents used for the last two stages of the MBO programme are shown in Figure 2).

Figure 2

GOALS SHEET		
Name: David Jeffries Position: Research and Development Manager Date: 5 January, 1988		
Goals for the current year	Goals for the next year	Performance Indicator
Design, develop and produce a prototype of product BLP-2 within a budget of \$500,000	Attract more money from government agencies to develop new products	Prototype of product BLP-2 by the end of the year
Complete modifications to Antisneez	Re-launch Antisneez by September	Achieve sales of \$50,000 by year end

PERFORMANCE EVALUATION		
Name: David Jeffries Position: Research and Development Manager Date: 5 January, 1989		
Goals for the current year	Goals for last year	Results achieved
Attract more money from government agencies to develop new products	Design, develop and produce a prototype of product BLP-2 within a budget of \$500,000	Prototype of product BLP-2 produced by the end of October at a cost of \$450,000

ACHIEVEMENT				
Unsatisfactory <input type="checkbox"/>	Fair <input type="checkbox"/>	Good <input type="checkbox"/>	Very good <input type="checkbox"/>	Outstanding <input checked="" type="checkbox"/>

There are many benefits of Management by Objectives. The system helps the subordinate to see clearly his/her role in the organization and the tasks he/she must carry out. He/She has a say in how his/her job is performed, and what his/her goals should be. As a result he/she feels more responsible and motivated and is therefore likely to be more committed to the objectives of the organization.

MBO is a good technique for assessing an individual's performance. He/She is judged on results, rather than on the personal feelings or prejudices of the manager. An MBO programme should lead to better coordination and communications within an enterprise. The subordinate must liaise closely with his/her manager. The manager acts as teacher and guide. The individual is encouraged to identify with the goals of the organization. Most important of all, MBO makes the individual think of results, of the contribution he/she is making – or should make – to the enterprise. The main limitations of the system are that it is time-consuming and may create a lot of paperwork. In practice, MBO programmes are often not fully supported by managements. This could be because managers are not always skilled at interviewing and giving guidance.

A few years ago, it was discovered that 70% of the 500 biggest companies in the USA were using MBO. However, a later survey showed that only 15% of the programmes were considered successful. In spite of this finding, there is little doubt that MBO has helped to increase the efficiency of both subordinates and their managers.

Understanding the main points

1. How does a manager evaluate the performance of a subordinate under the MBO system?
2. *Note down the five stages of the programme given as an example of an MBO system.*

- Stage 1
- Stage 2
- Stage 3
- Stage 4
- Stage 5

3. *Note down some of the advantages of MBO for each of the following:*

THE BENEFITS OF MANAGEMENT BY OBJECTIVES		
COMPANY	MANAGER	SUBORDINATE
1	1	1
2	2	2
3	3	3
4	4	4

4. In your opinion what is the manager's role in an MBO programme?

- a) judge
- b) observer
- c) motivator
- d) critic

Vocabulary focus

1. Match the following words and phrases with their meanings.

- | | |
|----------------|-----------------------------------|
| 1. goals | a) reasonable, achievable |
| 2. vital | b) demanding, difficult |
| 3. linked | c) loyal, obligated |
| 4. focuses | d) objectives |
| 5. reviews | e) connected, joined |
| 6. challenging | f) begins (the task of...) |
| 7. realistic | g) concentrates |
| 8. sets about | h) communicate, act together |
| 9. committed | i) re-examinations |
| 10. liaison | j) essential, extremely important |

LANGUAGE STUDY

1. Complete the following passage, using suitable forms of the words below:

achieve	reach	report	feedback	objective
progress	performance	role	stage	view

My boss called me into his office to discuss my (1) during the last six months. She said that I had made good (2) and had had no difficulty in (3) my goals. She made it clear that she was going to give me a good (4).

I suppose I should have been grateful to her. However, one thing bothered me. I wondered why she didn't ask me what I felt about the job. Why didn't she get some (5) from me? I thought that was one of the main (6) of the interview.

Since my (7) was obviously to sit quietly and say nothing, I did just that. At this (8) of my career, I can't afford to upset my boss. But if I ever (9) her position, I shall handle these interviews differently. In my (10), it's vital to listen to employees.

2. *Phrasal verbs with out*. Complete the following sentences, using suitable forms of the verbs below:

point out
have out

hold out
stand out

make out (two meanings)
cut out (two meanings)

1. Sheila wants to the training sessions she runs on Friday afternoon. She is too busy to hold them then.
2. When reviewing my performance, Mr Jones several weaknesses.
3. I'm a valuable member of the organization, so at my next salary review, I shall for a lot more money.
4. I think I among all the candidates because my qualifications for the job were so good.
5. How did you in the interview, Patricia?
6. He said that I was not for a career in banking.
7. I'm fed up with my boss criticizing me all the time. I'm going to it with him.
8. Can you read David's writing? I can't what he's put on this report.

3. *Rewrite the following sentences without changing their meaning. Use the verbs or phrases in italics and make any other necessary changes.*

e.g. We cannot supply you on time because there has been a fire in our factory.
explain

He explained that they could not supply us on time because there had been a fire in their factory.

1. I said to her, "Why don't you log my use of time?"
suggest
2. The Research and Development Manager said, "This product has got to be taken off the market."
demand
3. The new Chairman said it was essential to reorganize the board of directors.
insist
4. I said, "Let's interview the other candidates tomorrow".
propose
5. I have to finish this report by the end of the week.
It's vital
6. You should stop working now – it's almost midnight.
It's time
7. The management should realize we are human beings, not machines.
It's essential
8. He said, "Would you like me to help you write the report?"
offer

UNIT 7

THE MANAGEMENT OF TIME

DISCUSSION

John Midgley is General Manager of a medium-sized engineering company. He decided to keep a diary of his activities for one day. These are noted below. For your information: Shirley is the company's Sales Manager; Penny is John Midgley's secretary and Don is the Production Manager.

Look at the diary and then discuss the questions which follow.

- 7.30 – 8.00 arrived at office; had coffee; checked to see if any telexes; read newspapers
- 8.00 – 8.15 chatted to Shirley; looks as if the marriage is on the rocks
- 8.15 – 8.45 Don dropped by; talked about England-Brazil game; then discussed Fritz Muller order for Switzerland
- 8.45 – 9.45 looked through mail-answered urgent letters; interrupted twice by telephone calls from customers
- 9.45 – 10.45 interview with applicant for position of Assistant to Chief Buyer; started 15 minutes late because of telephone calls (see above)
- 10.45 – 11.15 answered more letters
- 11.15 – 11.25 phone call from Chamber of Commerce; agreed to give talk at next Wednesday's lunch
- 11.25 – 11.45 discussed Penny's maternity leave and arrangements for replacing her
- 11.45 – 12.15 worked on drafting strategy report
- 12.15 – 12.30 Shirley dropped by; talked about sales trip to Egypt. Fascinating stuff about Pyramids
- 12.30 – 12.55 continued report
- 12.55 – 3.25 met Ms. Ito from Japan; took her to lunch
- 3.25 – 4.00 weekly supervisors meeting; started 25 minutes late
- 4.00 – 4.10 Dick phoned; arranged tennis for weekend
- 4.10 - 4.20 wife phoned; Jamie hurt leg at school; nothing serious
- 4.20 – 4.45 another phone call; argument with supplier over invoice
- 4.45 - 5.45 visited bank manager to discuss loan for company; arrived 15 minutes late; manager not pleased; miserable old devil!
- 5.45 – 7.20 gave talk at local Technical College; arrived 30 minutes late; but talk went like a bomb!
- 7.20 – 8.00 returned to office to collect report to work on at home; chatted to Tom, our caretaker; what a talker!
- 8.20 arrived home; had a row with Jenny in kitchen; went to meet guests

1. a) Judging by this diary, do you think John Midgley is using his time effectively?
Explain your answer.
- b) If not, how could he become more effective?

READING

In any business it is important that managers should be effective. They should be able to achieve their objections, and to get the right things done. For most executives, being effective is easier said than done. The problem is that there are so many pressures on managers, reducing their efficiency. For one thing their work is fragmented. Most days, they are doing a number of tasks, some fairly trivial, others highly important. They find that they do not have enough time to devote to the really important jobs. Besides, sometimes they are under such pressure that they forget which jobs are important.

The manager also faces another difficulty. He finds that other people take up a lot of his time, so that he has little time of his own. Just as he is ready to tackle that report, a customer will ring up unexpectedly. No sooner has he hung up than Bill, from Sales, drops by his office for a chat. He works on the report for a few minutes, then the Personnel manager calls him. Could he interview someone tomorrow afternoon? And so it goes on. The manager must constantly respond to the demands that others make on his time.

Things do not get better as he climbs higher in the organization. In fact, they get worse. The higher he goes, the more demands will be made upon his time.

Because of the nature of the manager's work it is not easy for him to be effective. He will have difficulty distinguishing between important and less important tasks. He will often feel that he has too many demands on his precious time and at times will find it difficult to turn people away. There will always be someone – or something – to divert him from what he should really be doing.

Effective managers learn how to manage their time. They cut out unproductive activities. They never forget that time cannot be replaced.

Before being able to control his time the manager must find out how he is actually using it. He must know where it goes. The best way to do this is to record how he uses time. The usual method is to log the tasks he performs. Either he or his secretary keeps an exact record of how he spends his working day or week. The manager should, not rely on memory when logging time. Not many executives can remember, at the end of the day all the things they did during the day – all the telephone calls, chats, interruptions, work on the computer, letter-writing and so on. One way of logging time is to note down all the activities and indicate how long they took. Thus, the log of an executive could look something like this:

START	ACTIVITY	TIME TAKING (MINUTES)
08.30	Arrive. Make coffee.	5
08.35	Read through files.	10
08.45	Check diary.	10
08.55	Telephone call from Bob.	5
09.00	Wife phones.	5
09.05	Chat with secretary.	7
09.12	Read mail.	4
09.16	Peter says hello. Talks about last night's TV programme on Aids.	5
09.21	Read mail.	10
09.31	Dictate letters to secretary.	15
09.46	Telephone call from supplier.	12
09.58	Telephone call to Accounts Department to follow up supplier's complaint.	7

The logging of time should be done once or twice a year. It shows the executive how he actually spends his time at work not to how he thinks he spends it.

Once the manager has an accurate picture of how he uses time, he can analyse the time log. This will help him to re-think and re-plan his work schedule. He can ask questions such as: Are some of the things I'm doing wasting time? Should I be spending more time on certain activities? Could other people do some of the tasks? Am I wasting the time of my colleagues?

As a result of this analysis, the effective manager will start getting rid of unproductive, time-wasting activities. He will learn to say 'No' more often to people demanding his time. He will start turning down some of those requests to give speeches and attend luncheons. He will, in short, be more discriminating in using time.

He will also get rid of some activities which can be done just as well by someone else. Knowing how to delegate is an essential skill of a manager. This does not mean, of course, that he will be forever 'passing the buck' to subordinates! But, where possible, he will try to create more time so that he can attend to important tasks.

Having recorded and analysed time, he can now re-shape his schedule. It is up to him how he does this. Some managers like to set aside certain times for important tasks. For example, they may work at home one day a week. Others earmark certain days of the week for particular activities, e. g. management meetings, production scheduling, staff appraisal sessions etc. One manager is known to spend ninety minutes at home, in his study, before setting off to work. A common method of managing time is as follows. The manager works out all the jobs he must do in the

coming day or week. Then he lists the tasks in order of priority. He also sets deadlines for carrying out the more important activities.

