

BUSINESS ENGLISH 1



**BILJANA NAUMOSKA - SARAKINSKA
ANETA NAUMOSKA**

BILJANA NAUMOSKA - SARAKINSKA

ANETA NAUMOSKA

BUSINESS ENGLISH 1

BILJANA NAUMOSKA - SARAKINSKA
ANETA NAUMOSKA

BUSINESS

ENGLISH 1

SKOPJE, 2018

Contents

	Reading and vocabulary	Grammar focus	Practice and revision
Foreword pp. 7–8			
Chapter 1 Economy 101: Basics of Economics pp. 9–24	<ul style="list-style-type: none"> – introduction; – fundamental concepts of economy; – economic systems 	<ul style="list-style-type: none"> – (revision of) verb tenses; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation
Chapter 2 Money markets pp. 25–40	<ul style="list-style-type: none"> – introduction; – the international money market; – the money markets of other countries 	<ul style="list-style-type: none"> – modal verbs (+ present infinitive); – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation
Chapter 3 International trade pp. 41–56	<ul style="list-style-type: none"> – (internal / international) free trade; – globalization; – (global) capitalism; – global economy; – free market economy 	<ul style="list-style-type: none"> – prepositions and prepositional phrases; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation; – Macedonian-English translation
Chapter 4 International financial institutions pp. 57–70	<ul style="list-style-type: none"> – introduction; – the importance of international financial institutions; – fundamental international financial institutions 	<ul style="list-style-type: none"> – passive voice; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation
Chapter 5 Mergers, acquisitions and takeovers pp. 71–86	<ul style="list-style-type: none"> – introduction; – types of mergers; – types of takeovers; – anti-takeover strategies 	<ul style="list-style-type: none"> – relative clauses; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation; – Macedonian-English translation

	Reading and vocabulary	Grammar focus	Practice and revision
Chapter 6 <i>Joint ventures</i> pp. 87–104	<ul style="list-style-type: none"> – introduction; – legal structure of joint ventures; – types of joint ventures; – benefits and risks of joint ventures 	<ul style="list-style-type: none"> – reported (indirect) speech; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation; – Macedonian-English translation
Chapter 7 <i>Management functions</i> pp. 105–120	<ul style="list-style-type: none"> – the management process; – types of managers; – management roles 	<ul style="list-style-type: none"> – conditional sentences; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation; – Macedonian-English translation
Chapter 8 <i>Banks and banking</i> pp. 121–138	<ul style="list-style-type: none"> – introduction; – main functions of a bank; – types of banks/banking 	<ul style="list-style-type: none"> – verb patterns (<i>to</i>-infinitive/<i>ing</i>); – collocations; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation
Chapter 9 <i>Financial planning</i> pp. 139–152	<ul style="list-style-type: none"> – introduction; – the (personal) financial planning process; – key components of a financial plan 	<ul style="list-style-type: none"> – adjectives vs. adverbs; – phrase / sentence connectors; – exercises 	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation
Chapter 10 <i>Stocks, shares, shareholders</i> pp. 153–170	<ul style="list-style-type: none"> – introduction; – types of stock; – the stock market 	/	<ul style="list-style-type: none"> – exercises; – English-Macedonian translation; – Macedonian-English translation
<i>References</i> pp. 171–175			

Foreword

Business English 1 is a course book written and intended for the students majoring in Business at the Faculty of Economy in Skopje, who have chosen the optional subject Business English 1. These are students who wish to deepen their knowledge and understanding of English, and specifically business English.

The course book has been tailored to meet the needs of those students, and has been designed based on the authors' lengthy teaching experience, especially at the Faculty of Economy in Skopje.

In terms of the structure of the course book - it consists of 10 chapters dealing with various concepts in business and economy, and each chapter is further sub-divided into three main sections: 1) reading and vocabulary, which consists of various business texts for analysis, discussion points, as well as an assignment; 2) grammar focus, which deals with various grammatical points and constructions, with explanations and examples, followed by an exercise section; and 3) practice and revision, which consists of a variety of exercises, as well as a text, or texts, for translation. The chapters are individual in that they all stand alone – although they all cover a certain aspect of economy and business, as well as grammar, each chapter has its own particular topic that it deals with and looks at in more detail.

The reference section comes at the end of the course book, and it provides a detailed list of sources for each chapter, while the general bibliography provides an overview of significant books that have been consulted in the writing of this course book, both in terms of linguistics and in terms of business and economy.

The level of English this course book maintains is that of B2/C1, in accordance with the CEFR. This means that while it might prove too challenging to students who do not possess basic and intermediate level English skills, it will be suitable for those who already possess a certain mastery and proficiency in English, and will enable them to not only revise and establish what they already know, but to also expand that knowledge, both in terms of the grammatical constructions, as well as in terms of business English vocabulary.

and terminology. It is, after all, an ESP course book – English for Specific Purposes.

The intention behind this course book is to meet the specific needs of a specific target group – students majoring in Business, and having selected the optional subject Business English 1. The material in the course book is intended to span the whole of the fall term, and as such, care was taken that the material it covers is neither too much nor too little.

This course book has been created with great care to meet the needs of its users, and the authors sincerely hope that that is what it will ultimately achieve. Of course, they are very grateful for all the help and encouragement they received in the preparation of this work, and they take all responsibility for any mistakes that might have inadvertently made their way into the final version.

Biljana Naumoska-Sarakinska, PhD

Aneta Naumoska, PhD

Chapter 1

Economy 101: Basics of Economics

1. Reading and vocabulary

RELATED TOPICS: introduction; fundamental concepts of economics; economic systems.

Introduction

Economics can generally be explained as a study of the use of resources under specific limits, connected by the idea that the subject studied is a rational entity which aims to improve its overall well-being. It is seen as a social science because it uses scientific methods to build theories that can help explain the behavior of individuals, groups and organizations.

Historically speaking, economics existed as a branch of philosophy for a long time, but eventually it became separate in 1776 with Adam Smith, who is widely seen as the founder of economics. He wrote “The Wealth of Nations”, which is considered to mark the beginning of classical economics. Even though Adam Smith is often called ‘the father of economics’, he was, in fact, inspired by French writers who shared his hatred of *mercantilism*. Thus, classical economics is widely seen as the first modern school of economic thought, and, besides Adam Smith, other key names that are important in its development are David Ricardo, Thomas Malthus and John Stuart Mill.

Two further sub-divisions have evolved within the study of economics - *microeconomics*, which deals with entities and the interaction between those entities, and *macroeconomics*, which deals with the entire economy as a whole. Micro- and macroeconomics are intertwined; as economists gain an understanding of certain phenomena, they can help in making informed decisions in terms of dividing up resources.

Microeconomics, specifically, studies the level of the individual and the firms within the economy. By studying and analyzing certain aspects of human behavior, microeconomics can be used to show how individuals and firms respond to changes in price, and why they demand what they do at particular price levels. Microeconomics tries to explain how and why different

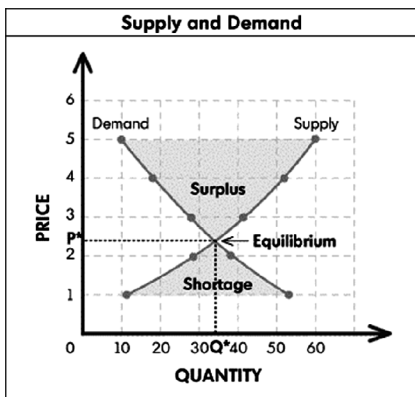
goods command different values, how individuals make financial decisions, and how individuals best coordinate and cooperate with one another.

Macroeconomics, on the other hand, looks at the economy on a national and international level, it examines the total output of a nation (also known as the GDP), and the way the nation distributes its limited resources of land, labor supply and capital; it is about the economy in general. Macroeconomics is concerned with international trade, a nation's fiscal and monetary policy, the level of inflation and interest rates, national unemployment, and more.

Fundamental Concepts of Economics

Supply and Demand

Supply and demand is perhaps one of the most fundamental concepts of economics, and it is the foundation of a market economy. In fact, the supply-demand relationship is perhaps one of the most important in economics, and it provides a fundamental framework in which to evaluate the actions of an economy.



Demand refers to how much of a product or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price; the relationship between price and quantity demanded is known as the demand relationship.

Supply represents how much the market can offer. The quantity supplied refers to the amount of a certain good producers are willing to supply when receiving a certain price. The relationship between price and how much of a good or service is supplied to the market is known as the supply relationship. Price, thus, is a reflection of supply and demand; it is a result of the constant tug-of-war between the demand and supply.

So, the higher the price is, the lower the demand will be from the consumer (to save up for other purchases). Also, the higher the price is, the higher the supply will be from the manufacturers (make hay while the sun shines!). The former is called the law of demand, and latter is called the law of supply.

So, the higher the price is, the lower the demand will be from the consumer (to save up for other purchases). Also, the higher the price is, the higher the supply will be from the manufacturers (make hay while the sun shines!). The former is called the law of demand, and latter is called the law of supply.

In this context, another important concept is that of time, especially in the case of entities in a competition to serve the consumers. Stock-outs are

no good for a supplier since that affects the brand and the consumer can move elsewhere.

If there is a higher demand, the producers have to discover the reason for that demand first (seasonal, increasing trend) so they can react quickly, to get the market, and keep the existing customers. The stable state of balance in an economic system makes the economy efficient, the suppliers are moving their goods, and the consumers are getting what they are demanding. However, the point of balance is hard to identify, and it changes all the time.

Wealth and Types of Wealth

Economics is categorized as a social science which deals with the production, distribution, and consumption of goods and services. It studies how scarce (insufficient) resources are used to satisfy the wants of consumers. Economics also deals with the distribution of wealth. In fact, *wealth* is another fundamental concept when dealing with economics.

In common use, the term *wealth* means money, property, gold, etc. But in economics it is used to describe all things that have value. For a commodity to be called wealth, it must possess utility, scarcity and transferability. If it lacks even one quality, it cannot be termed as wealth.

Wealth may be of the following types: 1. *Individual Wealth* - wealth owned by an individual is called private or individual wealth, such as a car, house, company, etc.; 2. *Social Wealth* - goods which are owned by the society are called social or collective wealth, such as schools, colleges, roads, canals, mines, forests, etc.; 3. *National or Real Wealth* - includes all individual and social wealth; it consists of material assets possessed by the society; 4. *International Wealth* - the United Nations Organization and its various agencies like the World Bank, IMF, WHO, etc. are international wealth because all countries contribute towards their operations; 5. *Financial Wealth* - the holding of money, stocks, bonds, etc. by individuals in society. Financial wealth is excluded from national wealth because money, stocks, bonds, etc. which individuals hold as wealth are claims against one another.

However, wealth is different from capital, income and money. In terms of wealth and capital, it can be said that goods which have value are termed as wealth. But *capital* is that part of wealth which is used for further production of wealth. Furniture used in the home is wealth but given on rent is capital. Thus, all capital is wealth but all wealth is not capital. In terms of wealth and income, it can be said that wealth is a stock and income is a flow; *income* is the earning from wealth. The shares of a company are wealth but the dividend received on them is income. And, finally, in terms of wealth and

money - money consists of coins and currency notes; *money* is the liquid form of wealth. All money is wealth but all wealth is not money.

Value and Price

Another similar dilemma in terms of similarity in concepts comes up with the terms *value* and *price*. Generally speaking, the terms *value* and *price* are used as synonyms. However, in economics, the meaning of price is different from that of value. *Price* is value expressed in terms of money. Value is expressed in terms of other goods. *Value* is a relative concept in comparison with the concept of price. It means that there cannot be a general rise or fall in values, but there can be a general rise or fall in prices.

Scarcity

Economics represents a scientific study of the ownership, use and exchange of scarce resources; in fact, it is also often referred to as the science of scarcity. *Scarcity* is a concept that is implicitly understood by us, whether we are aware of it or not. In fact, it is one of the most basic concepts in economics; simply put, the world has limited means to meet unlimited wants, so there is always a choice to be made. In other words, utility alone does not create value unless it is scarce. A good or service is scarce, i.e. limited, in relation to its demand. All economic goods, such as a pen, a book, etc., are scarce and have value. But free goods like air do not possess value. Thus, goods possessing the quality of scarcity have value.

The basic definition of scarcity is slightly philosophical – people have unlimited desires but the means of production are finite and limited (labor, land and capital), and so various trade-offs need to be made to distribute the resources in the most efficient way possible.

The concept of scarcity, then, refers to the pressure between our limited resources and our unlimited wants and needs. For an individual, resources include time, money and skill. For a country, limited resources include natural resources, capital, its labor force, and its level of technology. If scarcity did not exist, economics would not matter since everybody would be able to satisfy all of their needs and wants at all times, and for free.

However, because our resources *are*, in fact, limited in comparison to all of our wants and needs, individuals, firms, and nations have to make decisions regarding what goods and services they buy or produce and which ones they must let go. It is precisely because of scarcity that people, firms, and nations must all make decisions about how to distribute their individual resources. Economics tries to study why these decisions are made and how our resources are divided up most efficiently.

Economic Systems

Types of economic systems are defined either by the way that goods are produced or by how those goods are distributed to people. For example, in primitive agrarian societies, people tended to self-produce all of their needs and wants at the level of the household or tribe. Family members would build their own houses, grow their own crops, hunt their own food, make their own clothes, bake their own bread, etc. This self-sufficient economic system is defined by very little division of labor and is also based on reciprocal exchange with other family or tribe members. In such a primitive society, the concept of private property did not typically exist since the needs of the community were produced by everyone for the sake of everyone.

Later, as society developed, economies based on production by social class appeared, such as *feudalism* and *slavery*. *Feudalism* was a system where a class of nobility, known as lords, owned all of the land and leased out small parts to peasants to farm, with peasants giving much of their production to the lord. In return, the lord offered the peasants relative safety and security, including a place to live and food to eat. *Slavery* involved production by enslaved individuals who did not have personal freedom or rights and existed as the property of their owner.

Capitalism emerged with the rise of industrialization, and it is defined as a system of production where business owners (capitalists) produce goods for sale in order to make a profit, and not for personal consumption. In capitalism, capitalists own the business, including the tools used for production, as well as the finished product. Workers are hired in return for wages, and the workers own neither the tools they use in the production process nor the finished product when it is complete. If, for example, you work at a shoe factory and you take home a pair of shoes at the end of the day, that would be stealing even though you made them with your own hands. This is because capitalist economies rely on the concept of private property to distinguish who legally owns what.

Capitalist production relies on the *market* for the distribution of the goods that are produced for sale. A *market* is a place that brings together buyers and sellers, and where prices are established that determine who gets what and how much of it. The United States and much of the developed world today can be described as capitalist market economies.

There are two alternatives to capitalist production: 1) *Socialism* – a system of production where workers collectively own the business, the tools of production, the finished product, and share the profits – instead of having business owners who retain private ownership of all of the business and simp-

ly hire workers in return for wages. Socialist production often does produce for profits and uses the market to distribute goods and services; and 2) *Communism* – a system of production where private property stops existing and the people of a society collectively own the tools of production. Communism does not use a market system, but instead relies on a central planner who organizes production, tells people who will work in what job, and distributes goods and services to consumers based on need. A key feature of communism is a *command economy*.

DISCUSSION

1. IN YOUR OWN WORDS, EXPLAIN what the following situations are an illustration of:

a) IMAGINE THAT a special edition CD of your favorite band is released for \$20. Because the record company's previous analysis showed that consumers will not demand CDs at a price higher than \$20, only ten CDs were released because the cost is too high for suppliers to produce more. If, however, the ten CDs are demanded by 20 people, the price will eventually rise because, according to the demand relationship, as demand increases, so does the price. Therefore, the rise in price should prompt more CDs to be supplied, as the supply relationship shows that the higher the price, the higher the quantity supplied.

If, however, there are 30 CDs produced and demand is still at 20, the price will not be pushed up because the supply more than satisfies demand. In fact, after the 20 consumers have been satisfied with their CD purchases, the price of the leftover CDs may drop as CD producers attempt to sell the remaining ten CDs. The lower price will then make the CD more available to people who had previously decided that the opportunity cost of buying the CD at \$20 was too high.

b) LET'S SAY people want more beer, meaning the demand for beer is high. This demand means you can charge more for beer, so you can make more money on average by changing wheat into beer than grinding that same wheat into flour. More people start making beer and, after a few production cycles, there is so much beer on the market that prices drop. Meanwhile, the price of flour has been increasing as the supply decreases, so more producers buy up wheat for the purpose of making flour - and on, and on.

2. IN YOUR OPINION, which economic system is best for: a) the economy of a country; b) the individual; and c) society. Explain and illustrate.

3. UNLIKE THE DEMAND RELATIONSHIP, the supply relationship is a factor of time. Time is important to supply because suppliers must, but cannot always, react quickly to a change in demand or price. So, it is important to try and decide whether a price change that is caused by demand will be temporary or permanent. In your own words, explain this with an example.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. ECONOMIC SYSTEMS ARE THE MEANS by which countries and governments distribute resources and trade goods and services. They are used to control the five factors of production, including: labor, capital, entrepreneurs, physical resources and information resources. What type of economic system do you support? Why? Explain and illustrate.

2. ECONOMIC SYSTEMS ARE THE MEANS by which countries and governments distribute resources and trade goods and services. They are used to control the five factors of production, including: labor, capital, entrepreneurs, physical resources and information resources. Which type of economic system do you feel is the most dangerous? Why? Elaborate with examples.

2. Grammar focus: (revision of) verb tenses

Verbs may come in three tenses depending on what they are used to describe:

– **past tenses** = describe things that have already happened (for example, yesterday, last week, two months ago, etc.);

past simple, past perfect, past continuous, and past perfect continuous fall under the category of *past tenses*;

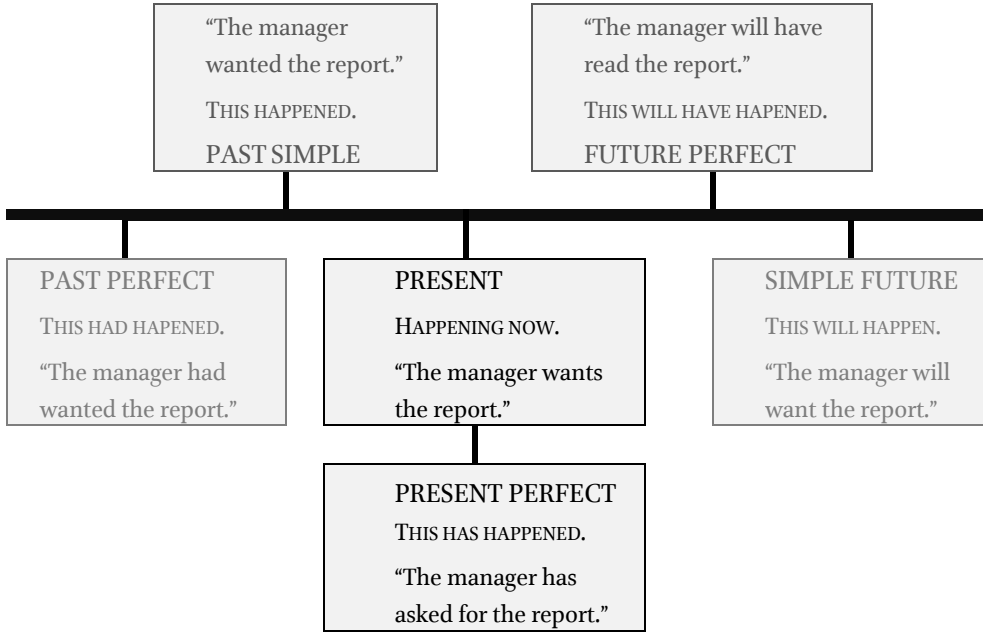
– **present tenses** = generally describe things that are happening right now, at this moment, that are continuous, or happening at some general moment in the present;

present simple, present perfect, and present continuous fall under the category of *present tenses*;

– **future tenses** = describe things that have not yet happened, i.e. things that have yet to take place (such as, tonight, tomorrow, next week, two years from now, etc.);

future simple, future perfect, future continuous, and future perfect continuous fall under the category *future tenses*.

The charts that follow contain brief explanations of usage and examples for the verb tenses used in English:



THE 12 VERB TENSES – USAGE

	PAST	PRESENT	FUTURE
SIMPLE	<p><i>I finished</i> the report yesterday.</p> <p>To indicate a past habit – or an action already completed. Can be used with or without adverbs of time.</p>	<p><i>I work</i> a little on the report every day.</p> <p>To express habits or general truth. To indicate a future event on a designated date as part of a plan or arrangement.</p> <p>With ‘mental action’ verbs: <i>like, love, want, need, believe, etc.</i></p>	<p><i>I will finish</i> the report tomorrow.</p> <p>To indicate an action, condition or circumstance which hasn’t taken place yet.</p>

<p>CONTINUOUS</p>	<p><u>I was working</u> on the report when you arrived.</p> <p>To indicate uncompleted action of the past (with or without time reference).</p> <p>To indicate persistent habits of the past (with <i>always, continuously, forever</i>, etc.)</p>	<p><u>I am working</u> on the report right now.</p> <p>To indicate action going on at the time of speaking.</p> <p>To indicate temporary action which may not be happening at the time of speaking.</p> <p>With a habitual action verb, especially to indicate a stubborn habit.</p>	<p><u>I will be working</u> on the report when you arrive.</p> <p>To indicate what will be going on at some time in the future.</p> <p>To indicate planned future events.</p>
<p>PERFECT</p>	<p><u>I had finished</u> the report when you arrived.</p> <p>To indicate a completed action of the past that happened before another event took place.</p>	<p><u>I have finished</u> the whole report.</p> <p>To indicate past action which is not defined by a time of occurrence.</p> <p>To indicate an action which started in the past and has continued up until now.</p>	<p><u>I will have finished</u> the report by the time you arrive.</p> <p>To indicate an action that will be complete before another event takes place.</p>
<p>PERFECT CONTINUOUS</p>	<p><u>I had been working</u> on the report for 2 hours when you arrived.</p> <p>To indicate an action in the past that began before a certain point in the past and continued up until that time.</p>	<p><u>I have been working</u> on the report for 2 hours.</p> <p>To indicate an action that started at some point in the past and may or may not be complete.</p>	<p><u>I will have been working</u> on the report for 2 hours when you arrive.</p> <p>To indicate an action that will have happened for some time and will not be complete yet at a certain point in the future.</p>

EXERCISES

1. PROVIDE SENTENCES using the different verb tenses which clearly reflect their usage:

2. COMPLETE THE TEXT with the correct tense of the verbs in brackets. Use the *present simple*, *present continuous*, *past simple*, *past continuous*, *present perfect* or *present perfect continuous*:

My brother, Steve, _____ (go) to a Money Museum last week to see the exhibition by the Oesterreichische Nationalbank. While Steve _____ (look) at one of the displays, a man _____ (appear) next to him. The man asked, '_____ you _____ (enjoy) the exhibition?' Steve said, 'It's very good, but I _____ (not understand) this display here – it's just a blank check.' 'Really? That's interesting,' the man replied. Steve said, 'I _____ (stare) at it for a long time, but I _____ (not decide) if I fully understand what it represents yet. The subject of the exhibition is interesting but the style and colors of the displays are a bit simple. What do you think? _____ you ever _____ (be) here before?' 'Yes,' he replied, 'I am the bank manager.' Steve _____ (blush), but the man said, 'Don't worry. I like talking about the exhibitions put on by my bank and I _____ (prefer) people to be honest.'

3. IN YOUR OWN WORDS, explain the differences in use of the verb tenses in the contrasting sentences:

- i.a) I work for a well-known multinational company.
- i.b) I'm working on restructuring the company.

- ii.a) What were you doing when the headhunter called?
 ii.b) What did you do when the headhunter called?
- iii.a) When we arrived, they introduced the main conference speakers.
 iii.b) When we arrived, they were introducing the main conference speakers.
 iii.c) When we arrived, they had introduced the main conference speakers.
- iv.a) I've worked with several very prestigious clients.
 iv.b) I worked with several very prestigious clients.
- v.a) I've been replying to customer enquiries all day.
 v.b) I've nearly cleared the backlog of enquiries from the Christmas break.
- vi.a) What are you doing there?
 vi.b) What do you do there?
- vii.a) Have you seen what gold bars look like?
 vii.b) Did you see what gold bars look like?
- viii.a) Stay away from him; he's being a pain in the neck.
 viii.b) Stay away from him; he's a pain in the neck.
- ix.a) Why did you fire him?
 ix.b) Why are you firing him?
- x.a) This time next week we'll be launching our latest product.
 x.b) This time next week we'll have launched our latest product.

3. Practice and revision

1. COMPLETE THE TEXTS by filling in the gaps with an appropriate form of the word in brackets:

In economics, _____ (DISTRIBUTE) is the way total output, income, or wealth is distributed among individuals or among the factors of production (such as labor, land and capital). In general theory and the _____ (NATION) income and product accounts, each unit of output corresponds to a unit of income. But, where focus is on income

of persons or households, _____ (ADJUST) to the national accounts or other data sources are frequently used.

_____ (PRODUCE) is a process of combining _____ (VARY) material and immaterial inputs (plans, know-how) in order to make something for _____ (CONSUME). It is the act of creating a good or service which has value and contributes to the use of individuals. All economic activities aim directly or indirectly to satisfy human wants and needs, and the degree to which the needs are satisfied is often accepted as a measure of _____ (ECONOMY) well-being. In production two features explain _____ (INCREASE) economic well-being - _____ (IMPROVE) quality-price-ratio of goods and services, and increasing incomes from growing and more _____ (EFFICIENCY) market production.

2. MATCH THE SENTENCES in A to L with at least one of the time clauses (i-xiv):

- A) I didn't have a lot of experience
- B) My boss uses a laptop
- C) I was looking for a different job
- D) I worked for my company's major competitor
- E) I have been working on this project
- F) I last made a conference call in English
- G) I'm flying to Munich
- H) I'll finish this report
- I) We will have been working on this merger
- J) I was caught making personal phone calls
- K) I've had a lot in my in-tray
- L) I had been on a conference call

- i) when I joined this company
- ii) in the 1990s
- iii) the other day
- iv) during a meeting
- v) recently
- vi) since January
- vii) for three years next month
- viii) hardly ever
- ix) by Tuesday
- x) never
- xi) for a year

- xii) when the incident took place
- xiii) in a fortnight's time
- xiv) this week.

3. CHOOSE the best option:

1. The economy is not doing too well , it's in a bit of a _____.
 a) downturn b) downgrade c) down time
2. The outlook is very bad; it's pretty _____.
 a) grimy b) grim c) grisly
3. The government wants to to rescue some of the corporations from bankruptcy by giving them money; they are trying to _____ them out.
 a) bail b) take c) put
4. The US economy is going through a serious _____ right now.
 a) concern b) crisis c) turmoil
5. All the leading economic _____ point to a further decline in the economy.
 a) index fingers b) insights c) indicators
6. It's been difficult to guess what the market will do; it's been so _____ recently.
 a) uncompromising b) unreliable c) unpredictable
7. The stock market _____ again today.
 (= The stock market fell sharply again today.)
 a) downed b) plunged c) fell down
8. Everyone seems to think that the economy will worsen before it _____.
 a) betters b) goes up c) improves
9. Hopefully, the economic recovery _____ that the government is preparing will improve the current situation.
 a) package b) pack c) box
10. The economy is beginning to recover, it's finally back on _____.
 a) track b) truck c) line

Chapter 2

Money markets

1. Reading and vocabulary

RELATED TOPICS: introduction; the international money market; the money markets of other countries.

Introduction

Money market can be defined as a set of institutions, conventions, and practices, the aim of which is to make the lending and borrowing of money on a short-term basis easier. There is no formal money market; rather it is an informal network of banks, brokers, dealers and financial institutions that are linked electronically. In that sense, the term *money market* is an umbrella that covers several market types, which vary according to the needs of the lenders and borrowers. Generally speaking, it represents a section of the financial market where financial instruments with high liquidity and short-term maturities are traded. One of the most important functions of the money market is providing an outlet for large companies with temporary excess cash to invest that cash in short-term money market instruments.

The International Money Market

Each central bank usually has some form of reserve that is acceptable in settling international transactions. International monetary reserves are mainly gold, or 'money market assets' in some country whose currency is widely used, such as the US dollar. The monetary laws of all countries guarantee some kind of equality between their currencies and those of other countries. This equality may be defined either in terms of gold or in relation to a key currency such as the British pound or the US dollar, which has a fixed equality with gold.

Because world trade needs to have payments made in various currencies, an international money market must exist so that traders with an excess of one currency can use it to buy another currency they need. This trading in

currencies is usually carried out by banks or specialized foreign exchange brokers and dealers. Prices vary according to changes in supply and demand.

Changes in a country's balance of payments may affect the usefulness or prestige of its currency. A constant and large balance of payments deficit (outpayments larger than inpayments), for example, will result in continuous large increases in the world supply of its currency, possibly leading to a fall in the currency being accepted abroad and to a loss of international monetary reserves.

Since 1944 most of the countries that have domestic money markets or that play a role in the international money market have been joined together in the International Monetary Fund (IMF), which represents a pooling of some of the foreign exchange reserves (including gold) of more than 100 member countries. Withdrawing from the pool may be made by member countries to meet some of the reserve outflows resulting from balance of payments deficits and in amounts related to the quota that each has agreed to.

The internal money markets of a high number of the countries of the world are quite basic. The work of the money market in these countries is done largely by transfers of deposit balances, government securities, or foreign exchange among a few banks, and between them and the central bank.

The Money Markets of Other Countries

Every country with a monetary system of its own has to have some kind of market in which dealers in short-term credit can buy and sell.

The British Money Market

In Great Britain the money market consists of a number of linked markets, all of them concentrated in London. The 12 specialist banks, known as *discount houses*, have the longest history as money market institutions, going back to the early 19th century. Important changes were introduced into the British monetary system in 1971, but money at call (payable immediately) with the discount houses kept its role as a reserve asset.

The British government accounts are kept with the Bank of England, which does not lend at call as other banks do. The Bank of England can allow shortages or surpluses to affect interest rates, or it can balance them by buying or selling bills or by lending overnight to the discount houses at market rates. Even if the Bank of England does not act in this way to meet a shortage of funds, the discount houses are always finally able to secure the funds they need by their right to borrow from the Bank of England.

The American Money Market

The domestic money market in the US carries out the largest amount of transactions of any such market in the world; its participants include the most mixed group of financial and non-financial organizations to be found in any money market; it permits trading in an unusually wide variety of money substitutes; and it is less centralized geographically than the money market of any other country. Although there has always been a clustering of money market activities in New York City, and much of the country's participation in the international money market centers there, a process of continuous change during the 20th century has produced a genuinely national money market.

Nevertheless, one of the most famous financial districts in the US is located precisely in New York City - on Wall Street. In fact, Wall Street is the original home of the New York Stock Exchange and the historic headquarters of the largest U.S. brokerages and investment banks. The term 'Wall Street' is also used as a general name for the financial and investment community, which includes stock exchanges and large banks, brokerages and big businesses, and it expands to institutions located around the world. While Wall Street is an important location where a number of financial institutions are based, the globalization of finance has led to institutions being established around the world. In this context, Wall Street is often shortened to simply 'The Street.'

The Canadian Money Market

The Canadian money market was significantly broadened in 1954 with the introduction of day-to-day bank loans against Government of Canada treasury bills and other short-term government and government-guaranteed securities. Treasury bills of 91 days' and 182 days' maturity are issued weekly with the occasional offering of a longer maturity of up to one year. Government of Canada bonds and Government of Canada guaranteed bonds are issued at less regular intervals.

Groups involved in the money market are: the government, as the issuer of the securities; the Bank of Canada, as issuing agent for the government and as a large holder of market material; the chartered banks, as large holders and as distributors and potential buyers and sellers of bills and bonds at all times; the security dealers, as carriers of inventories and traders in such securities; and the public, mainly provincial and municipal governments and larger corporations, as short-term investors.

The German Money Market

In what was formerly West Germany, where the money market developed strongly after WWII, transactions have been to a large extent limited to interbank loans. In addition, insurance companies and other non-bank investors are also important lenders of short-term funds. Treasury bills and other short-term bills and notes from government agencies (railways and post) gained importance by the 1960s, whereas in 1955 certain non-marketable securities held by the Bundesbank were transformed into short-term marketable securities in order to get suitable market material for the open-market operations of the Bundesbank.

In Germany, banks are not used to dealing in short-term government securities between each other. They generally either hold these securities to maturity or resell them to the central bank at its buying rates, so that a true money market has not developed.

The French Money Market

The French money market is established fairly well, but its size is limited by the fact that in France currency continues to play an important role in the money supply, while regulations exclude the non-financial private sector of the economy from dealing in the market.

Banks, as well as a few public or semi-public agencies working in the financial sphere and intermediaries (brokers and discount houses), make up the market. Transactions take place in commercial paper and in treasury bills.

The central bank's open-market operations, which were normally limited to dealing with troubles in the local money market, have gained importance in recent years.