Peter Drucker, the American expert on management, believes that effective executives work systematically to manage time. They must acquire this “habit of mind”, this ability to use time efficiently. Below, you can see an example of how Mr Drucker manages his own time.

MR. PETER F. DRUCKER
Greatly appreciates your kind interest, but is unable to: contribute articles or forewords; comment on manuscripts or books; take part in panels and symposia; join committees or boards of any kind; answer questionnaires; give interviews; and appear on radio or television.

taken from HOW TO MANAGE, Editor Ray Wild, William Heinemann London.

Understanding the main points

1. Complete the following sentences, using your own words.

1. Because the work of a manager is “fragmented”
2. As executives take up more senior positions within a company they often find that
3. A time log is useful to a manager because

2. Note down the ways in which managers can make sure that they have enough time to carry out their most important functions.

1.
2.
3.
4.

3. Note down the three stages of the system used by some executives in order to manage their time effectively.

1.
2.
3.

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

1. ordinary, unimportant (paragraph 1)
2. deal with (paragraph 2)
3. pays a casual visit (paragraph 2)
4. claims, requirements (paragraph 3)
5. valuable (paragraph 4)
6. get rid of, omit (paragraph 5)
7. depend (paragraph 6)
8. refusing (paragraph 8)
9. able to choose the best (paragraph 8)
10. keep for a special purpose (paragraph 10)
11. needing attention before other things (paragraph 10)

LANGUAGE STUDY

1. Compound nouns and phrases with **time**.

What do the following mean?

Each member of your group should choose one of the compound nouns or phrases and explain what it means.

1. time-card
2. time-lag
3. time-and-motion study
4. time-zone
5. time-switch (referring to a machine)
6. time-limit
7. time-sharing (referring to a computer)
8. timekeeper
9. to be on time
10. to be in time

Now, if you are still unsure of the meanings of any of the above, check them on your dictionary.

Make sentences of your own using five of the above.

1.
2.
3.
4.
5.

2. Rewrite the following sentences, replacing the words in italics with words and phrases from the box below. Make any other necessary changes.

for the time being ahead of its time work against time	in no time at all at one time before one's time	in good time from time to time
--	---	-----------------------------------

1. The salesman decided to get to the meeting *fairly early* so that he could prepare to his presentation.
2. I can get these brochures and price lists off to you *almost immediately*.
3. I must stay with my company *for the moment* because jobs are hard to find.
4. We *have little time left* to complete the project.
5. I am going to retire *earlier than expected*.
6. The technology used in the Lotus car is *very advanced indeed*.
7. *Formerly* I worked on the shop floor of the factory. Now, I'm Managing Director. Times have changed!
8. We check the machines *at intervals*.

3. Complete the following sentences with the correct word or phrase (a, b, c or d).

1. It is only a before the firm closes down.
 - a) matter of time
 - b) course of time
 - c) length of time
 - d) stage of time
2. There is usually a between when you sell goods and when you get paid by your customer.
 - a) time-log
 - b) time-delay
 - c) time-hold
 - d) time-lag
3. Meetings are necessary, but they can be very
 - a) time-consuming
 - b) time-saving
 - c) time-losing
 - d) time-costing
4. The fact that many small shops are closing down is a of the times.
 - a) mark
 - b) image
 - c) sight
 - d) sign

5. It is important that we get the of our sales campaign right. We must not have it too early or too late.
- moment
 - point
 - timing
 - time
6. Some workers like to doing a job.
- wait their time
 - spare their time
 - spend their time
 - take their time
7. When I visited our subsidiary in West Germany, I had - everyone was most hospitable.
- wonderful experiences
 - the best of times
 - good times
 - the time of my life
8. I bumped into a former colleague recently. We had a drink together
- for the sake of good times
 - for old times' sake
 - in memory of good old times
 - for the good old days

4. Inversion.

No sooner has he hung up than Bill drops by his office... (paragraph 2)

When the following words and phrases *begin* a sentence, the subject and verb are inverted.

under no circumstances	no sooner	at no time	
not until	hardly	scarcely	rarely
never (before)	only		little
			seldom

Study the following pairs of sentences.

1. **a)** You should not smoke in this area under any circumstances.

b) *Under no circumstances should you smoke* in this area.

2. **a)** The company has never had such a successful year.

b) *Never has the company had* such a successful year.

Note that the second sentence of each pair is more emphatic than the first and that the subject and auxiliary verb are inverted. Inversion is used mainly in formal English.

A. *Make all the changes and additions necessary to produce correct sentences from the following sets of words and phrases.*

e.g. No sooner/I start/write/report/someone/telephoned/me.

No sooner had I started to write the report when someone telephoned me.

1 Hardly/I finish/phone/my boss/drop into/my office.

.....

2 Under no circumstances/manager/rely on/ memory/log/time.

.....

3 Not until/two years ago/company/begin/make/profits.

.....

4 Only/after three hours' negotiations/we succeed/reach agreement/the final contract.

.....

5 Rarely/our company/fail/meet/delivery dates.

.....

B. *Put the following words in the correct order, so as to make correct sentences. Begin each sentence with the word underlined.*

e.g. have efficient I met a more rarely manager.

Rarely have I met a more efficient manager.

1. been seldom after so I meeting have tired a

.....

2. I my office sooner no in arrive rang did telephone the than

.....

3. distributed no I be must circumstances under

.....

4. on did a only of lot the market put research after they the product

.....

5. any to relax does she rarely have time

.....

6. 1986 not factory our able to until were we buy own

.....

7. little redundant that soon he be made he realise does will

.....

8. by boss dropped my hardly report started had the I when

.....

5. *Discuss the following questions in groups of four:*

1. How well do you organize your time?

2. What are your secrets of time management?

UNIT 8

MOTIVATION

DISCUSSION

Answer the following questions, then, in groups of two or three, compare your answers.

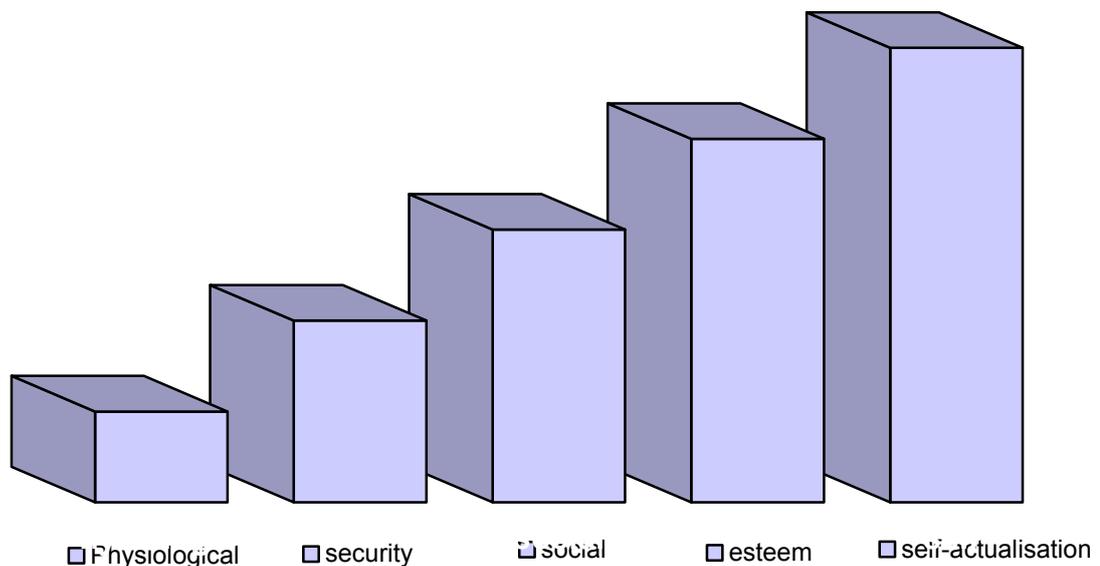
1. What sort of things motivate people to do their job well?
2. If you won a great deal of money, for example in a lottery, would you continue working? If not, do you think you would lose anything by giving up work?

READING

The work of managers is to ensure that staff work efficiently in an organization. To achieve this, it is clear that managers must know what motivates people. By understanding the factors influencing motivation, they can create the conditions in which employees will perform to their maximum potential.

One of the best known theories of motivation was put forward by an American psychologist, Abraham Maslow, in a book entitled *Motivation and Personality* (1954). In his theory, he presents a hierarchy of needs. He identified certain basic human needs and classified them in an ascending order of importance. Basic needs were at the bottom of the hierarchy higher needs at the top. His classification is shown below:

NEEDS



Physiological needs

These were things required to sustain life like food, water, air, sleep etc. Until these needs are satisfied, Maslow believed, other needs will not motivate people.

Security needs

They are the needs to be free from danger, physical pain and loss of a job. They include the need for clothing and shelter.

Social needs

A human being needs to belong to a group, to be liked and loved, to feel accepted by others and to develop affiliations.

Esteem needs

After people have satisfied their social needs, they want to have self-respect and to be esteemed by others. They have a need for power, status, respect and self-confidence.

Self-actualisation needs

These are the highest needs, according to Maslow. They are the desire to develop, to maximize potential and to achieve one's goals.

Maslow said that people satisfied their needs in a systematic way. When a need had been met, it stopped being a motivating factor. For example, if a person was starving, he would not be too concerned about security and social needs. But once he had enough food, he would start thinking about those other needs.

Research into Maslow's theory has not been very conclusive. Studies have tended to show that needs vary greatly among individuals. At the higher levels in a company, self-actualising needs may be very strong whereas at lower levels, social and security needs may be dominant.

Another theory of motivation, which has been very popular with managers, is Frederick Herzberg's "two-factor" theory. Herzberg conducted a number of studies in the region of Pittsburg, USA, in the late 1950s. He concluded that at work there are certain factors which cause job satisfaction while others lead to dissatisfaction.

The group of factors bringing about satisfaction were called "motivators". They include things like a challenging job, responsibility, advancement, recognition etc. These factors give rise to positive satisfaction. Herzberg called the other group of factors "hygiene" or "maintenance" factors. These include company policy and administration, salary and fringe benefits, job security, status and personal life. These factors are considered to be only "dissatisfiers", not motivators. If they do not exist, they cause dissatisfaction. If they do exist in quality and quantity, they do not, however, give increased satisfaction.

Herzberg's two-factor theory is shown in the following diagram. It is worth noting that the hygiene factors refer to the *context* of the job – the conditions of work – while the motivators refer to job *content*.

HERZBERG'S MOTIVATION-HYGIENE THEORY

MOTIVATORS	achievement challenging work the work itself career prospects responsibility recognition
HYGIENE FACTORS	company policy and administration salary and fringe benefits quality of supervision relationship with colleagues job security status personal life work conditions

Hygiene factors are essential if workers are to be motivated. As one writer has aptly put it, they deal with the question “Why work harder?”

If Herzberg's theory is true, it means that managers must pay great attention to job content. They must find ways of making jobs more challenging and interesting. As a result, managers in the USA and elsewhere have recently been showing great interest in job enrichment programmes. The idea of such programmes is to make jobs more challenging and to give the worker a sense of achievement.

Sweden has been leading the way in this respect. At one car plant, for example, Volvo workers assemble the whole of a car rather than do a few simple operations. In a glass factory, production workers have complete control over the work process in the grinding and polishing department. Other workers have helped to build and design paper mills. Job enrichment is undoubtedly catching on fast in Sweden.