The Japanese Money Market

In Japan's rapidly growing economy the demand for funds, both short-term and long-term, has been persistently strong. The monetary authorities (the Ministry of Finance and the Bank of Japan) have not been willing to allow market forces to keep in balance demand and supply in many financial markets out of fear that interest rates would become extremely high.

Under these circumstances, Japan has had a very restricted money market. The market for short-term government securities is insignificant; the low, fixed interest rate means that the Bank of Japan is the main buyer and that open-market operations are impossible. Transactions in commercial paper are minimal, and they are discouraged because they might weaken the structure of interest rates and financial institutions.

Money Markets in Developing Countries

Well-developed money markets exist in only a few high-income countries. In other countries money markets are narrow, poorly integrated, and, in many cases, practically non-existent. Despite the many differences among countries, the general conclusion is that the degree of development of a country's financial system, including its money markets, is directly related to the level of its economy. Most very-low-income countries have limited financial systems in which money markets play no role. In many former colonies, such as in Africa, for example, expatriate commercial banks have taken the place of a local money market. Persistent inflation is another factor that has restricted the growth of money markets in developing countries, such as in Latin America.

Most developing countries, except those having socialist systems, have made it a policy objective to encourage the development and growth of money markets. At the same time, many of these governments offer low-interest-rate policies in order to reduce the cost of government debt, and to encourage investment.

Nevertheless, a demand for short-term funds and a supply of them exist in all market-oriented economies. In many developing countries these pressures have resulted in the appearance of 'unorganized money markets,' which are often highly developed in urban areas. Such markets are unorganized because they are outside 'normal' financial institutions; they manage to escape government controls over interest rates; but, at the same time, they do not function very effectively because interest rates are high and contacts between localities and among borrowers and lenders are limited.

DISCUSSION

1. THE EURO AREA MONEY MARKET is among the most integrated parts of the financial system. The start of the euro on January 1, 1999 was a historic event, where 11 national currencies were converted into one single currency overnight. Greece became the 12th EU Member State to adopt the single currency on January 1, 2001. The common currency of the 12 participating European Union Member States has considerable significance in the world economy. It accounts for around 20% of world GDP and world exports. The successful launch of the euro, which is a key element in the creation of a stable and prosperous Europe, has increased the integration of financial markets in the euro area. What are the advantages and/or disadvantages to having a single, joint currency, that is, an integrated financial system? Which outweighs the other? Explain and exemplify.

2. WHAT COMES FIRST – economic stability or a developed money market? What is the relationship that exists between the two ideas? Discuss and illustrate.

3. WHAT DO YOU THINK WILL BE the impact of Brexit on the financial markets? Are there any means to deal with and reduce potentially negative impacts, and how? Who would be the most affected, that is, who would feel it the most, and why? Discuss and illustrate.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. DISCUSS AND EXEMPLIFY how the money market is organized and how it functions in the Republic of Macedonia.

2. COMPARE AND CONTRAST the money markets in three developed countries (of your choice), and discuss which country has the best organization, and why.

2. Grammar focus: modal verbs (+ present infinitive)

Definition:

Modal verbs = a type of an auxiliary (helping) verb that is used to express modality, that is: ability, possibility, permission, likelihood, advice, obligation, etc.

Semi-modal verbs (or modal phrases) = express the same ideas as modal verbs, but are a combination of an auxiliary verb and *to*.

Modal and semi-modal verbs give additional information about the function of the main verb that follows them, and they have a number of communicative functions.

Form and characteristics:

- modal verb + bare (without *to*) infinitive;
- never change their form: -s, -ed, -ing cannot be added to them;
- allow the speakers to express permission, prohibition, certainty, possibility, ability, obligation, (lack of) necessity, advice, willingness, etc.

The modals and semi-modals in English are:

- can/could (be able to)
- may/might
- shall/should/ought to
- must (have to)
- will/would
- need/dare - these can be used both as modal and as lexical verbs.

Uses:

1. can/could (be able to)

- ability or lack of ability = can/can't (present/future); could/couldn't

(past):

e.g. He can fix computers.

e.g. She can't type very fast.

e.g. Tom could function on 3 hours of sleep when he had a presentation to do.

- possibility or impossibility:

e.g. You can finish the project on time if you work really hard on it.

e.g. I can't talk now, I'm busy.

e.g. I could pay less if I buy the computer now.

- asking/giving permission:

e.g. Can you lend me your notes, please?

e.g. Could I talk to the manager, please?

e.g. You can't come in here, sorry.

- making a suggestion:

e.g. You could call her and apologize for forgetting to send her the report.

2. may/might

- formal permission/prohibition:

e.g. May I come in?

e.g. You may not wear jeans to work.

- polite request:

e.g. May I see you for a moment, please?

e.g. How may I help you, sir?

- possibility/negative possibility:

e.g. Our company may/might get the order if the client agrees to the price.

e.g. Real estate prices are very high; we might not buy a house, after all.

– making a suggestion when there is no better alternative/polite suggestion:

e.g. We might as well go, there is nothing else we can do here.

e.g. You might wish to try this one instead.

3. shall/should/ought to

– offering help/making a polite suggestion (expecting a positive answer):

e.g. Shall I do that for you?

e.g. Shall I close the door?

– offering help/making a polite suggestion (a positive answer is not certain):

e.g. Should I call for the manager?

– prediction/expectation that something will happen:

e.g. The report should be finished on time.

e.g. The goods should arrive there by this afternoon.

e.g. I shouldn't be late; the meeting will be over in an hour at most.

– giving advice (especially about something considered wrong / unacceptable):

e.g. You shouldn't be so rude to him.

4. must (have to)

– necessity or requirement/obligation = must (present); had to (past); will have to (future):

e.g. You must have a college degree if you want to work for us.

e.g. I had to work 50 hours a week when I was starting out.

e.g. You will have to send in the forms by the end of the week.

– positive deduction (almost 100% certainty):

e.g. He has worked for them for over 20 years; he must be very loyal to them.

– persuasion/very strong advice:

e.g. You really must try this new computer program, it's very easy to use.

– prohibition:

e.g. You must not leave the report where others have access to it.

5. will/would

– expressing future:

e.g. I will call you at noon.

e.g. He'll send you the documents by registered mail.
e.g. She won't be happy with the preliminary results when she gets them.

– polite request/statement:

e.g. Will you help me, please?

e.g. Would you mind if I wait here?

e.g. I would like to sign up for the free trial period, please.

– habitual past action:

e.g. When I was younger I'd spend hours working on additional projects.

e.g. She wouldn't say a word in meetings before, but now she won't shut

up.

6. need/dare - these two verbs can appear both as modal verbs and as lexical verbs, depending on how they are used, that is, depending on their form. Namely, when their form is need/dare + present bare (without to) infinitive = modal verbs. As modal verbs, need/dare are used in questions and in negative statements. On the other hand, when their form is need/dare + present full (with to) infinitive = lexical verbs. As lexical verbs, need/dare are used in affirmative statements.

– Need = necessity/lack of necessity (needn't; don't need to; don't have to; haven't got to):

e.g. Need I come in today? (modal verb)

e.g. Do I need to (Do I have to; Have I got to) come in today? (lexical verb)

e.g. You needn't wait up for me to start. (modal verb)

e.g. You don't need to/have to/haven't got to wait up for me. (lexical verb)

e.g. We need to talk. (lexical verb)

e.g. I dare you to tell everyone what the client said. (lexical verb)

e.g. We daren't increase prices in this terrible economic climate. (modal verb)

e.g. Dare we go in now, 30 minutes after the meeting started? (modal verb)

MODAL VERB	EXPRESSING	EXAMPLE
must	- strong obligation	<i>You must bow to the new Japanese CEO.</i>
	- positive deduction / certainty	<i>He must be very tired. He's been working all day.</i>
must not	- prohibition	<i>You must not smoke anywhere in the building.</i>

MODAL VERB	EXPRESSING	EXAMPLE
can	- ability - permission - possibility	<i>I can type 18 words a minute. Can I come in now? Postponing the meeting can cause them to reject our offer.</i>
could	- ability in the past - polite permission - possibility	<i>When I was younger I could function on 3 hours of sleep. Excuse me, could I just say something? He could come in and see you doing nothing!</i>
may	- permission - possibility, probability	<i>May I use your phone please? It may be all over by tomorrow!</i>
might	- polite permission - possibility, probability	<i>Might I suggest something interesting? I might sell my shares here.</i>
need not	- lack of necessity/ obligation	<i>I need not do anything; the manager will take care of it.</i>
should / ought to	- 50 % obligation - advice - positive deduction	<i>I should / ought to talk to our financial analysts. You should / ought to go over your notes. He should / ought to be very tired. He's been working on his speech all day long.</i>
had better	- advice	<i>You'd better offer them a better deal if you want to keep them.</i>

EXERCISES

1. COMPLETE THE SENTENCES with the correct form of the appropriate modal verb. In some cases, there may be more than one possibility:

- i) If you're not ready for the meeting, you _____ go to work. You'll destroy everything.
- ii) Managers _____ support and motivate their employees.
- iii) You _____ finish the proposal today. You can finish it tomorrow.

iv) The workers _____ do so much more now with the new equipment.

v) _____ I ask the clients to wait for you outside?

vi) You _____ pick us up from the airport; we'll take the airport shuttle.

vii) You _____ smoke here. It's a smoke-free building.

viii) You _____ treat your employees like that; eventually nobody is going to want to work for you.

ix) _____ you mind working a little faster? We're going to miss the deadline at this rate.

x) I'm sorry. I _____ help you with the report; I simply don't have the time.

2. UNDERLINE the correct word to complete the sentences:

1. May/Can/Have you use Excel?

2. Liz has/must/should get tired of her job. It is so boring.

3. Where's Nick? He might/mustn't/is to be in his office.

4. Take your CV with you just in case. It has to/need/might come in handy.

5. Jack must/had to/need go to work yesterday even though he's on vacation.

6. You look tired. You should/ought/are to go home.

7. You must not/need not/ought not do it. I've already typed it out.

8. Must/May/Can it be true that the company is bankrupt?

9. Will/Would/Shall we wait or sell our shares now?

10. You must/need/should to call me as soon as the buyers get here.

3. WRITE A SENTENCE using a suitable modal verb to express what you want in each situation:

a) When you need help finishing the annual report...

b) When you are feeling anxious before a job interview...

c) When you want your assistant to bring you the phone messages...

d) When it is not necessary for your staff to come in on the weekend...

e) When you did not hear what the interviewer said to you...

f) When you need some money from the bank...

g) When you want to invite your business partner for a celebratory dinner...

h) When somebody does something wrong (bad, inappropriate)...

i) When you ask your boss for more time to finish the project...

j) When you ask your business partners to postpone an important meeting...

3. Practice and revision

1. COMPLETE THE TEXT by filling in the gaps with an appropriate form of the word in brackets:

1. Stanley has a _____ (PROMISE) future with this firm.

2. This is a new government _____ (INITIATE).

3. How will my _____ (PERFORM) be evaluated?
4. He hasn't been fired yet, but he has been suspended _____ (DEFINITE).
5. We require written _____ (CONFIRM) for large orders.
6. He invested most of his _____ (SAVE) in the Stock Exchange.
7. _____ (COMPETE) on the PC market has increased significantly over the past few years.
8. Trade union _____ (MEMBER) has declined in the US.
9. They decided to enter into a _____ (PARTNER) when starting the business so as to have more starting capital.
10. My stockbroker advised me to make several safe _____ (INVEST).

2. FILL IN THE BLANKS with one word that forms collocations with all the words in that group:

1. plan, lunch, trip, partner, investment, acumen _____
2. exchange, market, index, options _____
3. increase, controls, war, tag, range _____
4. payer, law, measures, reform, cuts, credit, exemption _____
5. laundering, market, problems _____
6. placement, line, range, design, development _____
7. ballpark, preliminary, rough, conservative _____
8. natural, human, adequate, scarce, renewable _____
9. inalienable, basic, fundamental, equal, human _____
10. enduring, lasting, long-term, business, professional, love-hate _____

3. REPLACE THE PHRASES in italics with the appropriate phrasal verb:

1. We *hired him* to help us with the new website.
 a) brought him on b) brought him up c) brought him in
2. Mattel had to *reduce* their advertising budget.
 a) come off b) cut back on c) let down
3. We *rejected* the offer because we weren't happy with some of their demands.
 a) let off b) brought out c) turned down

4. That issue *was never raised* during the meeting.
a) didn't come up b) didn't draw up c) didn't measure up
5. This product *is not as effective* as its predecessors.
a) doesn't work up b) doesn't bring up c) doesn't measure up
6. *We don't have any more* paper.
a) have run off b) have run out of c) have run out
7. No one likes to sit through *extremely lengthy* negotiations.
a) drawn-out b) drawn-off c) drawn-up
8. Make sure you *complete* all the necessary paperwork.
a) write off b) fill out c) fill off
9. I'm sure they'll recover. Let's not *assume that they're finished*.
a) write them out b) write them off c) write them up
10. We usually *reserve* 15% of our budget for marketing.
a) sit aside b) place aside c) set aside

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

The money market is an unregulated and informal market and not structured like the capital markets, where things are organized in a formal way. Money markets are different from capital markets as they are for a shorter period of time, while capital markets are used for longer time periods. In addition, withdrawing money from the money market is easier.

The definition of money for money market purposes is not limited to bank notes, but includes a variety of capital that can be turned into cash at short notice, such as short-term government securities, bills of exchange, and bankers' acceptances.

The basic functions of a money market must be performed in any kind of modern economy, even one that is largely planned or socialist, but the arrangements in socialist countries do not usually take the form of a market.

Chapter 3

International trade

1. Reading and vocabulary

RELATED TOPICS: (internal/international) free trade; globalization; (global) capitalism; global economy; free market economy.

International and Free Trade

International trade refers to the exchange of goods and services around the globe. Every country has its own tradable goods which can be exported to others; however, it also relies on imports from other countries to provide the commodities and services it needs. The rise of the international markets has resulted in a global economy, something that can both shape world events, and affect them at the same time. International trade is of vital importance in seeing how well a country is doing economically.

Different models are used to study and analyze international trade, such as: 1) *the Ricardian model*, which supports the theory that countries should export what they are good at producing; 2) *the Heckscher-Ohlin model*, which is seen as the standard theory of international trade and is based on the idea that countries should specialize in exporting what they have in abundance, whether labor or capital, and import what they are short of - the cheapest things to produce as opposed to the most efficient; and 3) *the gravity model*, which predicts trade flow by the distance between countries and each country's comparative economic size.

The concept of *free trade*, on the other hand, has to do with trade or commerce carried on without restrictions such as import taxes, export rewards, domestic production subsidies, trade quotas or import licenses. The basic explanation for free trade is based on the belief that each region should concentrate on what it can produce most cheaply and efficiently, and should exchange its products for those it is less able to produce economically. Free trade is not an automatic right of a nation, although it has opened up the economies of different countries and brought investment, prosperity and growth through

allowing international competition against the domestic products and services of a country.

Free trade can be classified into *internal free trade* and *international free trade*.

Internal free trade has to do with free trade within national borders and in some countries it is a comparatively recent development. In France, for example, attempts were made to get rid of internal trade barriers in the 17th cent., but this was not accomplished until the French Revolution, a hundred years later. In Britain, the term free trade was first used during the fight to get rid of the privileges of the chartered companies in the 17th cent.

International free trade has to do with free trade outside of the national borders. For example, in the 18th century, in Britain, free trade was connected to the wish for a modest tax policy in international trade, especially with France. France, along with other European nations, historically followed a policy of protection. At present the United States is a relatively low tariff (a tax on imports and exports) nation, although it still maintains a fairly restrictive system of import quotas. Japan also has restrictive import quotas, as well as high tariffs and other trade restrictions.

Trade sanctions occur when countries, either acting individually or with others, refuse to allow economic interaction between specific other nations. This can be highly destructive to a country's economy and is used as a penalty or punishment.

Globalization

As a term, *globalization* was created in the 1990s, but people have been trading across the globe from prehistoric times. Basically, *globalization* refers to the integration of economics and societies of the world, namely production and consumption in all markets. It is the result of advances in communication, transportation and infrastructure, and it influences not only national economies but also the world economy as a whole.

Integration can be negative or positive. *Negative integration* is when trade and protective barriers such as tariffs and quotas are removed, in this way reducing costs of imports and increasing sources of supply. *Positive integration* is the standardization of international economic laws and policies which makes trade between different countries easier. As a result of globalization there is an improvement in international trade and progress in technology so that countries can be competitive on the world market. Due to globalization, specific economic and political decisions are made on a global scale because

in an integrated world they not only have a national, but also a global effect on the economy.