Understanding the main points

1. *Decide whether the following statements are true or false.*

1. According to Maslow people are not concerned about achieving their personal goals in life unless they have satisfied their physiological needs. T/F
2. Senior managers who want to become company directors have self-actualisation needs which they wish to satisfy. T/F
3. Herzberg, like Maslow, believes that people satisfy their needs systematically. T/F
4. Herzberg believed that workers would not necessarily work harder if they earned more money. T/F

- | | |
|---|-----|
| 5. Job security is one of the most important factors which motivates employees. | T/F |
| 6. The purpose of job enrichment programmes is to increase worker motivation. | T/F |

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

- 1. the most somebody or something is capable of (paragraph 1)
.....
- 2. system of lower and higher ranks (paragraph 2)
.....
- 3. respected, admired (paragraph 2, Esteem needs)
.....
- 4. a person's position in relation to others (paragraph 2, Esteem needs)
.....
- 5. final; putting an end to uncertainty (paragraph 4)
.....
- 6. feeling (paragraph 9)
.....
- 7. becoming popular or fashionable (paragraph 10)
.....

LANGUAGE STUDY

1. *Opposites.* Complete the following sentences with words opposite in meaning to the words in italics.

e.g. *interesting* He does not like his job because it is **uninteresting**.

- 1. *satisfied* Workers become if their jobs offer no challenge.
- 2. *conclusive* Since the report was so, no recommendations were made.
- 3. *responsible* behaviour by staff can be costly to an organization.
- 4. *popular* Management become if they fail to pay bonuses.
- 5. *respect* No manager likes a subordinate to be
- 6. *secure* A worker who feels in his job will probably not be committed to the firm he works for.
- 7. *social* People who work hours, for example at night-time, generally receive extra pay.
- 8. *efficient* Nowadays, it is not easy to get rid of an employee who is

2. Idiomatic uses of *catch*.

A. Match the following with the correct definitions.

- | | |
|------------------------------|---|
| 1. catch sight of (v.) | a) attract attention |
| 2. catch on (v.) | b) pleasant and easily remembered |
| 3. catch out (v.) | c) draw level with |
| 4. catch up with (v.) | d) start to burn |
| 5. catch one's eye (v.) | e) notice suddenly |
| 6. catch (n.) | f) a hidden or unexpected difficulty |
| 7. catch-phrase (n.) | g) become popular or fashionable |
| 8. catchy (adj.) | h) trap someone in an error; show someone to be at fault; find someone unprepared |
| 9. catch fire (v.) | i) become involved in |
| 10. become caught up in (v.) | j) a phrase which becomes popular for a while |

B. Complete the following sentences with suitable words and phrases with *catch* from the list above.

1. Everyone liked the tune of that TV commercial.
2. Do you think such an extraordinary style of dress will?
I can't believe it will.
3. At the car exhibition, that ultra-modern car – like something from outer-space – really everyone's
4. In the field of high-technology electrical goods, the Koreans are rapidly with the Japanese.
5. This business is being sold far too cheaply. I smell a rat somewhere. There must be a
6. "Put a tiger in your tank" was popular a few years ago.
7. We were a few weeks ago when our main competitor suddenly lowered the prices of their products by 10%.
8. Management buy-outs are becoming more and more common these days. Obviously, the habit is
9. While I was going round the factory, I a worker who was smoking in a non-smoking area.
10. During one of our tests the prototype of our new hair-drier overheated, causing it to

3. Talk about the organisation you would like to work for, in relation to Herzberg's motivator factors.

4. Write a memo to the head of your organisation or one you would like to work for, suggesting ways to encourage initiative among employees.

UNIT 9

PERFORMANCE APPRAISAL

DISCUSSION

Jane Mitchell is Sales Manager of Scorpio, a sports goods firm. Bob is a member of the sales team. One of the area sales managers is about to retire, and Bob is in line for the job. He is the right age, has over ten years' sales experience, and gets on well with his colleagues.

Each year, Jane Mitchell evaluates the performance of her sales staff. When she does these performance appraisals, she studies the work record of the person during the previous twelve months. Jane is especially interested in "critical incidents". These are occasions when the salesperson seems to have performed exceptionally well or badly.

Look at these "critical incidents" concerning Bob. Then decide if he is suitable for the job of Area Sales Manager. Give reasons for your decision.

Date	Incident
February	<p><u>Incorrect Filling of Call-Sheet</u> Bob had not filled in his call-sheets correctly. He noted down calls to three customers on different days. In fact, he visited all the customers on one day. I asked Bob why he had done this. He explained that his daughter had asked him to attend the first, public exhibition of her paintings. He had needed to have a free afternoon to do this. Bob promised me that he would never again fill in his sheet incorrectly.</p>
April	<p><u>Sales Promotion</u> Bob persuaded a local tennis club to let us sponsor their competition. Thanks to him, the company received a lot of publicity in local newspapers. There was a front-page photograph in one newspaper of Bob handing out the prizes. According to Bob, the club now recommends to all its members that they use clothing and equipment made by our firm.</p>
June	<p><u>Time-keeping</u> On several occasions, Bob has failed to call on his first customer until eleven o'clock in the morning. It is, however, our Department's policy that first calls should be made before 9.30 a.m.. I asked Bob what the problem was. He said that he had worked late the previous evening. Therefore, he had been too tired to make an early start the next day.</p>

September	<u>Special Display</u> Bob persuaded a sports shop to set up a special display of our clothing and equipment. He was able to do this because he had become friendly with the shop's manager. It seems that Bob played squash with the manager twice a week at a local club. As a result of the display, sales of our goods to the shop are almost double what they were previously.
November	<u>Sales Reports</u> Bob's sales report was sent in late – for the third month running. Enclosed with the report was a letter of apology. "Sorry this report is so late," Bob wrote. "But please note, sales for the quarter are up 28%!!! Am I forgiven?"

READING

Most organizations have some form of performance appraisal of their employees. The appraisals are usually carried out once a year. The manager makes an evaluation of the performance of the subordinate. This involves filling out a form or writing a report on the person concerned. After this, there is a meeting at which the two parties discuss the appraisal. A performance appraisal is, then, a judgement on how well a person is doing his/her work.

Why do organizations carry out appraisals? Recently, in the United States, some organizations were asked why they used staff appraisals. Some of the findings of this survey are given below, in Figure 1.

Figure 1.

USES OF APPRAISAL			
Uses	Small organisations (%)	Large organisations (%)	All (%)
Compensation (salary)	80.6	62.2	71.3
Performance improvement	49.7	60.6	55.2
Feedback	20.6	38.8	29.3
Promotion	29.1	21.1	25.1
Documentation	11.4	10.0	10.7

Appraisals help organizations to reward staff properly. They are useful when decisions have to be made about salary increases and bonuses. In addition, they are needed when managers are considering transferring or promoting staff. In these situations, they provide up-to-date information about an individual's performance, skills and career objectives.

An important purpose of appraisals is to give the subordinate feedback on how he/she is performing. The manager can talk to the subordinate about the strengths and weaknesses of his/her performance. He/She can also discuss how the subordinate can learn to work more effectively.

At appraisal interviews, subordinates can not only talk about their future, but also seek guidance from the manager. The interview may help them to think more realistically about their goals. Besides doing this, it gives the subordinate the opportunity to ask the manager for further training.

There are many methods of evaluating a person’s performance at work. Some of the better-known methods are described below:

A traditional method has been to give a “rating”. The subordinate’s evaluation is based on traits – qualities – that he/she shows in his/her work. Subordinates are judged on such things as knowledge of the job, reliability, initiative and sense of responsibility. The manager rates the subordinate by marking a letter or figure on a scale. For example, the rating could be A – E, where A indicates outstanding and E unsatisfactory. This type of rating sometimes includes performance factors such as quality of work, productivity and attendance. Figure 2 gives an example of such a rating form.

Figure 2

Name					
Position					
Department					
Circle appropriate rating					
Factors	Rating				
	Outstanding	Very good	Good	Satisfactory	Unsatisfactory
1. Knowledge of the job	A	B	C	D	E
2. Reliability	A	B	C	D	E
3. Cooperation	A	B	C	D	E
4. Initiative	A	B	C	D	E
5. Quality of work	A	B	C	D	E
6. Sense of responsibility	A	B	C	D	E
7. Productivity	A	B	C	D	E
8. Punctuality	A	B	C	D	E
Reviewed by:					
Employee’s signature and comments					
.....					
Date					

However, the most popular form of appraisal, in Britain and the United States, is Management by Objectives. This appraisal is based on a person's performance, and how well he/she is achieving his/her goals. The manager and the subordinate agree on a certain number of objectives, which should be achieved in a given period of time. The focus is on results, not personality traits. An example of an MBO evaluation report for sales representatives is given in Figure 3.

Figure 3

Objectives set	Period objective	Accomplishments	Variance
1. Number of sales calls	100	104	+4%
2. Number of new customers contacted	20	18	-10%
3. Number of wholesalers stocking new product 117	30	30	0%
4. Sales of product 12	10,000	9,750	-25%
5. Sales of product 17	17,000	18,700	+10%
6. Customer complaints/ service calls	35	11	-68.6%
7. Number of sales reports in home office within 1 day of end of month	12	10	-17%

Another appraisal method is worth mentioning too. This is the Critical Incident Method. With this system, the manager keeps a record of good and unsatisfactory examples (incidents) of a person's work. These are kept in a file and reviewed with the manager when the interview takes place. An advantage of the system is that the manager has to think about the subordinate's performance throughout the year. Furthermore, specific examples of the person's work can be looked at and discussed at the appraisal interview. Below are some examples of critical incidents for a factory manager, recorded by his/her superior, in this case the Production Director.

Figure 4

Examples of critical incidents: Factory Manager	
Duties	Critical incidents
Schedule production for the factory	The manager ensured that 90% of orders were delivered on time. He introduced a new production method for product APT which has reduced costs.
Quality control	Rejected goods reduced to 5 per 1,000 units.
Stock control	Stock costs rose by 7.5%. Components H2 and H4 over-ordered.
Maintaining safety standards	Accident rate increased by 10%.

In spite of the need for performance appraisals, people do not like them. Many managers see appraisals as their most unpleasant duty and those who are appraised rarely have a good word to say for the system used by their organization. One problem is that the manager is expected to criticize the subordinate and to give guidance at the same time. However, it is not easy for a manager to combine those roles. Many people are naturally suspicious of appraisals. They think managers are trying to find out their weaknesses, so they are on the defensive. Moreover, managers are often unwilling to say that a subordinate's performance has been "outstanding" or "bad". So, the individual is described as being "just above average". This means that high fliers in the organization do not get a good enough evaluation while the work of poor performers may be over-valued. Finally, many managers do not like to criticize, in writing, a subordinate with whom they are working closely, day-by-day.

Appraisal can be a valuable process. At the interview, the manager should act as a guide to the subordinate, not as a judge. The purpose of the interview should be to discuss how the individual can "grow" in the organization, and make an effective contribution. The situation allows both parties to review the work of the individual, fix realistic targets, and plan that person's career development.

Understanding the main points

1. According to the survey conducted in the United States, what is the main purpose of performance appraisals?
2. What is the main difference between the *rating* and the Management by Objectives methods of appraisal?
3. If the critical incident system is used, what does the superior have to do before the performance appraisal interview takes place?
4. Why do some people think that the critical incident system is fairer than the others mentioned?
5. Why do very good employees often complain about their performance appraisals?
6. Which of the three systems of appraisal mentioned in this article do you think is the best for
 - a) the manager?
 - b) the employee?