Globalization is marked by the free exchange of goods and capital, and it is often related to the internet revolution and the mainly western political, economic and cultural style. It is often viewed as the joining of time and space, the result of new inventions and technologies, marked by the break of physical boundaries, and the creation of new forms of social interaction, that is, increased social activity and increased interconnectedness between people - a one-dimensional and widely accessible global world where time and distance are no longer relevant.

From an economic aspect, globalization means increased production and competitiveness, free trade, faster economic growth, but also changeable financial markets that can destroy economies within a second and destroy the power of governments and state institutions. Globalization of labor markets increases inequality in income and guides the employment and economic growth of developing countries. However, this means further job dislocation in industrialized nations where top-quality jobs are kept, while low-pay work is shifted to poorer countries.

(Global) capitalism

The theory of global capitalism is concerned with the relations of power between the main classes of capitalist economy. Capitalism has always been concerned with the relationship between the capital owners and the workers, but global capitalism now sees these relationships take on a global perspective.

What makes global capitalism especially unique is a combination of five features that separate it from the international economy. First, it displays deeper, more extensive and more interconnected cross-border transactions. Second, resources, capabilities, goods and services are more mobile than ever before. Third, multinational organizations play a more significant role as creators and distributors of wealth. The final two features are that cross-border markets are experiencing more real and financial uncertainty than at any other point in history, and digital and electronic commerce has completely changed the character and geographic profile of cross-border transactions.

Because of these changes in technology businesses are no longer restricted by location. Multinational firms are now able to have their research and development, administration and manufacturing located in different areas of the globe, and be confident that they can control the processes taking place in these separate locations efficiently and precisely. Information technology,

including the global growth of the Internet and data processing has contributed to the growth in world financial markets. Money can move and be controlled around the world in real time; businesses are now able to select the cheapest price on a global rather than local scale and instead of moving factories from state to state, they can instead move their manufacturing process from country to country. If a labor source is cheaper in a different region of the world to the businesses' current location, they can move their production, which is a major contributor to the growth of global capitalism.

Global capitalism has also been the main motivation for the creation of the knowledge economy; wealth is created by the exchange of ideas rather than the transfer of physical assets and goods. The producers of ideas are now the main creators of wealth, as intellectual property cannot easily move across borders.

Global economy

Global economy, or world economy, refers to the economic relations between countries in a world where markets are interconnected and there is a free movement of goods, services, labor and capital across countries.

As a result of the elimination of trade barriers, global economy is characterized by a unified market for all goods produced all over the world. Domestic producers have access to more markets and they have to improve their standards in order to be globally competitive. They also benefit from the lower prices of imported raw materials, which reduces the cost of production and goods both on domestic and global markets. Because of high competition on the unified market, prices have to be the same, more or less, and the global economy tries to equalize the prices of all products regardless of their origin. Thanks to positive integration and the reduction of tariffs and quotas, free movement of goods between developed and developing countries has become possible.

The opening of the markets has further developed the global economy because the number of countries where products can be bought and sold has increased dramatically.

Global economy has increased the demand for goods and, as a result, the demand for a qualified workforce in countries where there is a shortage of professionals. Globalization allows greater mobility of human resources across countries, as well as outsourcing of business processes to other countries. Developed countries outsource their companies in Third World countries because of the cheap labor force and, as a result, firms grow significantly and their profits are much higher because they save a lot of money from wages

and other costs. Even though the creation of employment opportunities increases the standard of living in developing countries, the high profits of advanced nations further widen the 'divide between the have-nots and the have-lots' (the poor and the rich). The outsourcing process is viewed as an exploitation of workers in Third World countries where there are already great inequalities.

DISCUSSION

1. **DESPITE THE FACT** that the concept of a global economy can be beneficial on a global scale, bearing in mind that all economies of the world may work together in fighting global warming, climate change and environmental destruction, there are also negative effects that may surface. What are some negative effects that may arise, why might they appear, and how might they be dealt with? Explain and illustrate.

2. **IN YOUR OWN WORDS**, explain whether there are any positive consequences of imposing trade sanctions against a certain country, and what they might achieve. Provide an instance where trade sanctions have been used as a punishment, and why, as well as what the outcome was.

3. **IT GOES WITHOUT SAYING** that “Globalization contributes to the developing of a global civil society in the face of non-governmental organizations (NGOs). Their influence spreads across the world and they establish policies beneficial to both people and the environment.” On the other hand, however, “Globalization can be seen as a double-edged process associated with the disappearance of cultural distinctions and at the same time widening individual access to cultural diversity... [Globalization] poses questions of whether global democracy and social justice can be achieved and whether this process of unification would lead to a better humanity.” What is your opinion concerning this point of view of globalization? Are there any negative consequences to this phenomenon? Discuss and explain.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. **IN THE EARLY 1990S** the nations of the European Union aimed to remove all barriers to the free movement of trade and employment across their mutual borders. Critics of free trade zones argue that such measures pose problems to domestic economies. Many have continued to oppose the international force toward freer trade, arguing that it not only fails to protect jobs

in more developed nations, but that it also harms workers and the environment in less developed nations, where the laws are not so strict and not so enforced. Do you agree or disagree with this? Explain where you stand on this issue, with examples to support your arguments for or against.

2. ALTHOUGH THE FREE MARKET ECONOMY is used in many countries throughout the world, not all recent followers to the free market economy model have been convinced of its advantages, Russia being one example. In fact, 41% of Russians questioned in Gallup Polls from 2006-2007 believed that being free of state control was wrong for their country's future. To the majority of Russians, "The phrase 'free market economy' conjures up the 'Wild East' and loss of control." Why do you think so many Russians felt this way? Do you agree or disagree with them? Why?

2. Grammar focus: prepositions and prepositional phrases

Prepositions = short words that usually stand in front of nouns, and sometimes also in front of gerunds. Prepositions may be challenging to learn because a perfect translation is usually not possible, and there are very few rules as to when to use which preposition. The best ways to learn prepositions is to look them up in a dictionary, to read a lot in English, and to learn useful phrases by heart.

Preposition = a category of words that describe relationships. The English language has countless prepositions, but some of the more common ones are: *above, against, at, around, before, behind, below, besides, between, by, for, in, of, off, on, over, through, to, under, with.*

The charts below contain brief explanations of usage and examples for some of the most frequently used prepositions in English:

PREPOSITION	USAGE	EXAMPLE
on	- days of the week	<i>on Monday</i>
in	- months / seasons - time of day - year - after a certain period of time (<i>when?</i>)	<i>in August / in winter</i> <i>in the morning</i> <i>in 2006</i> <i>in an hour</i>

PREPOSITION	USAGE	EXAMPLE
at	- for <i>night</i> - for <i>weekend</i> - a certain point of time (<i>when?</i>)	<i>at night</i> <i>at the weekend</i> <i>at half past nine</i>
since	- from a certain point of time (past till now)	<i>since 1980</i>
for	- over a certain period of time (past till now)	<i>for 2 years</i>
ago	- a certain time in the past	<i>2 years ago</i>
before	- earlier than a certain point of time	<i>before 2004</i>
to	- telling the time	<i>ten to six (5:50)</i>
past	- telling the time	<i>ten past six (6:10)</i>
to / till / until	- marking the beginning and end of a period of time	<i>from Monday to/till Friday</i>
till / until	- in the sense of <i>how long something is going to last</i>	<i>He's away on business until Friday.</i>
by	- in the sense of <i>at the latest</i> - up to a certain time	<i>I will be back by 6 o'clock.</i> <i>By noon, I had answered 5 e-mails.</i>

PREPOSITIONS – PLACE (POSITION AND DIRECTION)

PREPOSITION	USAGE	EXAMPLE
in	- room, building, street, town, country - book, paper etc. - car, taxi - picture, world	<i>in the kitchen, in Toronto</i> <i>in the book</i> <i>in the car, in a taxi</i> <i>in the picture, in the world</i>
at	- meaning <i>next to, by an object</i> - for <i>table</i> - for events - place where you do something typical (watch a film, study, work)	<i>at the door, at the station</i> <i>at the table</i> <i>at a concert, at the party</i> <i>at the cinema, at school, at work</i>
on	- attached	<i>the picture on the wall</i>

PREPOSITION	USAGE	EXAMPLE
	<ul style="list-style-type: none"> - for a place with a river - being on a surface - for a certain side (left, right) - for a floor in a house - for public transport - for <i>television, radio</i> 	<p><i>London lies on the Thames.</i></p> <p><i>on the table</i></p> <p><i>on the left</i></p> <p><i>on the first floor</i></p> <p><i>on the bus, on a plane</i></p> <p><i>on TV, on the radio</i></p>
by, next to, beside	- left or right of somebody or something	<i>Jane is standing by / next to / beside the car.</i>
under	- on the ground, lower than (or covered by) something else	<i>the bag is under the table</i>
below	- lower than something else but above ground	<i>the slides are below the projector</i>
over	<ul style="list-style-type: none"> - covered by something else - meaning <i>more than</i> - getting to the other side (also <i>across</i>) - overcoming an obstacle 	<p><i>put a jacket over your shirt</i></p> <p><i>over 16 years of age</i></p> <p><i>walk over the bridge</i></p> <p><i>climb over the wall</i></p>
above	- higher than something else, but not directly over it	<i>a path above the lake</i>
across	<ul style="list-style-type: none"> - getting to the other side (also <i>over</i>) - getting to the other side 	<p><i>walk across the bridge</i></p> <p><i>swim across the lake</i></p>
through	- something with limits on top, bottom and the sides	<i>drive through the tunnel</i>
to	<ul style="list-style-type: none"> - movement to person or building - movement to a place or country - for <i>bed</i> 	<p><i>go to the cinema</i></p> <p><i>go to New York / Finland</i></p> <p><i>go to bed</i></p>
into	- enter a room / a building	<i>go into the kitchen / the house</i>
towards	- movement in the direction of something (but not directly to it)	<i>go 5 steps towards the house</i>
onto	- movement to the top of something	<i>jump onto the table</i>
from	- in the sense of <i>where from</i>	<i>the CEO from California</i>

OTHER IMPORTANT PREPOSITIONS

PREPOSITION	USAGE	EXAMPLE
from	- who gave it	<i>It's a present from Jane.</i>
of	- who/what does it belong to - what does it show	<i>a page of the book</i> <i>the picture of a palace</i>
by	- who made it	<i>a book by Mark Twain</i>
on	- walking or riding on horseback - entering a public transport vehicle	<i>on foot, on horseback</i> <i>get on the bus</i>
in	- entering a car / taxi	<i>get in the car</i>
off	- leaving a public transport vehicle	<i>get off the train</i>
out of	- leaving a car / taxi	<i>get out of the taxi</i>
by	- rise or fall of something - travelling (other than walking or horseriding)	<i>prices have risen by 10%</i> <i>by car, by bus</i>
at	- for age	<i>She learned to type at 45.</i>
about	- for topics, meaning <i>what about</i>	<i>We were talking about the merger.</i>

Prepositional phrase = a preposition + an object of the preposition --> modifies some noun or verb.

Function of a *prepositional phrase* = it provides more information about a noun or verb. As an adjective, the prepositional phrase will answer the question *Which one?*, whereas as an adverb, it will answer questions such as *How?*; *When?*; or *Where?*

Some examples of prepositional phrases are the following: *at home, in time, with me.*

Some examples of prepositional phrases that appear in the texts in this chapter are:

- | | | |
|-------------|-----------------|---------------|
| - impact of | - good at | - progress in |
| - refer to | - establish in | - due to |
| - export to | - base on | - marked by |
| - rely on | - specialise in | - linked to |

- rise of
- result in
- refuse to
- concentrate on
- result of
- improve(ment) in
- concern with
- benefit from

EXERCISES

1. PROVIDE SENTENCES using the prepositional phrases above which clearly reflect their meaning.

2. COMPLETE THE TEXT by filling in the gaps with the appropriate preposition:

Free trade is facilitated ____ organizations such ____ the European Union (EU) and the World Trade Organization (WTO). ____ fact, it is the WTO which enforces the rules ____ global trade, and as such they tend to work ____ the advantage ____ its member countries that are already rich. Some groups feel that the WTO increases the gap between rich nations and poorer countries struggling ____ compete. Furthermore, although the underlying basis of free trade was meant to be that it is used ____ the greater good of a society, today it has become a target ____ the anti-capitalist and anti-globalization supporters, who argue that the self-interest it promotes is damaging ____ society.

3. COMPLETE THE TEXT by filling in the gaps with the appropriate preposition:

Global capitalism has created wealth ____ the majority ____ people ____ the world. The world's output has risen ____ six times what it

was 50 years ago. There is more wealth in the world than there has been ____ any previous time ____ global history, and global capitalism has been a major contributor ____ this. Because ____ the global flow ____ commodities and ideas it is now possible to trade freely with partners around the globe. This growth ____ free trade has led ____ more prosperity in the countries compared ____ those that have stuck ____ an isolationist policy. The rise ____ global capitalism with the free flow of capital and ideas into new countries has brought economic growth ____ their population.

3. Practice and revision

1. COMPLETE THE TEXT by filling in the gaps with an appropriate form of the word in brackets:

From a _____ (HISTORY) point of view, the first wave of globalization took place between 1880 and 1914, with Europe as the main _____ (FOCUS) point. It was _____ (ECONOMY) driven by the advance of _____ (INDUSTRY) capitalism and during the period through WWI, it was motivated by the rapid _____ (DEVELOP) of trade, increasing sources of information, and the significant modernization of transport infrastructure, especially railways, shipping and airplanes. These key factors improved geographic _____ (MOBILE) and accelerated trans-border flows of people and goods. This was a period of extensive _____ (MIGRATE) from poorer European countries (Italy, Ireland and Sweden) to the United States, which put the US economy at a disadvantage and resulted in the US immigration authorities _____ (TIGHT) entry policy. The years between 1914 and WWII were marked by economic _____ (DEPRESS) and _____ (PROTECT) and were, therefore, excluded from the globalization picture.

2. COMPLETE THE TEXT by filling in the gaps with the appropriate preposition:

The free market economy is often viewed ____ highly successful. However, ____ the aftermath ____ the terrorist attacks ____ the United States ____ September 11, 2011, it took a big hit leading ____

countries around the globe suffering slow growth and then an outright recession. The exception was China, where the economy remained strong.

Goldman Sachs International Vice Chairman Robert Hormats explained the situation: “_____ the extent the American economy weakens, which it will _____ sure, it will also weaken the global economy.” The disadvantage in the free market economy particularly hurt countries with close ties _____ the United States economy, including those linked to the North American Free Trade Agreement partners, such as Canada, Mexico and Asian countries dependent _____ the North American consumer markets. There was also a domino effect for Europe and in the South American economies _____ Brazil and Argentina. The global market has suffered a further recession post September 11th and this has had an effect _____ the free market economy. However, those _____ favor _____ the economic model argue that it does not maintain recovery but simply solves the problem over time by getting rid _____ the dead wood the economy no longer requires.

3. COMPLETE THE SENTENCES by filling in the gaps with the appropriate preposition. One preposition fills the gaps of all the sentences in one section. The following prepositions can be used – *about, as, in, on, to, up*:

i.

- Let’s talk _____ the time for setting up the website.
- How _____ paying me half when I start the work?
- Be very clear _____ the price of products.

ii.

- We’d like half the money _____ advance.
- We offer a discount to customers who buy _____ bulk.
- _____ order to get a full refund, customers must send back goods _____ the original packaging.

iii.

- They lost the deal due _____ their inflexible approach.
- The key _____ our success is that we treat the customer as a single individual.
- The prices that we show on the website are identical _____ the prices in the store.

iv.

- At Kelkoo, a shopper can compare prices _____ any product.

- Customers will sometimes order ____ the telephone.
- Our products depend ____ what our customers want.

v.

- Our priority is to have the website up and running as soon ____ possible.
- That could be all right I suppose, as long ____ I get some money ahead of time.
- Items such ____ televisions and DVD players have become common purchases.
- Retailers should probably try to integrate the two as much ____ possible.

vi.

- Customers will sometimes go into stores to pick ____ goods.
- You can call ____ a call center and enquire about your order.

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

Free market refers to an economic system where the state only gets involved to collect taxes, and enforce contracts and private ownership. This means the government in countries with a free market economy does not set the price for goods and services. Instead, suppliers estimate and fix prices based on the supply and demand from consumers.

The government's involvement can become necessary in some spheres. For example, many developed countries with a free market economy literally subsidize their farm sectors. The same can also be said for other areas where the free market economy is unable to provide important goods and services needed by the people in general at costs they can afford, thus causing hardships.