Vocabulary focus

1. Explain the meaning of the following words and phrases

1. skills (paragraph 3)
.....
2. career objectives (paragraph 3)
.....
3. feedback (paragraph 4)
.....
4. reliability (paragraph 7)
.....
5. initiative (paragraph 7)
.....
6. guidance (paragraph 10)
.....
7. on the defensive (paragraph 10)
.....
8. high fliers (paragraph 10)
.....

LANGUAGE STUDY

*1. Idiomatic uses of **date***

Explain the meaning of the words and phrases in italics in the following sentences.

1. *To date*, we haven't received a single order for our new product.
2. Our advertising is beginning to look very *dated*.
3. We try to use *up-to-date* methods in our Production Department.
4. Our problems *date from* the time we lost that Russian contract.
5. Computer sales people have to constantly *up-date* their knowledge.
6. They are using *out-dated* plant and machinery to manufacture their products.

2. Word building.

Complete the following sentences with the correct form of the words in italics.

1. rely

1. He is a very **reliable** worker.
2. I am informed that he'll be promoted soon.
3. Her main quality is her
4. My assistant is someone who can be on.

2. *criticize*

1. The report has been received very by top management.
2. The Personnel Director is an outspoken of our reorganization.
3. I thought her were unfair and not based on fact.

3. *skill*

1. The Chairman was at avoiding answering awkward questions.
2. The workers in the Production Department are well-paid.
3. To be a good manager, you need many
4. The workers in our company are the lowest paid because they need no training for their jobs.

4. *employ*

1. Most in an organization can benefit from training.
2. is almost 8% in my country – that's far too high.
3. The are entitled to various social security payments.
4. He's fairly old and hasn't had a job for years. I'd say he's virtually

5. *sure*

1. Performance appraisals help to that promising staff are not overlooked for promotion.
2. At my interview, my boss me that I had a bright future in the company.

6. *able*

1. This young trainee has considerable
2. Due to our to get certain supplies, we lost the order.
3. Because of a production hold-up, we are to provide the product.
4. In my work, I am assisted by my secretary.

7. *decision*

1. Being a currency dealer in a bank, she has to make quick decisions and be very at all times.
2. Because we were, we wasted time and lost the contract.
3. I am still whether to leave my present job but I must make up my mind soon.

UNIT 10

CENTRALISATION OR DECENTRALISATION?

DISCUSSION

Read about Sharp and Marsden Ltd and then discuss the questions below.

Sharp and Marsden Ltd. Is a group of menswear stores. Its clothes, which are stylish and expensive, are aimed at the fashion-conscious eighteen to thirty-year-old buyer. The group is expanding fast in the UK. It has ten stores at present in large cities, and plans to open many more in the coming years.

The group faces a difficult problem. The directors disagree about how the group should be organized in the future. Some of the directors – Group A – believe that the stores should have a great deal of autonomy. Each store manager should be given considerable independence and responsibility. The other directors – Group B – have other ideas about how the stores should be organized.

Group A want the stores to have responsibility for things like the buying of goods, stock control, warehousing, selection and training of staff, advertising and promotion and payment of salaries and bonuses. The tasks of Head Office would be mainly to set profit targets for the stores and maintain financial controls. Head Office would provide some back-up services, such as market research, information technology, and the keeping of personnel records. Store managers should be allowed to get on with the job of making a profit. As long as they did this, Head Office should not interfere.

Directors in Group B, however, see things differently. They think that Head Office should have more control and more direct involvement in the running of the stores. This group would like Head Office to do the buying of merchandise for all ten stores. Stocks should be held in large regional distribution centres, and supplied to the individual stores when needed. Head Office would carry out such functions as selection and training of staff, salary administration, advertising and promotion, etc. In addition, the Finance Department would keep a close check on the performance of each store. Also, Head Office would keep tight control over all aspects of the stores' work. According to Group B directors, the task of the manager should be to run the store under the close guidance of Head Office.

1. What are the advantages and disadvantages of each system of organization?
2. Which system would be better for Sharp and Marsden Ltd? Why?
3. Give examples, if you can, of businesses which have either type of organization.

READING

Alfred Sloan (1874-1966) was an outstanding figure in the business world of America. He worked for forty-five years in the General Motors Corporation (GM). From 1923 to 1946, he was Chief Executive of the corporation, and he stayed on as Chairman of the Board until 1956. In 1963, Sloan published an account of his career with the organization, calling his book *My Years with General Motors*. In it he described some of the management problems he had had, and how he had dealt with them.

According to Sloan, every large enterprise has to face one major problem. It must decide how much it wishes to centralize or decentralize its business. What are centralization and decentralization? The terms refer to the degree of authority that is given to various levels of management and to the divisions of an organization. Authority may be defined as the right to make decisions, to direct the work of other people and to give instructions. When we talk about centralized and decentralized businesses, we mean the extent to which authority has been passed down – delegated – to lower levels or divisions of an organization.

When an organization is centralized, a limited amount of authority is delegated. If it is decentralized, a greater degree of authority is given to staff and divisions. For example, in a centralized company, Head Office may make most of the decisions concerning recruitment, the purchase of equipment and product lines. It may also be responsible for areas such as advertising, promotion and research and development.

In a decentralized company, the divisions will have wider responsibilities and authority. Divisional managers will, for instance, have authority to purchase expensive equipment and authorize substantial salary increases. In decentralized organizations, more important decisions can be made at lower levels. There are fewer controls from Head Office.

To sum up, a centralized business has a “tight” structure, whereas a decentralized business has a “looser” structure.

No enterprise chooses complete centralization or decentralization. In practice, it tries to find a balance between the two forms. The problem for organizations is to decide how much decentralization they want, and what kind?

When Alfred Sloan took over the running of General Motors, he inherited a corporation which was already decentralized. The previous Chief Executive, William Durant, had founded the company. Durant brought many businesses into General Motors and gave their managements a lot of independence. Alfred Sloan believed in decentralization and practiced it in the corporation. He made sure his division managers (e.g. those in charge of Cadillac, Buick and Chevrolet) had self-contained division. Each handled its own manufacturing, marketing, staff recruitment etc.

However, Sloan did not give the divisions complete freedom. He wanted Head Office to coordinate action and keep a measure of control over the units. Therefore, he decided that certain functions would be controlled centrally.

Very early on, he realized that Head Office would have to control finance more tightly. When he arrived, each division controlled its own cash, having its own accounts and paying its own bills. This meant the corporation was getting little direct income. When it had to pay things like taxes and dividends, the treasurer used to ask the divisions for cash. Sometimes, he had to go to a division, first talk about general business matters, and then later on bring up the subject of cash. The division's staff would often show surprise at the amount asked for, and delay handing it over! Clearly, with that system, cash was never available where and when it was needed in the corporation.

Alfred Sloan set up a new, centralized cash system. Cash accounts were controlled by the financial staff at Head Office. Cash receipts were made to them. And they authorized payments made from the corporation's accounts. With this system, money could be quickly transferred to units needing it. The central staff also decided how much would be kept in local accounts, to be used by the divisions.

As time went on, Alfred Sloan and his top managers worked out a balance between central control and delegated authority. Head Office controlled things like cash, capital expenditure and stock control. In addition, it controlled the profitability of divisions by developing measures of efficiency. But the divisions had a great deal of autonomy, being responsible for designing, making and marketing the cars.

Nowadays, decentralization is the fashion, the "buzz" word. Believers in decentralization argue along these lines: they say that it helps to "develop people" because staff get more responsibility, make more decisions, and so gain experience for later managerial positions. If an organization is too centralized, people become robots – which is demotivating. Decentralisation allows top managers to delegate jobs, so these managers will have more time to work on setting goals, planning corporate strategy and working out policies. The strongest argument for decentralization is that, in competitive conditions, the "looser" companies will be more flexible, better able to make quick decisions and to adapt to change.

In a famous book on management, *In Search of Excellence*, the writers argue that America's best-run companies know how to balance control and delegation. Excellent companies, say the authors of the book, have "loose-tight" characteristics. On the one hand, they have a simple structure, generally based on product divisions which also have great autonomy. These divisions have control over functions like product development, purchasing, finance, personnel, etc. On the other hand, the centre of these excellent companies – top management – provides "firm central direction". It continually stresses the "core values" of the organization, e.g. quality,

need for innovation, service, informal communications and so on. These central values provide the context within which staff can be creative, take risks – even fail.

It is normal for people to like independence, to dislike control. The more educated staff are, the more they will want to make decisions, to have authority. However, it is not easy to have more decentralization if the right staff are not available. For example, if you own a chain of stores, it may be difficult to give more authority to employees. The employees may be used to following rules, so they may not be able to take decisions, to show initiative. As Charles Handy, the expert on organization says, “It is one thing to prescribe diversity, decentralization and differentiation. It is another to manage it”.

Understanding the main points

1. Decide whether the following statements are true or false.

- | | |
|---|-----|
| 1. Alfred Sloan’s book was mainly about the organizational problems of General Motors | T/F |
| 2. In a decentralized company most key functions are the responsibility of the head office. | T/F |
| 3. The majority of companies have either a totally centralized or decentralized structure. | T/F |
| 4. William Durant and Alfred Sloan had a completely different approach to running General Motors. | T/F |
| 5. Alfred Sloan believed in what could be called “coordinated decentralisation”. | T/F |
| 6. When Alfred Sloan joined General Motors he established a new system which gave Head Office more control of the corporation’s finances. | T/F |

2. Note down the benefits which a company can gain by decentralizing.

1.
2.
3.
4.

3. Explain what Charles Handy meant when he said, “It is one thing to prescribe diversity, decentralization and differentiation. It is another to manage it”.

LANGUAGE STUDY

1. Find the words or phrases in the text which have the same meaning as the following definitions.

DEFINITIONS	WORD or PHRASE
1. the right to make decisions or give instructions
2. the employment of new staff
3. became responsible for
4. started, established
5. complete in itself
6. raise or introduce a subject (for discussion)
7. move or act slowly (often on purpose)
8. transferring or giving
9. gave official permission
10. freedom to act independently
11. something everybody is talking about
12. removing somebody's incentive or desire to do well
13. fixing objectives
14. adaptable
15. adopt a middle position between
16. emphasises
17. things a company believes in and considers very important
18. ability to assess a situation and decide on what action to take independently

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

authorise authority control function autonomy
 innovate innovative delegate delegation initiative

- In many department store groups, buying and finance are two which are handled by Head Office.
- Managers who like power find it difficult to responsibility.
- To stay competitive, high technology firms must constantly, or else their products become out of date.
- When you delegate authority in a business, you lose a degree of over certain functions.