The long-term success of the free market can be seen in countries such as the US, the UK, Germany and France. China and India are recent examples of how free trade can help a country to grow. In these nations, the free market has brought greater efficiency among its domestic producers and has significantly increased its growth market rate.

Chapter 4

International financial institutions

1. Reading and vocabulary

RELATED TOPICS: introduction; the importance of international financial institutions; fundamental international financial institutions.

Introduction

As WWII came to an end, international institutions, in general, began to develop more intensely than before, and they came to lead discussions of security, as well as legal and economic issues.

International Financial Institutions (IFIs), including the World Bank Group, other multilateral and regional development banks, and national development banks with international objectives, are of great importance because in addition to policy expertise, economic analysis and knowledge products, they also offer considerable development resources and strong ties to national governments.

In many parts of the world, international financial institutions play a major role in the social and economic development programs of nations with developing or transitional economies. This role includes advising on development projects, funding them and assisting in their implementation. They all have the common goals and objectives:

- to reduce global poverty and improve people's living conditions and standards;
- to support sustainable economic, social and institutional development; and
- to promote regional cooperation and integration.

These objectives may be achieved through loans, credits and grants to national governments. Such funding is usually tied to specific projects that focus on economic and socially sustainable development. IFIs also provide technical and advisory assistance to their borrowers and conduct considerable research on development issues. In addition to these *public procurement*

opportunities, in which multilateral financing is provided to a national government for the implementation of a project or program, IFIs are increasingly lending directly to sub-national government entities, as well as to the private sector.

During recent years, IFIs have made significant progress in coordinating and balancing the way they obtain goods and services. In many cases, they are using similar policies and procedures, although the interpretation of these approaches may still vary at the level of the individual institution.

Since International Financial Institutions (IFIs) are established by more than one country, they fall under the radar of international law. Their owners, or shareholders, are mainly national governments, although other international institutions and other organizations may occasionally show up as shareholders. The most prominent IFIs are creations of multiple nations, although some bilateral financial institutions (created by two countries) exist and are technically IFIs. Many of these are *Multilateral Development Banks* (MDBs), which are basically the largest source of development finance in the world. The MDBs, and in particular the World Bank, are also a primary source of development knowledge and policies. With large amounts of funds joined together with planned policy advice, MDBs are central in establishing the direction of development policy, including approaches to sustainability across Latin America, Asia, Africa, and Central and Eastern Europe.

The Importance of International Financial Institutions

The International Financial Institutions (IFIs) include the World Bank, the regional development banks, and the International Monetary Fund (IMF). They are the largest source of development finance in the world, typically lending between US\$30-\$40 billion to low and middle-income countries each year.

The IFIs, and in particular the World Bank, are a primary source of development knowledge, publishing research that shapes the debate on development issues. Other donor institutions often take their lead from the World Bank and the IMF, thus increasing the impact of those institutions' lending approaches and decisions.

IFI loans to finance investment projects and policy reforms in developing countries are intended to reduce poverty and encourage economic development. However, badly-thought out IFI loans have often caused widespread environmental and social damage, including irreversible impacts on natural habitats and dislocated communities.

IFI activities are often carried out without the informed participation of affected people, non-governmental organizations (NGOs), and, in many cases, even the legislatures of the Banks' borrowing countries. Furthermore, despite some progress, the IFIs still do not release detailed information quickly during project design and implementation. As publicly financed institutions, the IFIs should be held responsible for the consequences of the funds they loan to developing countries.

Fundamental International Financial Institutions

World Trade Organization (WTO)

The *World Trade Organization* (WTO) is the only international financial institution that controls the global trade rules between nations. The WTO is based on agreements signed by the majority of the world's trading nations. The main function of the organization is to help producers of goods and services, exporters and importers, to protect and manage their businesses.

Those who support the WTO, particularly multinational corporations, believe that it is beneficial to business. Skeptics, on the other hand, believe that the WTO weakens the principles of organic democracy and widens the international wealth gap. According to the official website of the organization, there are 164 member countries in the WTO, and 23 'observer' countries.

The World Trade Organization is essentially an entity that gets involved so as to maintain the international rules of trade between nations. However, the WTO has both positive and negative effects on globalization. On one hand, the WTO's efforts have increased global trade expansion, but, on the other hand, there has been a negative impact on local communities and human rights.

Supporters of the WTO consider the stimulation of free trade and a decrease in trade disagreements as beneficial to the global economy. Critics of the WTO, on the other hand, point to the decline in domestic industries and increasing foreign influence as negative impacts on the world economy.

WORLD TRADE ORGANIZATION	
Formation	January 1, 1995
Type	International trade organization
Purpose	Regulate international trade
Headquarters	Centre William Rappard, Geneva, Switzerland
Region served	Worldwide

Membership	164 member states (as of July 29, 2016)
Official language	English, French, Spanish
Budget	197.2 million Swiss francs (approx. 209 million US\$) in 2017
Staff	640
Website	www.wto.org

International Monetary Fund (IMF)

The *International Monetary Fund* (IMF) is an international organization that aims to promote global economic growth and financial stability, to encourage international trade, and to reduce poverty.

It is based in Washington, D.C. and it currently consists of 189 member countries, each of which has representation on the IMF's executive board in proportion to its financial importance, so that the most powerful countries in the global economy have the most voting power.

The IMF's mission is “to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.” Its primary methods for achieving these goals are monitoring, capacity building, and lending.

The IMF collects massive amounts of data on national economies, international trade, and the global economy as a whole, and provides regularly updated economic forecasts at the national and international level. These projections (calculations) are published in the *World Economic Outlook* and they appear with lengthy discussions of the effect of fiscal, monetary and trade policies on growth possibilities and financial stability.

Furthermore, the IMF provides technical assistance, and training and policy advice to member countries through its capacity building programs. These programs include training in data collection and analysis, which are connected to the IMF's project of monitoring national and global economies. In addition, the IMF makes loans to countries that are experiencing economic difficulties in order to prevent or ease financial crises. Members contribute the funds for this lending to a pool based on a quota system. These funds total around \$645 billion as of September 2017.

Historically speaking, the IMF was originally created in 1945 as an attempt to encourage international financial cooperation by introducing a system of convertible currencies at fixed exchange rates. Since the 1970s, however, the IMF has promoted the system of floating exchange rates, meaning that market forces determine the value of currencies relative to one another. The

IMF also had the role of a gatekeeper: countries could not obtain membership in the International Bank for Reconstruction and Development (IBRD) unless they were members of the IMF.

INTERNATIONAL MONETARY FUND	
Formation	December 27, 1945
Type	International financial institution
Purpose	Promote international monetary co-operation, ease international trade, enable sustainable economic growth, provide resources to members with balance of payments difficulties
Headquarters	Washington, D.C., U.S
Region served	Worldwide
Membership	189 countries
Official language	English
Main organ	Board of governors

International Bank for Reconstruction and Development (IBRD)

The *International Bank for Reconstruction and Development* (IBRD) is a component of the United Nation's *World Bank Group*, which was established in 1944/45 with the original objective of providing funding towards the post-WWII rebuilding efforts. Thus, its main aim was to provide financing for the European nations which had been destroyed in WWII. In the modern era, the IBRD's main objective is to provide loans and other financial services to less fortunate countries in the hope of reducing global poverty. The IBRD and its lending arm, the *International Development Association* (IDA), are collectively known as the *World Bank* as they share the same leadership and staff.

The International Bank for Reconstruction and Development (IBRD) is a global development association owned by 189 member countries. As the largest development bank in the world, it supports the World Bank Group's mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges.

The IBRD raises capital for the loans through issuing AAA rated bonds. Around \$10-15 billion worth of bonds are issued yearly. The IBRD has had its AAA credit rating since 1959.



In terms of the concept of *credit rating* – it refers to an evaluation of how credit-worthy a borrower is generally or with respect to a particular debt or financial responsibility. A credit rating can be given to any entity that wishes to borrow money - an individual, corporation, state or provincial authority, or sovereign government. Credit evaluation for companies and governments is generally done by a credit rating agency, and these agencies typically assign letter grades to indicate ratings, such as on a credit rating scale ranging from AAA (excellent) and AA+ to C and D (for example, a rating below BBB- means that there is a great likelihood of failure to repay loans).

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Formation	1944/45
Type	Development finance institution
Purpose	Development assistance, poverty reduction
Headquarters	Washington, D.C., U.S
Legal status	Treaty
Membership	189 countries
Parent organization	World Bank Group
Website	worldbank.org/ibrd

DISCUSSION

1. WHAT IS THE MAIN GOAL of the International Monetary Fund (IMF), and what means does it have at its disposal to carry out its aims? Is it better for potential financial assistance to be concentrated in one group, or in several institutions that would have similar or the same jurisdictions? Why? Expand and explain.

2. IS THE REPUBLIC OF MACEDONIA a member of any of the previously mentioned international financial institutions? What is the procedure for a country to become a member? What are the advantages/disadvantages of belonging to one of the said international financial institutions? Which outweighs the other - the advantages or the disadvantages? Expand and explain.

3. IS IT BETTER FOR A COUNTRY to seek financial assistance from any of the said international financial institutions or to use different means of dealing with a given financial difficulty? In what cases would it be better to ask for financial aid from any of the mentioned international financial institutions and when would it be better to avoid asking them for financial help? Why? Has the Republic of Macedonia turned to any international financial institutions for financial aid? If yes, when and why?

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. AS PART OF HIS BROADER ATTEMPTS to renegotiate the United States' international trade deals, President Trump has recently threatened to withdraw from the WTO, calling it a 'disaster'. If the US does withdraw, trillions of dollars in global trade would be disrupted. Discuss Trump's decision in more detail, and provide reasons for his potential actions, as well as the possible consequences if he carries out his threat. Do you agree or disagree with Trump? Explain and support your opinion.

2. IMF FUNDS OFTEN CARRY THE CONDITION that those who receive the money should make reforms to increase their growth potential and financial stability. These conditional loans are known as structural adjustment programs, and they have been criticized for increasing poverty and reproducing the structures of colonialism. What is your opinion concerning this statement – do you agree or disagree? Why? Explain and support your opinion?

2. Grammar focus: passive voice

In English, there are *two voices* in which a sentence may be constructed:

1. *the active voice* = the focus is on the subject of the verb, i.e., on the 'doer' of the action, the agent; (S + V + O), and

2. *the passive voice* = the focus is more on the action, on what happened rather than on who did it, which means that it is not important or not known who or what is performing the action; (O + V {+ by + agent/doer of the action}).

e.g. *My PC was stolen* = the focus is on the fact that my PC was stolen; however, I do not know who did it;

Sometimes a statement in passive is more polite than in active voice, such as in:

e.g. *A mistake was made* = the focus is on the fact that a mistake was made, but nobody is being blamed for it (as opp. to *You have made a mistake*).

FORM OF PASSIVE

– Subject + form of to be + past participle

The following changes take place when active sentences go into the passive voice:

– the object of the active sentence becomes the subject of the passive sentence;

– the subject of the active sentence becomes the object of the passive sentence (or is dropped).

	ACTIVE	PASSIVE
present simple	<i>Mr. Smith writes the delivery notes.</i>	<i>The delivery notes are written (by Mr. Smith).</i>
present continuous	<i>Mr. Smith is writing the delivery notes.</i>	<i>The delivery notes are being written (by Mr. Smith).</i>
past simple	<i>Mr. Smith wrote the delivery notes.</i>	<i>The delivery notes were written (by Mr. Smith).</i>
past continuous	<i>Mr. Smith was writing the delivery notes when the clients came in.</i>	<i>The delivery notes were being written when the clients came in.</i>
present perfect	<i>Mr. Smith has written the delivery notes.</i>	<i>The delivery notes have been written (by Mr. Smith).</i>
past perfect	<i>Mr. Smith had written the delivery notes.</i>	<i>The delivery notes had been written (by Mr. Smith).</i>
future	<i>Mr. Smith will write the delivery notes.</i>	<i>The delivery notes will be written (by Mr. Smith).</i>
auxilliary verbs	<i>Mr. Smith must write the delivery notes.</i>	<i>The delivery notes must be written (by Mr. Smith).</i>

USES OF PASSIVE

In an average English text, no more than 10% should be in passive voice. Thus, although, in general, active sentences should be preferred, there are certain contexts in which the passive construction is more appropriate, such as in:

- formal or academic writing; essays, reports, articles;
- news: headlines, reporting;
- when the object (person or thing) receiving the action is more important than the person or thing performing the action (e.g. *The meeting was concluded by the manager*);
- or when we do not know, or we do not care, who or what performed the action (e.g. *My office was broken into last night; Citizens are forced to pay taxes*).

EXERCISES

1. UNDERLINE the correct option to complete the sentences:

i) The meeting *be chaired / will be chaired / will being chaired / is been chaired* by Mr. Lewis.

ii) The documents *has been destroyed / have destroyed / have been destroyed / were been destroyed*.

iii) The designs *is being prepared / are being prepared / are been prepared / were been prepared* by the art department.

iv) The new law *going to be passed / have been passed / will passed / is going to be passed*.

v) The stores *were been / was being / were being / had being* shut down.

2. REWRITE THE SENTENCES in passive voice:

i) I confirm the reservation.

ii) We will deliver the goods immediately.

iii) We arranged a meeting.

iv) You can cancel the contract within five business days.

v) They execute all orders carefully.

vi) You have made a mistake.

vii) We are processing your order.

viii) Jane had cancelled the business trip.

ix) He has not answered our e-mail.

x) She did not sign the contract.

3. COMPLETE THE SENTENCES with an appropriate passive form of the verbs in brackets:

i) Often problems _____ (cause) by misunderstandings.

ii) The goods _____ (order) last week.

iii) He _____ (promote) next month.

iv) Duties _____ (assign) every other week.

v) Prices _____ (discuss) in more detail during our next meeting.

vi) A discount _____ (offer) if necessary.

vii) The new model of the car _____ (launch) last night.

viii) Further collaboration _____ (agree) upon.

ix) They _____ (fire) this morning without any prior notice.

x) The contract _____ (sign) yet so I have time to change my mind.

3. Practice and revision

1. COMPLETE THE TEXT by filling in the gaps with an appropriate form of the word in brackets:

No _____ (NEGOTIATE), mediation or _____ (RESOLVE) would be possible without the foundational WTO agreements. These agreements set the _____ (LAW) ground rules for _____ (NATION) commerce that the WTO oversees. When a member country signs an agreement, that country's government is bound to a set of rules that it must observe when setting future trade policies. These agreements protect producers, importers and exporters while encouraging world governments to meet specific social and _____ (ENVIRONMENT) standards.

2. COMPLETE THE TEXT with one of the following words/phrases: *pleasure, in, enclosed, touch, further, sincerely, of, draw, catalogue, forward.*

Dear Mr. Jacobs,

Thank you very much for your letter _____ March 5. _____ answer to your request, we have the _____ to enclose our latest _____ and price list. I would like to _____ your attention to the special offers. These products are available at a reduced price for a limited time only. If you would like any _____ information, please get in _____ with me.

I look _____ to hearing from you.

Yours _____,

Howard Johnson

Sales Manager

_____ : catalogue, price list, special offers supplement.

3. CHOOSE the best option:

1. I was one of the three candidates _____ for the second interview.

a) invited b) selective c) evicted

2. We have to _____ this issue at the next meeting.

a) rise b) raise c) raze

3. A _____ worker is one who is active and wants to do their work well.
 a) motivated b) motivating c) motive
4. While Marco was away, I took over his _____.
 a) responses b) results c) responsibilities
5. The success of our company is _____ on having a strong and capable staff.
 a) adept b) defendant c) dependent
6. We are hoping that you will remain with us for many years _____.
 a) to come b) of future c) ahead
7. Several of the sales _____ told me that they have received numerous complaints from customers.
 a) persons b) personnel c) personal
8. I can't help you right now; I'm on my _____.
 a) break lunch b) lunch break c) lunchtime
9. This job requires you to work _____ pressure.
 a) on b) with c) under
10. I have it under control; I'm on _____ of it.
 a) tip b) top c) over

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

The WTO as a Negotiation Forum

The World Trade Organization (WTO) provides a platform that allows member governments to negotiate and resolve trade issues with other members. The WTO was created through negotiation, and its main focus is to provide open lines of communication concerning trade between its members. For example, the WTO has lowered trade barriers and increased trade among member countries. On the other hand, it has also maintained trade barriers when it makes sense to do so in the global context. Therefore, the WTO attempts to provide negotiation mediation that benefits the global economy.

Chapter 5

Mergers. acquisitions and takeovers

1. Reading and vocabulary

RELATED TOPICS: introduction; types of mergers; types of takeovers; anti-takeover strategies.