5. In some multinational organisations, subsidiaries are given a great deal of – they rarely have to consult Head Office.
6. firms often make the mistake of not concentrating enough on marketing.
7. In our factory, the General Manager is to spend up to \$1,000 a month on repairs and maintenance.
8. I like my staff to make decisions for themselves, but they seem afraid to show any

3. *Phrasal verbs with bring.*

A. *Match the following verbs with the correct definitions.*

- | | |
|-------------------|---|
| 1. bring up | a) reduce |
| 2. bring out | b) persuade someone to change his/her opinion |
| 3. bring about | c) raise, mention a matter |
| 4. bring round to | d) cause to happen |
| 5. bring down | e) put on the matter |

B. *Complete the following passage with suitable verbs from the list above.*

At our management meeting, the Marketing Manager (1) the subject of our new lawnmower, the PX2 model. He mentioned that sales had been disappointing. The Production Manager said that problems with the PX2 had been (2) by bad timing. We had put the mower on the market at the wrong time of the year. However, he also thought the mower was too expensive. We should (3) its price, he thought. He presented his arguments well and, in the end, almost everyone(4) to his point of view. Finally, the Chairman gave his opinion. He advised us to forget about the PX2. In his view, it was a lemon! He thought we should (5) an entirely new model – something that would be a real breakthrough, technologically speaking.

Which words in the above passage mean

- a) not as good as expected?
.....
- b) to introduce a new product?
.....
- c) a failure (slang)?
.....
- d) an important development or discovery?
.....

UNIT 11

COMMUNICATIONS

DISCUSSION

Read the following conversation and then discuss the questions below.

David Johnston, General Manager of Northern Textiles Ltd, visits the Supplies Department to talk to Valerie Harper. Valerie has been working in the department for about a year.

JOHNSTON Hello Valerie. Just dropped by to check that those spare parts have arrived – the ones for the cutting machines.

HARPER The spare parts? Oh, yes. Look, I'm sorry ...

JOHNSTON What? Don't tell me ... Oh, no!

HARPER I'm really sorry. I called Jack Peters at Humber Engineering, but there's been some sort of go-slow at the factory – some dispute over overtime pay – and they just can't meet all their orders.

JOHNSTON Come on, Valerie, you can do better than that. It's your job to make sure spare parts get here on time.

HARPER Yes, but surely ...

JOHNSTON No 'Yes, but's. You're a university graduate, aren't you? I thought you people knew how to solve problems – anyway, that's what you told me at your interview.

HARPER I tried one or two other firms. The trouble is, these machines are really old. No one seems to be making spare parts for them any more.

JOHNSTON Nonsense, try some more firms. And, if you have to, lean hard on Jack Peters. We're one of his best customers.

HARPER All right. But to be honest ...

JOHNSTON That's more like it. You can go far in this company if you have the right attitude, Valerie. Now, you will have those parts here by Monday, won't you?

HARPER Er ... yes, Mr Johnston.

JOHNSTON Great. How's the boyfriend these days? The one I met at the office party.

HARPER Oh Tom? He's fine, thanks.

JOHNSTON Glad to hear it. OK, Valerie, don't let me keep you from your work.

HARPER OK, Mr Johnston, fine.

1. Are David Johnston and Valerie Harper communicating effectively?
2. If not, how could they improve communications between them?

READING

In recent years, few books on management have been more acclaimed than *In Search of Excellence*. Written by two business consultants, Thomas Peters and Robert Waterman, the book identified factors which have accounted for the success of some of America's best-run companies. Forty-three top companies were studied. Many examples of the experiences of these organizations are given in the book. These provide useful lessons for all managers.

One of the points made by the writers is that communications in excellent companies are different from those in other companies. Excellent companies have a "vast network of informal, open communications". People working in them keep in contact with each other regularly. They meet often, and have many unscheduled meetings. In the best-run businesses, few barriers exist to prevent people talking to each other. The companies do everything possible to ensure that staff meet easily and frequently.

The authors give many examples to back up their view. For instance, one day, they visited the Minnesota Mining and Manufacturing Company (3M). They soon noticed that there were a lot of casual meetings going on with "salespeople, marketing people, manufacturing people – even accounting people – sitting around, chattering about new product problems... It went on all day – people meeting in a seemingly random way to get things done". One of the 3M executives told the authors, "We just plain talk to each other a lot without a lot of paper or formal rigmarole".

The book is full of examples of companies who believe in "keeping in touch": firms like IBM where the Chairman personally answers any complaint which is addressed by members of staff; other companies where managers are encouraged to get out of the office and walk around and some which make a point of informality, like Walt Disney Productions, where everyone wears a name-tag with his/her first name on it.

One problem with communication is that people think they have got their message across when in fact they have not. We do not, in fact, communicate as effectively as we think we do. Several studies have shown this. In 1954, a study was made of a production department in a British company. The department manager believed he had given "instruction or decisions in 165 out of 236 episodes, but his subordinates considered they had received instruction on only 84 occasions". Research done by Rensis Likert in 1961 showed that 85% of the supervisors thought their subordinates felt free to discuss important things with them. However, only 51% of the employees agreed with this opinion!

This finding is important for managers. It suggests that, when giving instructions, managers must make sure that those instructions have been understood and interpreted correctly.

A breakdown in communication is quite likely to happen if there is some kind of “social distance” between people. In organizations, people may have difficulty communicating if they are different in status, or if one person has a much higher position than the other. For example, a couple of production workers will probably speak frankly to each other about things that are going wrong in their department. But if the Chief Executive of the company passes by and asks how things are going, they’ll probably say, “Just fine, thank you”. It is risky to tell the truth to someone higher up in the hierarchy – they may not like what they hear and hold it against you.

For this reason, staff often “filter” information. They deliberately alter the facts, telling the boss what he/she wants to hear. They do not want to give bad news, so they give their superior too good an impression of the situation. “The project’s coming along fine,” they say, when in fact it is a month behind schedule!

There’s nothing new about all this. One thinks of Cleopatra and the problem she had in her military campaigns. She used to give gold to messengers bringing good news, but executed those bringing bad news. It is not surprising, therefore, that the information she received was unreliable!

One way of reducing social distance – and improving communications – is to cut down on status symbols. It is possible, for example, to have a common dining-room for all staff. It is worth noting, too, that in Japanese companies, it is common for all the staff to wear uniforms.

Physical surroundings and physical distance limit or encourage communication. Studies show that the further away a person is, the less he/she communicates. At the Massachusetts Institute of Technology (MIT), Thomas Allen studied the effect of location on communication in engineering and research departments. He showed that if people were more than ten metres apart, the probability of communicating at least once a week was about 8%. When they were five metres apart, the probability was 25%.

The physical layout of an office must be carefully planned. Open-plan offices are designed to make communication easier and quicker. However, it is interesting to note that employees in such offices will often move furniture and other objects to create mini-offices.

Excellent companies use space to create good communications. The Corning Glass Company in the United States installed escalators, rather than lifts, in their new engineering building because they wanted to increase the chances of employees meeting face-to-face.

Another important barrier to communication is selective perception. Put simply, this means that people perceive things in different ways. The world of the sender is not the same as the world of the receiver. Because their knowledge and experience is different, sender and receiver are always on slightly different wavelengths. Therefore, a manager will say something, but the employee will interpret his meaning incorrectly. The message becomes distorted. For example, the manager said, “Your people seem to be having some problems getting their work out on time. I want you to look into this situation and straighten it out”. He wanted his subordinate to talk to his people and find out what the problem was and then jointly solved it. But the subordinate heard, “I don’t care how many heads you bust, just get me that output. I’ve got enough problems around here without you screwing things up too”.

Communication problems will arise, from time to time, in the best-run companies. However, to minimize such problems, managers must remember one thing. Communication should be a two-way process. Managers should encourage staff to ask questions and to react to what the managers are saying. Feedback is essential. The most useful question a manager can ask is “Did you understand that?”

Understanding the main points

1. Number the following ideas 1-8, depending on the order in which they appear in the text.

- 1. In *In Search of Excellence* the authors give many examples of the ways in which organizations try to break down the barriers between management and employees.
- 2. Subordinates are often reluctant to tell their superiors when things are not going well.
- 3. In the most successfully managed organizations communications are extremely good because staff meet to discuss things openly and informally.
- 4. Communication problems sometimes occur when employees misinterpret what their manager tell them.
- 5. Better communications between managers and employees can be achieved by trying to reduce the social divisions between them within the company.
- 6. The purpose of the book was to illustrate the good management techniques which are used in top American companies.
- 7. One of the problems faced by managers is that their staff do not always feel that they are able to come and discuss important matters freely with them.
- 8. Staff communications are much easier if work places are designed in such a way that people frequently come into contact with each other.

2. *What are the advantages and disadvantages of having open-plan offices?*
3. *Why are the manager and the subordinate in the example not communicating properly?*
4. *Supposing you were Communications Manager in a large organization, what advice would you give managers to avoid communications problems?
Note down a few of the suggestions you would make.*

1.
2.
3.
4.
5.

Vocabulary focus

1. *Find words or phrases in the text which mean the same as the following:*

1. to welcome (paragraph 1)
.....
2. to answer for (paragraph 1)
.....
3. to communicate (paragraph 2)
.....
4. to support (paragraph 3)
.....
5. by chance (paragraph 3)
.....
6. to change (paragraph 8)
.....
7. to interpret (paragraph 14)
.....

2. *Complete the extract with the following words: **aims, confidence, rapport, understand, relationship, verbal, development, one-to-one, strategy.***

Communication is the key. People have to (1) what you are trying to tell them to do. They have to have a long-term (2) in terms of their career(3). You must make it clear, as a manager, what those (4) are. (5) is more important than written. People can talk to you on a (6) basis. You actually encourage (7) then and you actually get a (8) and a (9) with the individual.

LANGUAGE STUDY

1. Idiomatic uses of *point*.

come to/get to/reach the point	give the important part of what one is trying to say
keep to the point	limit oneself to what is relevant to the subject being discussed
get away from/off the point	say something irrelevant
point out	draw attention to something
make a point	express your opinion, offer an argument, e.g. <i>He made several valuable points at our last production meeting.</i>
make a point of	make a special effort to, e.g. <i>I shall make a point of visiting our agent when I go to Madrid next week.</i>
on the point of	about to do something, e.g. I was on the point of leaving my office when I got a telex from Japan.
up to a point	not completely
point-blank	in a forceful, direct manner

Complete the following sentences, using suitable verbs, phrases and expressions from the table above.

- Our Chairman likes to know everyone in the firm. When he visits our factory he chatting with all the staff he meets.
- Harry is boring at meetings. He talks for hours and never
- Pamela is very good at chairing meeting. She makes sure that speakers
- I thought John at the meeting about our need to improve our distribution system.
- I don't entirely accept your analysis of the situation, but I agree
- I have heard a rumour that there will be quite a few redundancies when we're taken over. There's only one way to find out. I'll have to ask the Personnel Director
- Peter seems to be really fed up with his job at the moment. I'd say he is leaving the company.
- The Financial Director that the loan would have to be repaired within ten years.

2. Idiomatic uses of **back**.

put your back into it	work very hard (usually physical work)
back out	withdraw (from an agreement, a contract etc.)
back down	admit that you are wrong
back up	support someone (in a discussion or argument)
back-date (v.)	make effective from an earlier date e.g. <i>My salary increase was back-dated to January.</i>
break the back of	finish the most difficult/main part of a job/task
have your back against the wall	be in a difficult situation
background	a person's social class, education, training or experience
backing	support (moral or financial)
backhander (informal)	bribe
backlog	accumulation of uncompleted work, unfulfilled orders etc. e.g. <i>When I returned to work from my holiday, there was an enormous backlog of correspondence to deal with.</i>
back-breaking	very hard, tiring physical work

Answer the following questions using suitable verbs, phrases and expressions from the table above.