Introduction

Mergers, acquisitions and takeovers have been a part of the business world for centuries. Nowadays, in the existing dynamic economic environment, companies often have to make decisions in order to maximize shareholder value. Mergers and acquisitions allow a company to develop a competitive advantage, with numerous operational benefits, and ultimately increase shareholder value. Generally speaking, mergers and takeovers (or acquisitions) represent very similar business actions in that they combine two previously separate firms into a single legal entity.

There is great motivation for a company to decide on a merger or acquisition; namely, increased savings in costs gained by an increased level of production, greater sales revenue and market share, broadened diversification, and increased tax efficiency. However, the reasons, as well as the financing methodology for mergers and takeovers are quite different.

A *merger* involves the mutual decision of two companies to join together and become one entity; it can be seen as a decision made by two 'equals'. The combined business, through structural and operational advantages gained by the merger, can reduce costs and increase profits, increasing shareholder values for both groups of shareholders. A typical merger, in other words, involves two relatively equal companies, which combine to become one legal entity with the goal of producing a company that is worth more than the sum of its parts. In a merger of two corporations, the shareholders usually have their shares in the old company exchanged for an equal number of shares in the merged entity.

For example, in 1998, American automaker, Chrysler Corp. merged with German automaker, Daimler Benz to form DaimlerChrysler. This is an

excellent example of a merger of equals since the chairmen in both organizations became joint-leaders in the new organization. The merger was thought to be quite beneficial to both companies because it gave Chrysler an opportunity to reach more European markets and it allowed Daimler Benz to gain a greater presence in North America.

A *takeover*, or *acquisition*, on the other hand, is characterized by the purchase of a smaller company by a much larger one. This combination of 'unequals' can produce the same benefits as a merger, but it does not necessarily have to be a mutual decision.

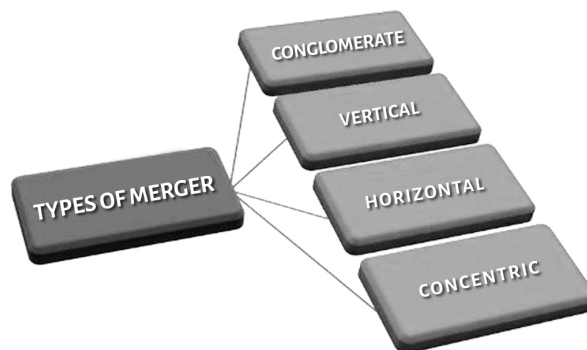
A larger company can start a *hostile takeover* of a smaller firm, which is essentially equal to buying the company in spite of the resistance from the smaller company's management. Unlike in a merger, in an acquisition, the acquiring firm usually offers a cash price per share to the target firm's shareholders. The purchasing company essentially finances the purchase of the target company, buying it in full for its shareholders.

An example of an acquisition is the one where the Walt Disney Corporation bought Pixar Animation Studios in 2006. In this case, this takeover was friendly, as Pixar's shareholders all approved the decision to be acquired.

Thus, there are several ways with which two or more companies can combine their efforts: 1) they can join together on a project, mutually agree to combine forces and merge (= merger), or 2) one company can completely acquire another company, taking over all its operations, including its holdings and debt (= acquisition, or takeover), sometimes replacing management with its own representatives (= dramatic, unfriendly *hostile takeover*).

Types of Mergers

Depending on their nature, mergers may be classified as one of the following:



Conglomerate Mergers - this represents a merger between firms that are involved in completely unrelated business activities. Conglomerate mergers are further sub-divided into: *pure conglomerate mergers*, which involve firms with nothing in common, and *mixed conglomerate mergers*, which involve firms that are looking for product extensions or market extensions. An example of a conglomerate merger is the Walt Disney Company and ABC (the American Broadcasting Corporation).

Vertical Mergers - this is a merger between two companies that produce different goods or services. Examples of vertical mergers are the Disney - Pixar merger, as well as the Time Warner Incorporated (a major cable operation) - Turner Corporation (which produces CNN, TBS, and other programs) merger.

Horizontal Mergers - these are mergers where the companies produce similar kinds of commodities, or run similar types of businesses. The Lipton India - Brooke Bond merger, as well as BSES Ltd - Orissa Power Supply Company merger are examples of horizontal mergers.

Concentric Mergers - concentric mergers are mergers of firms that are into a similar type of business, such as the Nextlink (local exchange carrier offering services in 57 cities and building a nationwide IP network) - Concentric (a national ISP, offering dial-up Internet access, high-speed DSL and VPN services across the US and overseas) merger.

Types of Takeovers

When one company takes over another and clearly establishes itself as the new owner, that purchase is called an *acquisition*. Generally speaking, acquisitions are negative in nature, and the type of acquisition depends to a large extent on how the communication is carried out and received by the target company. In that sense, the acquisition can be classified as *friendly* or *hostile* (also known as a *takeover*).

A *friendly acquisition* is one where companies cooperate in negotiations, and can be classified as a *merger of equals*.

A *hostile acquisition*, on the other hand, is one where the target company is unwilling to be purchased, or where it has no prior knowledge of an offer. Basically, it is when the board of the target company rejects the offer, but the bidder continues to go after it, or when the bidder makes the offer without informing the board of the target company beforehand. In many cases, the hostile takeover may transform into a friendly takeover, as a result of the offer being improved.

Depending on how they have been carried out, unfriendly acquisitions can be of several types, such as:

1. Hostile Takeover - an unfriendly takeover attempt by a company ('raider') that is strongly resisted by the management and the board of directors of the target firm. These types of takeovers are usually bad news, affecting employee self-confidence at the targeted firm, which can quickly turn to antagonism against the acquiring firm. While examples of hostile takeovers working do exist, they are generally more difficult to carry out than a friendly merger.

2. Dawn Raid - a business action in which a firm or investor wants to buy a significant amount in the takeover-target company's value by telling brokers to buy the shares as soon as the stock markets open. By getting the brokers to buy shares in the target company (the 'victim'), the acquirer (the 'predator') hides its identity and, thus, its intention. The acquirer then builds up a large interest in its target at the current stock market price. Since this is done early in the morning, the target firm usually does not get informed about the purchases until it is too late, and the acquirer now has controlling share.

3. Saturday Night Special - a sudden attempt by one company to take over another by making a public tender offer. The name comes from the fact that these maneuvers used to be done over the weekends. This practice has restrictions in the U.S., for example, since acquisitions of 5% or more of a company's stock value must be revealed to the Securities Exchange Commission (SEC).

Anti-Takeover Strategies

Takeovers are announced almost every day, but this does not necessarily mean that everything will go ahead as planned. In many cases the target company does not want to be taken over. There are a number of strategies that management can use during situations of mergers and acquisitions, and almost all of these strategies are aimed at affecting the value of the target's stock in some way. There are several ways that companies can protect themselves from a hostile takeover carried out by a 'predator', and they tend to be termed as 'shark repellent.'

In this context, 'killer bees' may be employed, that is, firms or individuals that are used by the target company to keep a takeover bid away. These may be investment bankers, accountants, attorneys, tax specialists, etc., who use various anti-takeover strategies to make the target company economically unattractive and the acquisition more expensive.

Some other strategies and defenses that may be used against a hostile takeover are the following:

1. Golden Parachute - a measure that discourages an unwanted takeover by offering attractive benefits to the current top executives, who may lose their jobs if their company is acquired by another firm. Benefits written into the executives' contracts include items such as stock options, bonuses, liberal severance pay, and so on. Golden parachutes can be worth millions of dollars and can cost the acquiring firm a lot of money and, as a result, act as a strong brake to continuing with their takeover bid.

2. Greenmail - this term is a spin-off of the term 'blackmail', and it occurs when a large block of stock is held by an unfriendly company (raider), which then forces the target company to repurchase the stock at a substantial premium to destroy any takeover attempt. This is also known as a 'bon voyage bonus' or a 'good-bye kiss.'

3. Macaroni Defense - a strategy by which the target company issues a large number of bonds that come with the guarantee that they will be recovered at a higher price if the company is taken over. The reason why it is called a 'macaroni defense' is because if a company is in danger, the recovery price of the bonds expands, like macaroni in a pot! This is a very useful tactic, but the target company needs to be careful it does not issue so much debt that it cannot make the interest payments.

4. People Pill - in this situation, management threatens that in the event of a takeover, the management team will resign at the same time en masse, as a whole. This is especially useful if they are a good management team; losing them could seriously damage the company and make the bidder think twice. On the other hand, hostile takeovers often result in the management being fired anyway, so the effectiveness of this kind of a defense depends on the situation.

5. Poison Pill - with this strategy, the target company tries to make its own stock less attractive to the acquirer. There are two types of poison pills. The first one is known as the 'flip-in' poison pill, which allows existing shareholders (except the bidding company) to buy more shares at a discount. This type of poison pill is usually written into the company's shareholder-rights plan. The goal of this is to make the shares held by the bidder weaker, and make the takeover bid more difficult and expensive.

The second type of poison pill is the 'flip-over' poison pill, which allows stockholders to buy the acquirer's shares at a discounted price in the event of a merger. If investors fail to take part in the poison pill by buying stock at the discounted price, the remaining shares will not be weak enough to keep a takeover away.

There is an extreme version of the poison pill known as the ‘suicide pill’, in which case the takeover-target company may take action that may lead to its ultimate destruction.

6. Sandbag - with this tactic the target company makes obstructions in the hope that another, more favorable company will make a takeover attempt. If management sandbags too long, however, they may get distracted from their responsibilities of running the company.

7. White Knight - this refers to a company (the ‘good guy’ - the prince on the white horse) that runs in to make a friendly takeover offer to a target company that is facing a hostile takeover from another party (the ‘bad guy’, i.e. a ‘black knight’). The white knight offers the target firm a way out with a friendly takeover.

8. Lady Macbeth - in this strategy a third party acts as a white knight to gain trust, but then turns around and joins with the unfriendly bidders.

DISCUSSION

1. LIST AND DISCUSS the differences between mergers, acquisitions and takeovers, and provide examples for each. What are the objectives, advantages and limitations of a friendly takeover? Discuss and provide examples of an acquisition and/or a (friendly) takeover in a local context (in the Republic of Macedonia, for example).

2. DESPITE THE FACT that a merger is seen as a ‘marriage of equals’, there are, nevertheless, potential challenges that might arise, such as communication challenges, employee retention challenges (issues concerning keeping on employees), cultural challenges, and so on. Discuss in more detail what these challenges might involve, and provide possible solutions to deal with them.

3. LIST AND DISCUSS the reasons why some mergers succeed and others fail. What do you feel is the most important reason for a merger to be successful? Discuss and illustrate. What do you feel is the most important reason why a merger might fail? Discuss and illustrate.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. PROVIDE A DETAILED CASE STUDY (example) of a successful and unsuccessful merger in the Republic of Macedonia. Provide details about the mer-

ger, as well as an analysis as to why that particular merger was successful / unsuccessful.

2. PROVIDE A DETAILED CASE STUDY (example) of a successful and unsuccessful merger on an international scale. Provide details about the merger, as well as an analysis as to why that particular merger was successful / unsuccessful.

2. Grammar focus: relative clauses

Depending on the type of information they provide, relative clauses can be generally classified into two groups: *defining* and *non-defining*. They are introduced by relative pronouns, such as *who/whom* (people), *which* (things), *whose* (possession), *where* (place), *when* (time), *that* (people/ things).

a. **Defining relative clauses** (identifying clauses) tell us which specific person or thing we are talking about in a larger group of people or things:

*e.g. The woman **who came over last night** is my boss.*

*e.g. The laptop **which I bought yesterday** is already broken.*

*e.g. The place **where I worked when I was 16** has been knocked down.*

If a defining relative clause is removed from a sentence, the meaning of the sentence changes. This is because the information they provide is essential in identifying the person or thing we are talking about:

*e.g. Employees **that like being evaluated** are very unusual.*

*e.g. CEOs **who don't like power and control** are very uncommon.*

If we remove the relative clauses (in bold), the sentences would still make sense, but they would be incomplete in the sense that they would have a different meaning:

e.g. Employees are very unusual.

e.g. CEOs are very uncommon.

Defining relative clauses are introduced by relative pronouns, and they refer to a noun that appears earlier in the sentence. The following relative pronouns are used in defining relative clauses:

	PERSON	THING	PLACE	TIME	REASON
SUBJECT	who/that	which/that			
OBJECT	who/whom/ that	which/that	where	when	why
POSSESSIVE	whose	whose			

Note: In many cases, the relative pronouns *who*, *whom*, *which* can be replaced with the relative pronoun *that*, which is more informal, and frequently used in spoken English. Also, in some cases, the relative pronouns may be omitted altogether:

*e.g. The lady (**who/that**) I was telling you about this morning has sold off all her shares.*

Defining relative clauses are not separated from the rest of the sentence by commas.

b. Non-defining relative clauses give us more (additional) information about the person or thing we are talking about:

*e.g. My sister, **who lives in France**, is a financial analyst.*

*e.g. My PC, **which is relatively new**, was stolen last night.*

*e.g. Department managers, **who are very often intimidating**, can sometimes surprise you with their decency.*

If a non-defining relative clause is removed from a sentence, we lose some detail, but the overall meaning of the sentence remains the same. Thus, if we remove the relative clauses (in bold), the sentences would still be grammatically correct and the meaning would not have changed, although we would have less detail:

e.g. My sister is a financial analyst.

e.g. My PC was stolen last night.

e.g. Department managers can sometimes surprise you with their decency.

Non-defining relative clauses are introduced by relative pronouns, and they refer to a noun that appears earlier in the sentence. The following relative pronouns are used in non-defining relative clauses:

	PERSON	THING	PLACE
SUBJECT	who	which	
OBJECT	who/whom	which	where
POSSESSIVE	whose		

Note: The relative pronoun *that* is never used in non-defining relative clauses, and the relative pronouns cannot be omitted.

*e.g. *My sister, that lives in France, is a financial analyst.*

*e.g. *My sister, lives in France, is a financial analyst.*

Non-defining relative clauses are always separated from the rest of the sentence with commas.

EXERCISES

1. CHOOSE THE CLAUSE (a-g) which best completes each of the sentences (i-vii):

- i) The firm's 300 employees, _____, went on strike.
 - ii) The report, _____, contained many interesting ideas on how to promote our new products.
 - iii) The firm, _____, intends to expand its presence in Eastern Europe.
 - iv) The new machinery, _____, is not as efficient as we had hoped.
 - v) Mr. Watanabe, _____, will be the main speaker at this year's conference.
 - vi) SA Optics, _____, has over a hundred patented products.
 - vii) The CEO, _____, maintains close relations with the company's investors.
- a) whose engineers are among the most brilliant in the country
 - b) which cost the company over \$1 million
 - c) whose salaries had not been increased for over 12 years
 - d) who was elected to the Board in 2007
 - e) which was written by our Marketing Manager
 - f) which has recently signed a contract with a Swiss manufacturer
 - g) who is a specialist in Japanese management techniques

2. a) JOIN EACH PAIR of sentences using a relative pronoun, and decide in which sentences it may be omitted. Make any necessary changes:

1. A woman introduced me to Mr. Ross. She was Australian.

2. I sent you a report last night. Have you read it?

3. We interviewed some people. They were highly qualified.

4. You borrowed a colleague's car. What was his name?

5. We use videos for training purposes. This is one of them.

2. b) COMPLETE THE SENTENCES with an appropriate relative pronoun:

i) Peter is the accountant _____ my sister employed to deal with the figures.

ii) My father is the one _____ job was discontinued.

iii) The company _____ I worked for has declared bankruptcy.

iv) The office water cooler is the place _____ gossip is started and shared.

v) The company _____ I worked has declared bankruptcy.

3. JOIN THE SENTENCES using a relative pronoun, and decide in which sentences it may be omitted. Punctuate correctly by adding commas where necessary:

1. We spent our team building weekend in Scotland last year. Scotland is in the north of Great Britain.

Last year we _____
_____.

2. People own stock in the company. They are called stock- or shareholders.

The people _____
_____.

3. We held our first promotion in Edinburgh. Edinburgh is the capital of Scotland.

We held our first _____
_____.

4. Adam Smith was born in Scotland. He wrote the paper “The Wealth of Nations”. It was considered to mark the beginning of classical economics.

Adam Smith _____
_____.

5. Then we visited the company's main office. It is located in the City. The company's main office _____

_____.

6. Wall Street is a street in lower Manhattan. People know it as the home of the New York Stock Exchange.

Wall Street _____
_____.

7. We were met at the airport by an old man. He told us that he was our chauffeur.

An old man _____
_____.

8. We travelled to see our Boston branch. The object is located near the airport.

We travelled _____
_____.