1. If you are not happy when negotiating a contract, what is the best thing to do?
2. What sort of person would you select to run a major car manufacturing company?
3. Suppose you are a creative person and you have just invented a revolutionary electric razor but do not have enough money to develop it yourself. What would you try to do?
4. In some countries, goods can be delayed at customs for a long time. How might some dishonest people speed up clearance of the goods?
5. Some workers have to spend all day lifting heavy cases on and off trucks. How would you describe that sort of work?
6. How does the owner of the firm feel when he/she is faced with a desperate situation such as a huge tax bill or bankruptcy?
7. It is September. After several months of hard negotiations between your union and management you learn that you are to receive a pay increase. What do you hope management have agreed to?
8. You have been working all morning on a difficult task. Now you feel fairly happy. Why?

Use the remaining verbs, phrases and expressions with **back** in your own sentences.

UNIT 12

LEADERSHIP

DISCUSSION

Work in groups of three or four. Each member of the group should choose a famous leader, either living or dead.

First, members should say briefly

- a). what the leader achieved
- b). what qualities and abilities the leader has (or had)
- c). whether group members think the person they chose was an *effective* leader

Then, the group should discuss the following questions.

1. Do the leaders you have described have any common characteristics, e.g. similar qualities, abilities, skills etc.?
2. Are leaders born or made?

READING

Leadership is needed at all levels in an organization. It is likely, however, that the leadership qualities required by a supervisor or manager are not the same as those required by the chief executive of a company. It is, therefore, difficult to define leadership satisfactorily.

A typical definition is that the leader “provides direction and influences others to achieve common goals.” This is true in the case of supervisors and managers, but is it a good definition of the leader of an organization? A chief executive must indeed give “direction” but he must do much more than that. He has to create “a sense of excitement” in the organization, and convince staff that he knows where the business is going. In addition he must be a focus for their aspirations. As Peter Drucker, the American writer, says, “Leadership is the lifting of a man’s vision to higher sights, the raising of a man’s performance to a higher standard, the building of a man’s personality beyond its normal limitations.”

When psychologists and other researchers first studied leadership, they tried to find out if leaders had special personal qualities or skills. They asked the question: Were there specific *traits* which made leaders different from other people? The results of their research were disappointing. In time, it became clear that there was not a set of qualities distinguishing leaders from non-leaders. Some studies had suggested, for example, that leaders were more intelligent, more self-confident, had

better judgement etc. than other people. But, it was pointed out, many people with these traits do not become leaders. And many leaders do not have such traits!

In 1974, a researcher, Ralf Stogdill, reviewed a large number of projects on leadership. In Chart 1, you can see the personal qualities which were considered important for success as a leader.

Chart 1.

CHARACTERISTICS OF A LEADER	
Personal qualities	Number of studies
Fluency of speech	28
Ascendance, dominance	42
Knowledge	23
Emotional balance, control	25
Originality, creativity	20
Self confidence	45
Achievement drive, desire to excel	28
Drive for responsibility	29
Task orientation (interest in work)	19
Sociability, interpersonal skills	49
Participation in social exchange	29

Source: R. Stogdill, *Handbook of Leadership*. Macmillan, 1974.

However, as early as the 1950s, the trait approach to leadership had become discredited. It is generally agreed now that you cannot say a person is a leader because he/she possesses a special combination of traits. All you can say is that some qualities, like above-average intelligence and decisiveness, are often associated with leaders.

An important analysis of leadership has been made by Fred Fiedler, Professor of Psychology and Management at the University of Washington. For over twenty years, he has carried out research into effective leadership in a number of organizations – businesses, government agencies and voluntary associations. Fiedler observed how leaders behaved, and he has identified two basic leadership styles:

Task-motivated leaders “tell people what to do and how to do it.” Such leaders get their satisfaction from completing the task and knowing they have done it well. They run a “tight ship”, give clear orders and expect clear directives from their superiors. This does not mean that they show no concern for other people. But their priority is getting the job done.

Relationship-motivated leaders are more people-oriented. They get their satisfaction from having a good relationship with other workers. They want to be admired and liked by their subordinates. Such leaders will share responsibility with group members by encouraging subordinates to participate in decisions and make suggestions.

Throughout his work, Fred Fiedler emphasized that both styles of leadership could be effective in appropriate situations. There was no best style for all situations. Effective leadership depended on matching the leader to the task and the situation.

In a book called *The Winning Streak*, the authors studied leadership in some top British companies. The managers of those companies believed that effective leadership was a crucial factor in their organisations' success.

The authors were able to identify some characteristics of the chairmen and chief executives of the companies, which made them good leaders: firstly, the leaders were "visible". They didn't hide away in some ivory tower at Head Office. Instead, they made regular visits to plants and sites, toured round their companies and talked to employees. Leaders made their presence felt. There are some fascinating examples of this practice. Sir Hector Laing, Chairman of United Biscuits, travels around his company with a jug of orange juice. He uses this to show employees how the company profits are divided up between employees, reinvestment, dividends, tax etc. Lord Sieff, Chairman of Marks and Spencer until 1984, kept close contact with his staff. Once, when there had been heavy snowfalls, he drove from London to Chatham – a long way – just to thank sales assistants for turning up in spite of the weather. Lord Sieff had the habit of making telephone calls every Saturday, at about 5 p. m. to a few stores, chosen at random. He wanted to know how the day's trading had gone. No doubt, by doing this, he kept the staff on their toes. And he showed them that the Chairman had not forgotten them!

Another example of being "visible" is provided by Brian Nelson, Group Managing Director of Bulmer, the cider-making firm. Every six months, he goes out in a lorry which delivers cider, and works as the lorry driver's mate. This gives him the opportunity to learn about the delivery service, and to talk frankly to employees about their problems.

Besides being visible, the leaders of these top companies provided a "clear mission". In other words, they knew where the organization was going and persuaded staff to follow them. Sometimes, they spelled out the mission in a written statement. For example, Saatchi and Saatchi, the advertising group, include a statement of their principles in all annual reports. The statement says that Saatchi and Saatchi must be "sharp in the definition of their long-term objectives". And the documents also cover matters like employees, clients, creativity, market position and profitability.

Finally, successful organizations have clear values. And it is the job of the leader to show what they are. As Douglas Strachan, Managing Director of Allied Lyons Beer Division, says, "You have to keep telling people your values. If you repeat it often enough, it does go down the line". Thus, the leader is not only someone who "lifts a man's vision". He/She must also protect and promote the organisation's values.

Understanding the main points

1. Complete the following sentences, using your own words.

1. The main problem with the *trait* approach to leadership was that
2. According to Fiedler the most important aim of a task-motivated leader is
3. On the other hand, a relationship-motivated leader's main concern is
4. Fiedler does not think that one style of leadership is necessarily better than the other because

2. The authors of The Winning Streak have identified the main characteristics of the leadership styles of effective company chairmen and chief executives. Note down the three characteristics described in the text.

1.
2.
3.

Vocabulary focus

1. Explain the meaning of the following words and phrases.

1. where the business is going
2. focus for their aspirations
3. disappointing
4. discredited
5. directives
6. priority

- 7. getting the job done
.....
- 8. people-oriented
.....
- 9. crucial
.....
- 10. kept the staff on their toes
.....
- 11. it goes down the line
.....

LANGUAGE STUDY

1. Below are some adjectives and nouns with self. Study them and check their meanings in a dictionary. Then use them to complete the following sentences.

ADJECTIVES

NOUNS

- self-confident
- self-addressed
- self-educated
- self-made
- self-appointed
- self-important
- self-explanatory
- self-evident
- self-employed
- self-reliant

- self-control
- self-discipline
- self-satisfaction
- self-confidence

- 1. The instructions on this package are simple to follow. They are really
.....
- 2. He got to the top in business by his own efforts in spite of having little
education or training. He's entirely a
- 3. We need salespeople who can work on their own initiative. They must be
.....
- 4. It's not easy to start work at six o'clock every morning. You need plenty of
..... to get to work on time.
- 5. Bill has no official position but he's very influential with the shop-floor
workers. He's their leader.

6. I get a sense of when I think that I entered this company as an office boy and I'm now its chairman.
7. businessmen generally like the feeling of independence.
8. It is that a bank manager won't lend you money to start a company if you don't have some kind of business plan.
9. She's confident she'll be the best Office Manager we've ever had. Her is remarkable.
10. It's easy to lose your temper if an employee makes a silly mistake. However, a good manager learns to show
11. If you need more information, please write to us including a envelope.
12. A leader needs to be because if he doubts his own judgement, others will do so too.
13. Despite her culture and knowledge, she is in fact largely since she left school at fifteen.

2. Use the following words and expressions to complete the sentences below:
black market, value, onto, marketable, on the market.

1. When you develop a product, you hope people will eventually buy it. You hope the product will be
2. Sony are continually putting new products
3. If you buy currency or goods illegally, you buy them on the
4. An interesting property has just come the market.
5. We have no idea what the present market of our buildings is.

3. Answer the following questions.

1. What does a firm usually carry out before it introduces a product onto the market?
2. What expression means "the proportion of the market held by one manufacturer or brand"?
3. What do we call the place where shares are bought and sold in large quantities?
4. What does a firm do when it goes "up-market" and "down-market"?

5. What is a “seller’s market” and a “buyer’s market”? Can you give an example of each from the world of business?
6. What do we mean when we say that a market is “saturated”?

4. *Phrasal verbs and nouns with **turn**.*

A. *Match the following verbs and nouns with the correct definitions.*

- | | |
|------------------|---|
| 1. turn up | a) do something in an agreed order |
| 2. turn down | b) the amount of sales in a certain period of time |
| 3. turn over | c) do business or sell goods worth a certain amount |
| 4. turn round | d) make a business profitable again after it has had losses |
| 5. turn out | e) a point in time when an important change takes place |
| 6. turn against | f) workers employed to replace those who have left |
| 7. take turns | g) produce |
| 8. turning point | h) refuse, reject |
| 9. turnover | i) change one’s attitude and become hostile |
| 10. turnover | j) arrive, appear |

B. *Complete the following passages with words from the list above.*

1. I work for a kitchen appliance manufacturer. We’re a fairly large organization. Our (1) is over \$20m annually, and I’d say we(2) roughly 2,000 units a month. We’re profitable now but we had a difficult time in the early 1980s. We almost went bankrupt. The (3) was when we got a new Chief Executive. Within two years, he completely (4) the company. Now we’re doing well. Our only problem is that our labour (5) is rather high – well above average for the industry.
2. I’m meant to start work at 8.30 a.m. but I often (1) late. On Fridays, someone in the office has to work until 10 p.m. We usually (2) - it’s fairer that way. I quite like my job and I don’t want any more responsibility. In fact, I’ve already (3) two offers of promotion, much to my boss’s annoyance. I hope he doesn’t (4) me because I’ve refused opportunities for promotion. By the way, my firm (5) about \$200,000 a month.

5. *Discuss the following questions in groups of three or four:*

1. What are the characteristics of a true leader?
2. Do you think you have the qualities of a good manager/leader?
3. Would you be authoritarian or approachable?

UNIT 13

MANAGEMENT IN MULTINATIONALS

DISCUSSION

Study the following examples of mistakes that foreign business people have made when doing business abroad and then answer the questions below each one.

A An American airline company operating in Brazil advertised proudly that it had luxurious ‘rendezvous lounges’ on its jets. The advertisement upset many people in Brazil. Can you suggest why?

B Some time ago an American company in Spain decided to have a company picnic – such picnics had been successful at their headquarters in the US. At the picnic in their Spanish branch, the US executives dressed up as chefs and served food to the Spanish workers in the company. The idea was to promote friendly relations between executives and workers. The atmosphere at the picnic was not good, and the picnic was not very successful. Can you guess why?

C This advertisement appeared in magazines and other media in Quebec, Canada. A woman, dressed in shorts, could be seen playing golf with her husband. The caption said that housewives could have an enjoyable day on the golf course and still quickly prepare a delicious evening meal by serving the advertised canned fish. The advertisement was totally inappropriate for the Quebec market. Do you have any idea why?

D A manufacturer of cosmetics wanted to break into the French market. It decided to use chain stores to distribute its goods because (i) marketing and distribution costs would be decreased and (ii) its goods would be given plenty of shelf space. This approach was disastrous for the company. Why do you think this was?

E A foreign buyer negotiated with a Japanese businessman. During the negotiations, the Japanese man sat back in his chair several times, maintaining complete silence. When the foreign buyer got back to his hotel, he realized he had paid too much for the goods supplied by the Japanese man. Why did this happen?

F A foreign businessman had been negotiating a deal in England. When he got back to the hotel, his boss phoned him. “How did it go?” asked the boss. “Just great”, replied the foreign businessman. “I made several proposals to the Englishman and he kept shaking his head up and down – he obviously agreed with everything I said”. What mistake has the foreign businessman made? And why?

READING

If asked to define a multinational, most people would say that it is a company doing business in more than one country. Many experts, however, would not be satisfied with this definition. They believe that it does not indicate the size and scale of the multinational's activities. To be a "true" multinational, they say an organization should operate in at least six countries and have no less than 20% of its sales or assets in those countries. In addition, it should 'think internationally'. That is to say, the management should have a 'global perspective'. It should see the world as inter-related and inter-dependent.

An example of this global approach is provided by the Massey Ferguson company. Its tractors are assembled from parts made in several countries. As one of their executives says, 'We combine French-made transmissions, British-made engines, Mexican-made axles and United States-made sheet metal parts to produce in Detroit a tractor for sale in Canada.'

The size and international organization of some multinationals is impressive. The larger enterprises, like IBM, British Petroleum and Mobil Oil, have subsidiaries in sixty to eighty countries. Some, like Heinz, Singer and Exxon, get more than half their profits from overseas business. Details of the top fifteen multinationals are given in Figure 1.

Figure 1

The Top 15 Multinational Companies			
Country	Company	Foreign Sales As Percentage of Total	Number of Countries in which Subsidiaries Are Located
USA	General Motors	19	21
USA	Exxon	50	25
USA	Ford	26	30
Netherlands	Royal Dutch/Shell	79	43
USA	General Electric	16	32
USA	IBM	39	80
USA	Mobil Oil	45	62
USA	Chrysler	24	26
USA	Texaco	40	30
Britain	Unilever	42	40
USA	ITT	42	40
USA	Gulf Oil	45	61
Britain	British Petroleum	88	52
Netherlands	Philips		
	Gloeilampenfabrieken	n.a.	29
USA	Standard Oil of California	45	26

Source: United Nations data

Some economists have estimated that, by the year 2000, about 200 to 300 multinationals will be providing half of the world's total goods and services.

Because of their global approach, multinationals often make decisions which are against the interests of their host countries. They may decide, for example, to close down their plant in Country A because they wish to concentrate production in Country B. Obviously, this will be an unpopular decision in Country A. The government of that country will probably put pressure on the multinational to change its mind. Multinationals are criticised by foreign governments for other reasons. Sometimes, a subsidiary in one country will supply another subsidiary with cheap – or below-cost – products. This happens when a subsidiary has just started up in a country. The other subsidiary will help it to get on its feet. Difficulties often arise when a multinational wishes to transfer its earnings back to Head Office. The host country may feel that the transfer will have a bad effect on the exchange rate of its currency. Or, it may want the multinational to re-invest profits in the business. The interests of multinationals and foreign governments frequently clash. This can lead to friction between the two sides, and even bitterness.

The list of complaints against multinationals is a long one. As a result, many countries have tried to restrict their operations. Some, such as Nigeria and India, have said that a certain percentage of the equity of the foreign company must be owned by local investors. Other countries insist that a percentage of the managers of the multinational must be local staff.

Multinational managers will spend much of their time working overseas. They will, therefore, be living and working in a strange environment. They will have to deal with people who have a different language, customs, religion and business practices. They will find that they cannot do things the way they did at home.

In a book entitled *International Business Blunders*, the authors give some examples of what happens when managers do not take foreign conditions into account. They describe, for example, how an American company sent sewing-machines to a developing country. Unfortunately, the machines became rusty because the natives drank the lubricating oil. They believed it to be a fertility potion! In another example the authors describe how an American manager in Japan offended a very important Japanese executive because he did not show the executive enough respect. The two men had met first in the Japanese man's office. This was small and had little furniture in it, so the American assumed the other man was a low-level executive. He did not realize that, in Japan, a top executive does not necessarily have a plush office.

Managers working abroad need various skills. Clearly, it is a great advantage if they know the language of the country they are working in. But this is not the most important requirement. A recent study has shown that they need, above all, these qualities: human relations skills, an understanding of the other culture and the ability to adapt.

Human relations skills are vital because, to be effective, the manager must persuade local staff to cooperate with him. In the study mentioned above, some Asian executives described how they felt about American managers, after working with them for some time. The executives were from Taiwan, the Philippines and India. They suggested that the American managers sometimes had an attitude of intellectual and cultural superiority. They seemed to be 'know-it-alls'. And they tried to impose their way of life on local workers. The American needed to lose those attitudes. They had to be more willing to learn from their fellow workers, and to treat them as 'partners'.

Differences in culture are important when a manager is negotiating in a foreign country. For instance, many Europeans and Americans like to get to the point quickly when negotiating. This is not so in some countries, like Brazil, where people prefer to beat around the bush more. They take their time, trying to create a relationship of trust. In such countries, the European or American manager must be patient, or else he will come away from a deal empty-handed. In Japan, there are often long silences during negotiations – especially if things are not going smoothly. European and American executives tend to react in the wrong way when this happens. They make a concessions or talk in an over-eager way, so that they lose ground in the discussions.

Finally, those working abroad must remember that a deal is not always a deal. In some countries, a person may say 'yes' to a proposal simply to be polite, or agreeable. Even written contracts, in some areas, may not be worth much.

Understanding the main points

1. In the opinion of experts, what are the two factors indicating that a company is truly a multinational?
2. Which of the top fifteen multinationals in Figure I depends most heavily on earnings from foreign trade?
3. Why might a foreign government object if a subsidiary of a multinational in one country supplies a subsidiary in another country with below-cost products?
4. What must a multinational do if it wishes to have a subsidiary in Nigeria?
5. What do you think the aim of the book *International Business Blunders* is?
6. Why did the Asian executives criticise their American managers?
7. How might an unfamiliarity with Japanese culture put European businessmen at a disadvantage in Japan?

Vocabulary focus

1. Explain the meaning of the following words and phrases.

- 1. assets
- 2. close down
- 3. put pressure on
- 4. started up
- 5. get on its feet
- 6. earnings
- 7. friction
- 8. equity
- 9. offended
- 10. get to the point
- 11. beat around the bush
- 12. empty-handed

LANGUAGE STUDY

1. Complete the following passage, using suitable words from the box below.

agreement	equity	stalemate
compromise (verb)	inflexible	deadlock
concession	investment	withdraw
counter-proposal(s)	negotiate	pull out
deal	shareholding	

Many countries, such as Nigeria and India, are trying to get more control over their economies. They welcome foreign (1) but insist that their own nationals own a percentage of the foreign company's (2). The size of the (3) varies, ranging from 20% to 60%, though it can be higher or lower.

When governments try to increase their nationals' equity shareholding, foreign companies are not pleased. Generally, they try to (4) with the government to keep the percentage as low as possible. They argue and haggle, make proposals and (5), to persuade the government to give way and make some kind of (6). If the foreign company employs many local people, or earns a lot of foreign currency, the government may be willing to (7).

Some governments are very (8) and will make no concessions. In this case, the negotiations end in a (9), with neither side giving way. The foreign company ends up by (10) from the country. This usually

leads to feelings of great bitterness on both sides. No company wants to leave a country. In general, the foreign firm will make every effort to reach (11) or make some sort of (12) with the host government.

2. Idiomatic uses of *foot/feet*.

Study the following list of expressions. If necessary, check their meaning in a dictionary.

1. get back on one's feet (again)
2. get a foot in the door
3. fall on one's feet
4. have/get cold feet
5. put one's foot down
6. put one's foot in it
7. have a foothold in

Rewrite the following sentences, replacing the words in italics with the correct forms of the expressions above.

1. The management *has acted firmly* concerning smoking in the factory.
2. We don't have a contract with them but we've *taken the first steps towards getting one*.
3. I was laid off in January but I *was really lucky* because I found an even better job a month later.
4. I *made a bad mistake* when I told our Marketing Director that the new product would fail.
5. For some time, we were planning to enter the US market. Then, at the last moment, we *lost our nerve and decided not to*.
6. The group of department stores made losses for three years running. However, now it *has recovered*.
7. It took three years' hard work, but at the last we're *got a secure position* in the Japanese market.

3. Idiomatic uses of *mind*.

A. *Complete the following sentences with suitable words.*

1. Companies sometimes have difficulty up their minds which market to enter.
2. We are in minds whether to set up a subsidiary in West Germany. We're not sure if sales will be large enough.

3. Our agent's results have been disappointing but we must in mind that he's only been handling our goods for eighteen months.
4. my mind, overseas postings upset one's family life.
5. Our Chairman's a bore. He goes on and on about exports. I reckon he's got a-track mind!
6. When you work in a foreign country, you've got to be-minded and respect the opinions of the people living there, even if you think those people are rather intolerant and-minded.
7. I'm not really happy working in the Personnel Department. I've a mind to ask for a transfer.
8. When my boss was sent to Hong Kong, it never my mind that I would be asked to replace him.

B. Working in groups of two or three, discuss the meaning of the words in italics in the following sentences.

1. We've had little success in the Saudi Arabian market. *Mind you*, it's a tough one to break into.
2. I've forgotten to send off those letters. *Never mind!* I'll post them first thing tomorrow morning.
3. Efficient secretaries are rarely *absent-minded*.
4. This is the third time this week Jean has been late for work. I'm really going to *give her a piece of my mind*.
5. That sales presentation I've got to give – you know, it's *been on my mind* all week.

4. The word or phrases listed below can be followed by **of**, **to**, **for** or **on**. Working in pairs, decide which preposition follows each one.
(v.=verb, n.=noun, sb.=somebody)

criticize (sb.)	...for.....	gamble (v.)	.....
focus (v.)	.....	succeed	.....
responsible	.....	approve	.....
agree	.....	accuse (sb.)	.....
praise (sb.)	.....	chance (n.)	.....
congratulate (sb.)	.....	in favour	.....
famous	.....	object (v.)	.....
set one's heart	.....	think	.....

Rewrite the following sentences without changing their meaning. Use the words and phrases above and make any other necessary changes.

e. g. Susan's job is to order supplies.

responsible

Susan is responsible **for** ordering supplies.

1. Some people have said that multinationals do not train enough local staff.

criticised

.....

2. 'Today, we shall pay special attention to the problems of multinationals,' said the television presenter.

focus

.....