9. The founder of the Virgin Group is worth more than US\$ 5.1 billion. His name is Richard Branson. He is ranked eighth among the wealthiest British billionaires.

The founder _____
_____.

10. I sent you an e-mail. It contained all the important information you needed for your meeting this morning.

The e-mail _____
_____.

3. Practice and revision

1. CHOOSE the best option:

1. Over that past three years, I _____ in a number of interesting projects.

- a) was involved b) both A and C c) have been involved

2. Right now I _____ in any project.

- a) am not involved b) both A and C c) am not being involved

3. A: Do you have time to talk? B: Not really, I _____ pretty busy right now.

- a) am being b) am c) have been

4. I _____ to a trade fair until I went to the one in Las Vegas last month.

- a) was never b) had never been c) have never been

5. They were one of our biggest competitors, but they _____ bankrupt last year.

- a) went b) have gone c) had gone

6. Recent efforts _____ our company's profile have been successful.

- a) to have boosted b) boost c) to boost

7. John's company _____ one of the biggest electronics retailers in the country.

- a) is b) are c) both A and B

8. I _____ the approval of the committee members before he rejected the project.

- a) had already gotten b) did already get c) have already gotten

9. The recent survey shows that our consumer base _____.

- a) grows b) is growing c) both and A and B

10. A: How's Tom doing? B: Now he's just _____ to get familiar with our process.

- a) try b) tried c) trying

2. MATCH A PHRASE from column A (1-10) and a phrase from column B (a-j) to form a complete sentence:

- | | |
|---|--|
| 1. Do you think... | a. ...they are probably not listening to what you are saying. |
| 2. In 1885... | b. ...we have pleasure in enclosing our information pack. |
| 3. Please accept our apologies for... | c. ...you could check my hotel booking? |
| 4. The goods will be ready for shipment 3 - 4 weeks... | d. ...I have investigated the problems she raised about health and safety. |
| 5. If someone keeps looking out of the window when you're talking,... | e. ...the company had more than 5000 employees. |
| 6. I'm quite sure that... | f. ...from receipt of your written order. |
| 7. In answer to your request... | g. ...payment of our invoice has not been received. |
| 8. I'd like to reconfirm... | h. ...the delay in dispatching your order. |
| 9. As requested by Mrs. Renoir,... | i. ...my seat on flight TR 998. |
| 10. According to our records,... | j. the figures I provided were accurate. |

3. MATCH SENTENCES 1 -5 to the following words/phrases: *total product, public relations, product image, unique selling proposition, price-conscious:*

1. I'm concerned that our customers may feel we are charging too much for this product.

2. We need to ensure that we keep a high profile. People should be reminded of our good reputation and image.

3. What makes this computer special is its unique design. There isn't anything else like it on the market.

4. We have to consider everything about the product not just what it looks like or what it's called.

5. I buy these jeans because they have a designer label. They make me feel expensive.

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

Simply put, a *merger* is like a marriage where two parties come together for convenience or to gain a strategic advantage. For instance, sharing an apartment or raising a child together is convenience. A strategic advantage may be the combined intellect in trolling your friends. In terms of corporate terminology - two companies usually merge to create a monopoly advantage when both have majority market share. It can also be the case of convenience where reduction in costs can be achieved through combined operations.

Acquisition is commonly used where one party is buying out another one with majority agreement of stakeholders. *Takeover* or '*hostile takeover*' is usually used in a case of acquisition where the buyer is buying out the other party without agreement, or with resistance among shareholders. There is not much difference but the processes differ significantly; acquisition is more like a younger sibling being commanded by the older one but working together in team to quickly complete the tasks set by their parents.

Chapter 6

Joint ventures

1. Reading and vocabulary

RELATED TOPICS: introduction; legal structure of joint ventures; types of joint ventures; benefits and risks of joint ventures.

Introduction

A *joint venture* is a business activity undertaken by two or more persons or organizations to share the expense and profit of a particular business project. A joint venture is not a business organization in the sense of an ownership, partnership, or corporation. It is an agreement between parties for a particular purpose and usually a defined timeframe. Joint ventures may be very informal, such as a handshake and an agreement for two firms to share a booth at a trade show, or they may be extremely complex, such as a consortium of major electronics firms joining to develop new microchips. The key factor in a joint venture partnership is its single, definable objective.

Most joint ventures are formed for the ultimate purpose of saving money, and they are attractive because they allow companies to share both risks and costs. Thus, a joint venture represents a business arrangement in which two or more parties agree to combine their resources for the purpose of achieving a specific task. This task can be a new project or any other business activity. In a joint venture, each of the participants is responsible for profits, losses and costs associated with it.

The key elements to a joint venture may include the following:

1. The number of parties involved;
2. The extent in which the joint venture will operate (geography, product, technology);
3. What and how much each party will contribute to the joint venture;
4. The structure of the joint venture itself;
5. Initial contributions and ownership split of each party;
6. The kind of arrangements to be made once the deal is complete;
7. How the joint venture is controlled and managed;
8. How the joint venture will be staffed.

Types of Joint Ventures

Joint ventures may be of different types, depending on what the aim of the business is. The most common types of joint venture are the following:

1. **Limited co-operation** – an agreement to collaborate with another business in a limited and specific way. For example, a small business with an exciting new product might want to sell it through a larger company's distribution network. The two partners agree on a contract setting out the terms and conditions of how this would work.

2. **Separate joint venture business** – a separate joint venture business is set up, possibly a new company, to handle a particular contract. A joint venture company like this can be a very flexible option. The partners each own shares in the company and agree how they should manage it.

3. **Business partnership** – in some cases, instead of a joint venture, a business partnership or a limited liability partnership may be formed, or even a merger of two businesses. It is important to note that a joint venture is not the same as a partnership.

Joint Ventures vs. Business Partnerships

As previously mentioned, a *joint venture* is an agreement with a contract that joins together two or more parties for the purpose of carrying out a particular business undertaking. All the sides involved agree to share the profit and loss of the enterprise. Thus, a joint venture is an association of two or more persons formed to carry out a single business enterprise for profit in which they combine their property, money, efforts, skill, and knowledge. The contributions of the respective parties do not need to be equal or of the same character. However, there must be some contribution by each side involved in the enterprise.

A *partnership*, on the other hand, represents an association of two or more persons to carry on as co-owners of a single business enterprise for profit. Although, generally speaking, the differences between a joint venture and a (business) partnership are not enormous, and a joint venture may even be considered as a form of partnership, the two are, nevertheless, two separate concepts, different from each other, where the business partnership represents a single business entity formed by two or more people, whereas the joint venture joins several different business entities (each of which may be any type of legal entity) into a new entity.

Joint Ventures vs. Consortiums

Just like the term *partnership* is often considered to be the same as the concept of *joint venture*, so is the term *consortium* – used frequently to

explain a joint venture. In fact, just like a joint venture is not the same as a partnership, it also differs from that of consortium. A consortium, then, is a looser arrangement between several different and distinct business entities and, unlike a joint venture, a consortium does not create a new entity. In the travel industry, for example, a consortium of travel agencies allows memberships with benefits. The consortium would negotiate on behalf of its members for special rates from hotels, resorts, and cruise lines.

Benefits and Risks of Joint Ventures

A joint venture is a common way of combining resources and expertise (knowledge) of two otherwise unrelated companies. It usually offers great advantages, but it can also present certain risks, since arrangements of this sort are generally highly complex.

Benefits of a Joint Venture

1. *New insights and expertise:* starting a joint venture provides the opportunity to gain new insights and expertise.

2. *Better resources:* forming a joint venture provides access to better resources, such as specialized staff, technology, and funds.

3. *It is temporary:* a joint venture is only a temporary arrangement between one company and another, which means that there is no long-term commitment.

4. *Shared risks and costs:* in case the joint venture fails, the costs of its failure will not be handled alone; sharing the expenses also means supporting the losses.

5. *Flexibility:* a joint venture may be limited in terms of duration, and may cover only a part of what the company does, which means that the commitment is limited, as well as the original business's exposure.

6. *Personal stakes can be sold individually:* firms can separate their business from the rest of the organization, and then later, sell it to the other parent company. Approximately 80% of all joint ventures end in a sale, from one partner to the other.

7. *Success is more likely:* the chances of success are higher since there is the association with a renowned brand. As a result of this, success is very likely, as well as an increase in credibility. Furthermore, access to new markets opens up, as well as to distribution networks, since the customer database of the joint venture partner can be used to market the product(s) of the other company, and the other company's services and products can be offered to

the partner's existing customers. Overall, joint ventures help businesses grow faster, increase productivity and generate greater profits.

8. *Creates relationships and networks*: even though the partnership is only for a specific goal, this will undoubtedly result in long-lasting business relationships.

9. *Limitless potential*: despite having little to no money available on hand, more venture deals may be created in the process, as well as momentum, all the while having partners.

10. *Money is saved by sharing advertising and marketing costs*: and this applies for a lot of other types of costs, since starting a joint venture is a great way to save money and/or split costs. At the same time, capacity is increased since joint ventures have to do with joining forces in purchasing, research and development.

Risks of a Joint Venture

1. *Vague, unclear or unrealistic objectives*: the objectives of a joint venture may not be 100% clear and may not be communicated clearly to all the people involved; sometimes a relationship may be formed with businesses whose abilities or resources do not match, or the partners may even have different objectives for the joint venture. In order for the joint venture to be successful, the business plan should be effectively communicated to everyone involved.

2. *There is no such thing as equal involvement*: equal pay may be possible, but it is extremely unlikely for all the companies working together to share the same involvement and responsibilities.

3. *Great imbalance*: because different companies are working together, there is a great imbalance of expertise, assets, and investment and this can have a negative impact on the effectiveness of the joint venture.

4. *Clash of cultures*: a clash of cultures and management styles may result in poor co-operation and integration. People with different beliefs, tastes, and preferences can get in the way if left uncontrolled.

5. *Limited outside opportunities*: joint venture contracts may limit outside activities of the partner companies while working on a venture project.

6. *A lot of research and planning are necessary*: the success of a joint venture highly depends on thorough research and a detailed analysis of the objectives.

7. *It may be difficult to exit the partnership*: even though a joint venture is temporary, there are still agreements and contracts involved that need to be followed.

8. *Unreliable partners*: because of the separate nature of a joint venture, it is possible that the partners do not devote 100% of their attention to the project and become unreliable.

9. *Flexibility can be restricted*: when this happens, participants have to focus on the joint venture, and their individual businesses may suffer in the process.

10. *Reputations may be destroyed*: by deciding to work together with another company, the partners are putting the reputations of their individual companies on the line. Sometimes a company's good reputation may be ruined by association alone.

DISCUSSION

1. JOINT VENTURES HAVE GROWN in popularity in recent years, despite the relatively high failure rate of such efforts for one reason or another. Creative small business owners have been able to use this business strategy to good advantage over the years, although the practice tends to be primarily associated with larger corporations. How might small business owners use this strategy of joint ventures to their advantage? Discuss the benefits and risks for small businesses of entering a joint venture - which would outweigh the other, the benefits or the risks? Would you decide to enter a joint venture if you were a small business owner? Explain and support your opinion.

2. WHAT ARE THE KEY CONSIDERATIONS to think about when deciding whether to enter into a joint venture? What is the most significant benefit that would cause you to decide positively about a joint venture, and what is the biggest risk that would dissuade you against entering a joint venture? Explain and support your opinion.

3. PUT THE BENEFITS in order of importance, from the most to the least important, and explain and support your decision. What are some other benefits/risks to joint ventures that might be added that have not been mentioned here.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics**:

1. IT HAS OFTEN BEEN STATED that there are substantial differences between developed and developing country joint ventures. The location of a joint venture decides whether it belongs to a developed or a developing coun-

try, and those differences tend to be in relation to goals, degree of conflict, patterns and mechanisms of control, and finally, performance measurement criteria. In your opinion, what are the reasons for these differences, why and how do they arise? What are the implications to the managers engaged in those joint ventures, and how might they be alleviated? Explain and support your opinion with examples.

2. JOINT VENTURES ARE especially popular with businesses operating in different countries, for example, within the transport and travel industries. Why do you think this is so? Explain using examples.

2. Grammar focus: reported (indirect) speech

Reported (indirect) speech is used to report what someone else said:

e.g. "I'm on the phone."

Clara said that she was on the phone.

e.g. "The atmosphere in the office was extremely tense as the boss came in."

He commented/said that the atmosphere in the office had been extremely tense as the boss had come in.

When using reported speech, the main reporting verb of the sentence is usually in the past tense:

– *He said ...*

– *She told me ...*

– *They asked ...*

When using reported speech, the word *that* can be left out, especially in informal situations:

e.g. I said (that) she should have started the report earlier.

e.g. I told them (that) I didn't want a party to mark my retirement.

Reporting statements

Indirect reports of statements consist of a reporting clause and a *that-clause*, which, as previously mentioned, may be omitted.

When the reporting verb is in the past tense, the following changes in tense occur:

TENSE	DIRECT SPEECH	TENSE	REPORTED SPEECH
present simple	<i>I am unemployed at the moment.</i>	past simple	<i>She said (that) she was unemployed at the moment.</i>
present continuous	<i>I am looking for a job.</i>	past continuous	<i>She said (that) she was looking for a job.</i>
past simple	<i>I bought shares in the company.</i>	past perfect / past simple	<i>She said (that) she (had) bought shares in the company.</i>
past continuous	<i>I was typing out my report...</i>	past perfect continuous	<i>She said (that) she had been typing out her report...</i>
present perfect	<i>I haven't seen the boss for two months.</i>	past perfect	<i>She said (that) she hadn't seen the boss for two months.</i>
past perfect*	<i>I had arranged everything previously.</i>	past perfect	<i>She said (that) she had arranged everything previously.</i>
will	<i>I'll send you an e-mail later.</i>	would	<i>She said (that) she would send me an e-mail later.</i>
would*	<i>I would help, but...</i>	would	<i>She said (that) she would help but...</i>
can	<i>I can explain.</i>	could	<i>She said (that) she could explain.</i>
could*	<i>I could persuade people from a very young age.</i>	could	<i>She said (that) she could persuade people from a very young age.</i>
shall	<i>I shall come later.</i>	would	<i>She said (that) she would come later.</i>
should*	<i>You should call to apologize for being late.</i>	should	<i>She said (that) I should call to apologize for being late.</i>
might*	<i>I might not come to work tomorrow.</i>	might	<i>She said (that) she might not come to work the next day.</i>
must	<i>I must finish the annual report this weekend.</i>	must / had to	<i>She said (that) she must / had to finish the annual report that weekend.</i>

* does not change

The changes in tense generally occur when the reporting verbs used are *say, tell, ask*. There are other reporting verbs that may be used to reflect the context of the direct statements, such as *advise, direct, suggest, warn, threaten, promise, refuse*, etc.

Reporting orders, commands and requests

Indirect reports of commands consist of a reporting clause, and a reported clause beginning with a to-infinitive:

e.g. "Get out!"

*The security guard ordered the men **to get out**.*

e.g. "Sit down and stop interrupting!"

*The chairperson told him **to sit down and (to) stop interrupting**.*

Besides say and tell, in indirect reports the to-infinitive clause can be used with other verbs that mean wanting or getting people to do something, such as *advise, encourage, warn, ask*:

e.g. "You should wait until tomorrow to tell him that."

*They advised me **to wait** until the following day to tell him that.*

e.g. "You must not enter the conference room without prior consent."

*The PA warned us **not to enter** the conference room without prior consent.*

e.g. "Give me your password, please."

*He asked me **to give** him my password.*

e.g. "Close the door and sit down."

*She told me **to close** the door and (to) sit down.*

Note: Say or Tell?

Tell needs an object:

e.g. Paul told me he was retiring.

e.g. I told him to take notes during the meeting.

e.g. We told the boss that his figures were wrong.

Say does not take an object:

e.g. Doug said that he was leaving the company.

e.g. I said she was very disorganized.

e.g. They said that the atmosphere at work was very tense

Reporting questions

In terms of their structure, questions may be divided into two types: *yes/no questions* (those that can be answered with a simple *yes* or *no*), and *wh-questions* (those that start with a *wh-word*, such as: *who, whose, what, when, where, why, how*).

Indirect reports of *yes/no* questions consist of a reporting clause and a reported clause introduced by *if* or *whether*. *If* is more common than *whether*.

While there is inversion in the formation of questions, when reporting questions, the reported clause is in statement form (subject + verb), not question form, without the use of a question mark.

e.g. "Are you busy?"

*She asked (me) **if** [S] I [V] was busy.*

e.g. "Do you want to start the presentation without him?"

*She asked (us) **whether** [S] we [V] wanted to start the presentation without him.*

e.g. "Have you had any previous training in this field?"