3. Their proposal was unacceptable to us.

agree

.....

4. IBM make high-quality products and give good service, as everyone knows.

famous

.....

5. Because of his actions, several local firms have gone bankrupt.

responsible

.....

6. I'm absolutely determined to work in our Los Angeles plant for a year or two.

set one's heart

.....

7. Is it at all possible for you to be transferred abroad?

chance

.....

8. We are taking a chance, hoping that the host government will make concessions.

gamble

.....

9. Some governments cannot accept the fact that multinationals dominate key industrial sectors.

object

.....

10. They were able to persuade the government to offer more favourable conditions.

succeed

.....

Finally, make your own sentences using the following words or phrases followed by the correct prepositions: praise, congratulate, approve, accuse, in favour, think.

UNIT 14

SOCIAL RESPONSIBILITY

DISCUSSION

Study the following situation and then answer the questions below.

Let us suppose you are a top executive for a multinational organization. You are sent out to run a subsidiary in a small African country. The subsidiary, a chemical manufacturing plant, has had poor results recently. Your job is to make it profitable again.

Shortly after you take up your appointment, you realize that the plant is causing a lot of pollution. Fumes are pouring out of the old-fashioned chimneys and the wind blows them towards the nearby towns. In addition, chemical waste is finding its way into rivers and streams. To reduce all this pollution, you will need to spend a great deal of time and money.

This may not, however, be necessary. Some of your managers, who are nationals of the country, tell you not to worry. They can “pull strings” with government officials, so that the government will turn a blind eye to the pollution. Other foreign companies, say the managers, look after their pollution problem in this manner.

1. If you were the executive in this situation, what would you do?
2. What do you think most companies would do if faced by the same problem?

READING

What is the purpose of a business? Is it just to make as much profit as possible for its shareholders? Or does a business have a wider responsibility to help solve society’s problems? This is the controversial topic we shall now examine.

Thirty or so years ago, discussions of social responsibility were of three types. Firstly, there was a lot of talk about how business people should behave in their work. Should they have the same ethical standards – the same principles – as they had in their private life? A question which was often discussed was: should an executive offer a bribe to secure a contract, when he knew that his competitors were likely to do so? Secondly, people discussed the social responsibility of business towards its employees. They were interested in how organizations could improve the working conditions of their employees. Finally, social responsibility included the idea that business people should contribute to cultural activities. They should support activities like music festivals and art exhibitions. Executives were also expected to serve on

educational committees, hospital boards, and so on. In other words, they had to take an active part in the life of their community.

These days, there is a new approach to social responsibility. Many people say that a business should try to meet the needs and interests of society. It has an obligation to help solve the problems of society. Because of this new concept, society expects more from its business organizations. For example, pressure is put on businesses to provide a safer environment. A chemical company, therefore, is not only expected to meet government standards regarding pollution. It must take steps to reduce pollution to as low a level as possible – even if this means reduced profits.

These days, businesses are expected to show social responsibility in all kinds of ways. They are urged to provide safer products; to protect and respect the environment; to hire more people from minority groups; to offer work opportunities to unemployed youngsters; to oppose racial discrimination and at all times behave with integrity. The list is endless.

An example of the new approach can be found in banking. Some well-known British banks have had pressure put on them to stop doing business in South Africa. This is because many of their customers are opposed to South Africa's policy of Apartheid. For example, in 1986 Barclays Bank withdrew its business from South Africa. Similarly, a few years ago, some Swedish companies were criticized for taking part in an electrical power project in Africa. The project was located in a country which was then a Portuguese colony. Some Swedish newspapers accused the companies of "supporting imperialism".

The new concept of social responsibility means that businesses and business people must have integrity. They must deal honestly with their employees, and with the outside world. As Sir John Clark of the Plessey company says, "I attach more importance to integrity than to ability".

Successful companies are very sensitive if their integrity is attacked. They usually respond sharply. Some time ago, an English health inspector found fault with the standards of hygiene in a Trusthouse Forte hotel. Lord Forte was most upset by the inspector's accusations. Making no attempt to plead guilty and by so doing avoid publicity, the Trusthouse Forte Group fought the case in the courts. It also advertised in several national newspapers to give its side of the case.

The integrity of the shoe-making firm, Clark's, was recently questioned. To make its shoes, Clark's were using leather cured by sperm-whale oil. Conservation groups heard about this and put pressure on the company to stop using such leather. They even talked of boycotting the company's shoes. At first, Clark's said that it had no control over leather provided by its suppliers. However, a little later, the Chairman Daniel Clark gave a direct order that the company should only buy leather cured

without sperm whale oil. He also invested in testing equipment to ensure that supplies of leather were free from this type of oil.

A lot of business people agree with the “wider” concept of social responsibility. They accept that businesses should help to solve social problems – even if their businesses did not create them. And even if the social actions do not bring profits.

There are, nevertheless, some famous people who are against the new approach. One of these is Milton Friedman, an American economist who won the Nobel Prize for Economics in 1976. Milton Friedman believes that business has only one social responsibility. That is “to use its resources and energy in activities designed to increase its profits as long as it stays within the rules of the game ... and engages in open and free competition, without deception and fraud.” Friedman says that a business’s social responsibility is “to make as much money for its shareholders as possible”. Another famous person makes a similar point. Ian MacGregor has been chief executive of large organisations like British Steel and the National Coal Board. He says that a business’s first priority is to create wealth. Many companies, he believes, have a concept of social responsibility which distracts them from this task.

It is certainly true that social actions cost money. And businesses have to bear that cost often by raising prices, lowering wages or having less profit. Someone has to pay for the social actions in the end – it may be the customer, the employee or the shareholder.

Of course, by showing social responsibility, the company may well benefit in the long run. A spokesman for the Rank-Xerox company spoke recently of the wide range of social projects Rank-Xerox were engaged in: grants of equipment to universities; information technology projects and seminars; training programmes in universities and schools; career seminars; sponsorship of art competitions etc. The spokesman said that the social projects were “an integral part of the company’s business strategy”. They were not some sort of charity work which would get a brief mention in the company’s annual report. Being a large organisation, Rank-Xerox had many contacts with government departments and other groups in society. And, since it was a knowledge-based company, it needed to hire highly skilled people. Its social programmes were “critical to its success”. There was no doubt that, in the long run, these activities were profitable to the organisation.

Understanding the main points

1. Decide whether the following statements are true or false.

1. Nowadays business organizations are expected to have more social responsibilities than they used to. T/F
2. It is accepted that a company should not lose profits in order to become socially responsible. T/F

- | | |
|---|-----|
| 3. Some Swedish companies were criticized because they expressed unpopular political opinions. | T/F |
| 4. Trusthouse Forte took legal action in order to protect the reputation of its hotels. | T/F |
| 5. Milton Friedman suggests that a company does not need to show integrity, provided that it competes freely. | T/F |
| 6. Ian MacGregor says that some organizations do not make as much profit as they could because they have wrong ideas about social responsibility. | T/F |
| 7. Rank-Xerox has a large programme of social projects because it believes that these will improve its image and reputation with the public. | T/F |
| 8. It is probably in the long-term interests of a business to show a strong sense of social responsibility. | |

Vocabulary focus

1. Find words or phrases in the text which mean the same as the following:

1. standards of moral behaviour (paragraph 2)
2. something offered or given to persuade somebody, usually to do something wrong (paragraph 2)
3. the natural conditions (air, water and land) in which we live (paragraph 3)
4. strongly against (paragraph 5)
5. refusing to buy or persuading people not to buy (paragraph 8)
6. dishonesty or trickery (paragraph 10)
7. criminal deception (paragraph 10)
8. make people well-off, prosperous (paragraph 10)
9. in the end, ultimately (paragraph 12)

LANGUAGE STUDY

1. Match the following verbs with the correct nouns.

VERBS

1. offer
2. pull
3. solve
4. bear
5. secure
6. take
7. turn
8. put
9. meet
10. make

NOUNS

- a) the cost
- b) a contract
- c) strings
- d) a point
- e) a problem
- f) a blind eye to
- g) a need
- h) pressure on
- i) a bribe
- j) steps to

Now chose four of the above phrases and make your own sentences to show their meaning.

2. Complete the following sentences with suitable prepositions.

1. The company were accused (1) polluting the environment and were criticized (2) doing so. Naturally, they were upset (3) the charge and denied responsibility.
2. The government has brought (1) a new law to protect minority groups. The aim of the law is to prevent employers (2) discriminating (3) such groups.
3. We are engaged (1) many programmes which help the community. For example, schoolchildren benefit (2) the training programmes we run, and from the equipment we have provided them (3).
4. Our management is strongly opposed (1) expenditure on social programmes and objects (2) people putting pressure (3) the company to contribute more (4) society.
5. We pay lip service to the idea of social responsibility but really we are only interested (1) making a profit. Nothing must distract us (2) that purpose.

3. Idiomatic uses of **run**.

A. Rewrite the following sentences without changing their meaning. Replace the words in italics with verbs from the list and make any other necessary changes.

run up
run up against

run down
run through

run out of
run out

1. We won't meet that urgent order unless we speed up production. We have *little time left*.
.....
2. Can we *review* the plan for the sales campaign, please?
.....
3. We won't be able to launch the product in February. The Design Department have *met* some technical problems.
.....

4. Our firm is gradually *reducing* its marketing operation in the Far East.

5. This contract *comes to an end* next month, then we'll have to renew it.

6. They have *incurred* so many debts that they'll have to close down soon.

B. Match the following expressions with the correct definitions.

1. run-of-the-mill (adj.)

2. run-down (adj.)

3. runner-up

4. in running order

5. run off one's feet

6. in the long run

7. in the running for

8. run-up (n.)

a) period leading up to

b) in second place in a competition

c) very busy

d) after a good deal of time has passed

e) ordinary

f) having a chance of winning

g) in poor condition, not very profitable

h) working properly

Now, complete the following conversations with expressions from the list above.

1.- Is the machine worth buying?

- Certainly. It's old but in perfect

2. - Who'll be our next department head?

- No idea. I gather several people are

3. - You look tired out.

- It's not surprising. We're preparing the annual accounts at the moment and everybody in our department is

4. - Why is that hairdressing salon going so cheap? They're selling it for under \$10,000.

- I understand the business is very – the owner has neglected it badly.

5. - I hear you didn't get the prize for best salesman this month.

- That's right, but I was and our Sales Manager gave me a couple of free tickets for the theatre.

6. - Why was the AZ 502 launch delayed by three months?

- In the to the launch our engineers discovered some technical faults.

MANAGEMENT ABBREVIATIONS

- 1. SME** Small and Medium-sized Enterprise
- 2. BCG** Boston Consulting Group
- 3. MBO** Management by Objectives
- 4. MBWA** Management by Walking About
- 5. TQM** Total Quality Management
- 6. QUEST** Quality in Every Single Task
- 7. ROI** Return On Investment
- 8. SBU** Strategic Business Unit
- 9. SWOT** Strengths, Weaknesses, Opportunities, Threats
- 10. CAD** Computer-Aided Design
- 11. CAM** Computer-Aided Manufacturing
- 12. DSS** Decision Support Systems
- 13. HR** Human Resources
- 14. IT** Information Technology
- 15. JIT** Just-in-Time
- 16. MRP** Materials Requirement Planning
- 17. FMS** Flexible Manufacturing System
- 18. BEP** Break-even point
- 19. CEO** Chief Executive Officer
- 20. OB** Organisational Behaviour

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