*They asked (me) **if** [S] I [V] had had any previous training in the field.*

Indirect reports of *wh*-questions consist of a reporting clause, and a reported clause beginning with a *wh*-word (*who*, *whose*, *what*, *when*, *where*, *why*, *how*). While there is inversion in the formation of questions, when reporting questions, the reported clause is in statement form (subject + verb), not question form, without the use of a question mark.

e.g. "What job do you want?"

*He asked me **what** job [S] I [V] wanted.*

Not: ~~He asked me what job I wanted?~~

e.g. "Who did you invite to the retirement party?"

*She wanted to know **who** [S] we [V] **had invited** to the retirement party.*

Not: ~~... who had we invited ...~~

e.g. "Why are you leaving?"

*She asked us **why** [S] we [V] **were leaving**.*

Not: ~~She asked us why were we leaving?~~

e.g. "When did the strike start?"

*I asked her **when** [S] **the strike** [V] **had started**.*

Not: ~~I asked her when had the strike started?~~

e.g. "Where is the manager?"

*I asked her **where** [S] **the manager** [V] **was**.*

Not: ~~I asked her where was the manager?~~

e.g. "How do you want to deal with the situation?"

*He asked me **how** [S] I [V] **wanted** to deal with the situation.*

Not: ~~He asked them how did I want to deal with the situation?~~

Changes

When reported speech is used, the subject and object pronouns need to be changed:

<i>direct speech</i>	<i>reported speech</i>
"I'm late for work."	Janet said that <u>she</u> was late for work.
"I will give <u>you</u> the notes."	Tom said that <u>he</u> would give <u>me</u> the notes.

Adverbs and adverbial phrases of time and place also need to be changed:

<i>direct speech</i>	<i>reported speech</i>
"We will arrive <u>tomorrow</u> ."	They said they would arrive <u>the next day</u> .
"The report is <u>here</u> on my desk."	He told me that the report was <u>there</u> on his desk.

The chart below provides some possible changes:

now	→	then / at that time
today	→	that day / Tuesday / June 27
yesterday	→	the previous day / the day before / Wednesday / December 5
last night	→	the previous night / the night before / Thursday night
last week	→	the previous week / the week before
next week	→	the following week
tomorrow	→	the next day / the following day / Friday

There is no need to change the verb tense in reported speech if the situation reported is still true at the time of reporting:

<i>direct speech</i>	<i>reported speech</i>
"I love my new job!"	Mary said that she loves her new job. (<i>This is still true. She still loves her job.</i>)

However, it would not be incorrect to change the verb tense:

<i>direct speech</i>	<i>reported speech</i>
"I love my new job!"	Mary said that she loved her new job.

In the following situations, though, the verb tense must be changed:

- The reported situation has changed or is finished:

e.g. Rose said that she was going to New York on business. (Not 'is going', since she is there now.)

– What was said and what is true are different:

e.g. She told me she would give him the message. (Not 'will give', because either she did not give him the message or we do not know whether she gave him the message.)

EXERCISES

1. REWRITE THE SENTENCES from direct into reported (indirect) speech, making any other necessary changes:

i) "I'll probably be late for the meeting this afternoon."

ii) "Prices went up in 1992."

iii) "We're expanding rapidly."

iv) "I can't afford to quit now."

v) "Where do you work?"

vi) "Have you finished for the day?"

vii) "The meeting has been postponed until tomorrow."

viii) "I'm going to review the situation next week."

ix) "Will you finish the job on time?"

x) "Follow me, please."

2. Complete the texts by adding a correct form of one of the following verbs: *say, tell, talk, speak, discuss, ask*:

I first heard about the problem when Anna _____ me about it. We _____ it for an hour. I _____ her to _____ me the reasons but she couldn't _____ what the reasons were. We agreed to _____ about it again before the meeting next week.

A: Prius Incorporated, how may I help you?

B: Hello, this is Frank Pierce from San Francisco. Can I _____ to Ms. Shears, please?

A: She's in a meeting just now. Can you _____ me what you want to _____ about?

B: Certainly. I need to _____ our meeting next week. I would like to _____ Ms. Shears for some suggestions for the agenda. When could I _____ to her?

A: I think she'll be free in an hour. I'll _____ her to call you, shall I?

B: Oh, yes please. Did you _____ about an hour?

A: Yes, approximately. She'll call you then.

B: Many thanks. Bye.

3. REWRITE THE SENTENCES from reported (indirect) speech into direct speech, punctuating properly, and making any other necessary changes:

i) Tim said that he worked in an office.

ii) She said that she was planning to sell her shares in the company.

iii) He wanted to know when the meeting was the following week.

iv) The boss asked me why I had been late that morning.

v) She told me that they couldn't persuade him to stay with the firm.

vi) She wanted to know if I had any previous job experience.

vii) He said he had had a great time at the launch the previous night.

viii) He wanted to know where I worked.

ix) They asked me why I was applying for the post.

x) She told me to pack up my belongings and leave.

3. Practice and revision

1. COMPLETE THE TEXT by filling in the gaps with an appropriate form of the word in brackets:

Many small business consultants counsel clients to approach joint ventures _____ (CAUTION). They acknowledge that such partnerships can be most _____ (VALUE) in nourishing a company's growth and _____ (STABLE), but also point out that smaller businesses usually have far less margin for error than do multinational corporations, or even mid-sized companies. Some experts even make the _____ (SUGGEST) that business _____ (OWN) considering a joint venture with another company set up a small joint venture first. Such small projects allow companies to test the relationship without _____ (COMMIT) large amounts of money. This is

_____ (SPECIAL) true when companies with _____ (DIFFER) structures, corporate cultures, and _____ (STRATEGY) plans work together. These sorts of _____ (DIFFER) often make it difficult to work together smoothly. So, going through a period of 'courtship' before committing to the marriage is usually a wise move.

2. MATCH THE WORDS on the left (i-v) with those on the right (a-e):

- | | |
|------------------|-------------|
| i. after-sales | a. offer |
| ii. trade | b. service |
| iii. advertising | c. discount |
| iv. guarantee | d. campaign |
| v. introductory | e. period |

Now fit the pairs into the following sentences:

- The cost to the retailer is \$50 minus the usual _____.
- There is a special _____ of free film processing with this particular camera.
- We are running a national _____ in all the Sunday newspapers next week.
- All our electrical components carry a _____ of 12 months.
- The company has recently taken on 12 engineers, so any problems we have had with our _____ will be a thing of the past.

3. CHOOSE the best option:

- This company is _____ for sale. (= This company is being sold.)
a) up b) --- c) on
- _____ an emotional standpoint, this is a very difficult decision to make.
a) On b) From c) At
- The CEO stepped _____ last month. (= The CEO resigned last month.)
a) along b) out c) aside
- He didn't say anything prior _____ the board's approval of the deal.
a) to b) --- c) with

5. We made _____ \$5,000,000 in profits last year.
 a) about b) around c) a and b
6. _____ all the workers, Miguel works the hardest.
 a) Out b) Out of c) Out off
7. We're focusing _____ long-term growth.
 a) on b) in c) at
8. –Will you finish this on time? –Yes, the packages will be sent out _____ schedule.
 a) in b) on c) by
9. Customers will be allowed to pay _____ cash.
 a) with b) in c) by
10. It's been a tough week _____ work.
 a) in b) on c) at

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

Benefits of Joint Ventures

Among the most significant benefits offered by joint ventures is that the participants save money and reduce their risks by sharing capital and resources. Joint ventures also give smaller companies the chance to work with larger ones to develop, manufacture, and market new products. They also give companies of all sizes the opportunity to increase sales, gain access to wider markets, and improve technological capabilities through research and development. Until recently, U.S. companies were not very interested in getting involved in research and development partnerships, but they have now become more open to participating in joint ventures.

State agencies have also become more generous with their financial support in establishing joint ventures. Government's increased involvement in the private business environment has created more opportunities for companies to engage in domestic and international joint ventures.

Chapter 7

Management functions

1. Reading and vocabulary

RELATED TOPICS: the management process; types of managers; management roles.

The Management Process

Management may be defined as a process with which organizational goals can be achieved. The term process, furthermore, refers to a set of activities that are both continuous and interrelated, that is, first, the activities are not done in a step-by-step way where responsibility is passed from one activity to the next, but, in fact, they are continued as new activities are started, and the results of each activity influence the other activities and tasks. The responsibility of management is to see that essential activities are done both efficiently - in the best possible way, and effectively - doing the right thing.

The management process consists of four primary functions that managers must perform: 1) planning; 2) organizing; 3) leading; and 4) controlling. The management process is not always arranged in a straight line, that is, although the key functions in the management process are connected, it does not always start with planning and continue through each step until the organizational goals are achieved. This is because it is not possible to plan for every problem that might arise. As the management process moves along, changes and modifications are made when unexpected events come up. It is up to the managers to make sure that necessary changes are implemented, and that the unity and integrity of the entire process is maintained.

Planning

Planning has to do with defining performance goals for the organization, as well as determining what actions and resources are needed to achieve those goals. Through planning, management defines what the future of the organization should be, and how to get there. *Strategic plans* are long-term and affect the entire organization. A strategic plan closes the gap between what an organization is and what it will become. *Tactical plans* turn strategic



The key functions in the management process

plans into specific actions that need to be implemented by departments throughout the organization. The tactical plan defines what has to be done, who will do it, and the resources needed to do it.

Organizing

Once plans have been made, decisions must be made about how to best carry out those plans. The organizing function involves deciding how the organization will be structured (by departments, job responsibilities, etc.).

In fact, organizing involves delegating authority and responsibility to various departments, distributing resources across the organization, and defining how the activities of groups and individuals will be coordinated.

Leading

Nearly everything that is accomplished in an organization is done by people. The best planning and organizing will not be effective if the people in the organization are not willing to support the plan. Leaders use knowledge, character, and charisma to create enthusiasm and inspire effort to achieve goals. Managers must also lead by communicating goals throughout the organization, by building commitment to a common vision, by creating shared values and culture, and by encouraging high performance. Managers can use the power of reward and punishment to make people support plans and goals. Leaders inspire people to support plans, creating belief and commitment. Leadership and management skills are not the same, but they can and do appear in the most effective people.

It is important to bear in mind that it may be very challenging to motivate people when plans involve radical changes, especially if they include staff reduction and layoffs. Many people are naturally resistant to change. When the change means loss of jobs or status, people will show great unwillingness.

Controlling

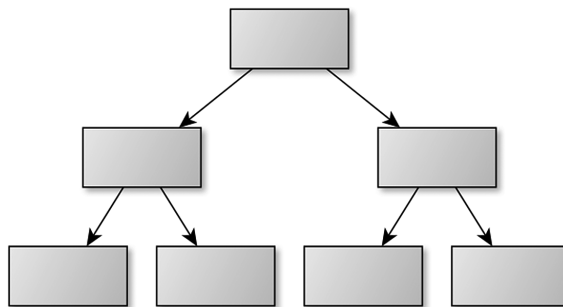
Planning is necessary for making preparations, but when it is time to carry out the plan, everything may not go as planned; unexpected things will happen. Observing and dealing with what actually happens is called controlling. *Controlling* is the process of monitoring activities, measuring performance, comparing results to objectives, and making changes and corrections when needed.

Controlling may be the most important out of the four management functions. It provides the information that keeps the corporate goal on track. By controlling their organizations, managers keep themselves informed of what is happening; what is working and what is not; and what needs to be continued, improved, or changed.

Types of Managers

Managers function in a number of roles including leading, sharing information, and making decisions. How often they play a particular role depends on the level they occupy, as well as the type of organization. Generally speaking, managers may be classified as *top-level managers*, *middle managers*, *first-line managers*, and *team leaders*.

Top-down management, also known as *vertical management*, refers to the various levels of management within an organization. Managers at different levels are free to focus on different aspects of the business, from strategic thinking to communicating information to operational efficiency. During the 19th century and much of the 20th century, top-down, i.e. vertical, management was highly structured with many layers of management (as depicted by a pyramid). In industries where processes and conditions are stable and where ongoing innovation is less critical, the vertical structure of management can still be very efficient. Workers in labor-intensive industries such as manufacturing, transportation, and construction need to follow established procedures and meet specific goals. Everyone knows who is in charge and assumes the job they do today will be the same next year or in five years.



Top-down, i.e. vertical, management in a traditional organizational structure

A key disadvantage of this type of management is that it limits the flow of information from the lower levels of the organization to the upper levels (like water, information flows downhill easily). Without easy two-way communication, top management can become isolated and out of touch with how its

plans affect the fundamental processes in the organization. It also encourages vertical thinking, that is, using traditional and recognized methods to solve particular problems. This is the opposite of the 'thinking outside of the box' approach. The digital age exposed the drawbacks of management that addressed problems in formal or bureaucratic approaches at the expense of creativity and innovation. Today, many organizations use 'flatter' structures, with fewer levels between the company's chief executives and the employee base. Most organizations, however, still have four basic levels of management: top, middle, first line, and team leaders.

Top-Level Managers. The *top-level managers* (or *top managers*) are the 'bosses' of the organization. They have titles such as chief executive officer (CEO), chief operations officer (COO), chief marketing officer (CMO), chief technology officer (CTO), and chief financial officer (CFO). A new executive position known as the chief compliance officer (CCO) is showing up on many organizational charts to help follow and respect complex rules and regulations. Depending on the size and type of organization, executive vice presidents and division heads would also be part of the top management team.

Top managers are basically responsible for the long-term success of the organization. They set long-term goals and define strategies to achieve them; they pay careful attention to the external environment of the organization: the economy, proposals for laws that would affect profits, stakeholder demands, and consumer and public relations. In addition, they make the decisions that affect the whole company, such as financial investments, mergers and acquisitions, partnerships and strategic alliances, and changes to the brand or product line of the organization.

Middle Managers. *Middle managers* have titles like department head, director, and chief supervisor. They are links between the top managers and the first-line managers, and have one or two levels below them. Middle managers receive broad strategic plans from top managers and turn them into operational plans with specific objectives and programs for first-line managers. They also encourage, support, and look after talented employees within the organization. Middle managers provide leadership, both in carrying out the instructions and directives of the top managers, and enable first-line managers to support teams and effectively report both positive performances and difficulties in meeting objectives.

First-Line Managers. *First-line managers* are the entry level of management, the individuals 'on the line' and in the closest contact with the workers. They are directly responsible for making sure that organizational

objectives and plans are carried out effectively. They may be called assistant managers, shift managers, foremen, section chiefs, or office managers. First-line managers are focused almost exclusively on the internal issues of the organization, and are the first to see problems with the operation of the business, such as untrained labor, poor quality materials, machinery breakdowns, or new procedures that slow down production.

Team Leaders. A *team leader* is a special kind of manager who may be appointed to manage a particular task or activity. The team leader reports to a first-line or middle manager. The responsibilities of the team leader include developing timelines, creating specific work assignments, providing needed training to team members, communicating clear instructions, and generally making sure that the team is working at maximum efficiency. Once the task is complete, the team leader position may be eliminated and a new team may be formed to complete a different task.

Management Roles

All managers must be comfortable with three main types of activities or roles. To do their jobs, managers take on these different roles, since no manager stays in any one role all of the time, but shifts back and forth. These roles are: 1) leadership (or interpersonal); 2) informational; and 3) decision-making.

Leadership and Interpersonal Roles

Leadership is the ability to communicate a vision and inspire people to accept that vision, and all effective managers display leadership characteristics. Top managers are often required to fulfill *figurehead* activities. They are the public face of the management team and represent the business in legal, economic, and social forums. Middle managers are also leaders, though their focus may be placed more on *interpersonal* skills, such as motivating employees, negotiating salaries, and encouraging innovation and creativity. First-line managers lead by example, when they actively participate in the tasks given to their workers, and by modeling the policies and work ethics of the organization.

Informational Roles

Informational roles involve receiving and sending information, whether as a spokesperson, a mentor, a trainer, or an administrator. A top manager is a voice of the organization and has to be aware that even personal opinions will

reflect on the business. With the free flow of information on the internet, it is very challenging for top managers to separate their personal identities from their corporate positions.

Middle managers must decide what information from top management should be shared with others, how it should be interpreted, and how it should be presented. Also, they must consider the value of the information they receive from first-line managers and employees in order to decide what to forward to top management. If the information passed on is untrue or unimportant, then the manager will be seen as an unreliable source and their opinions will not be taken into account.

The informational role for first-line managers is primarily one of sharing what they have been given, and helping the employees to see how their own contributions help achieve the organizational goals. They have a responsibility to see that the employees understand what they need to be successful in their jobs.

Decision-Making Roles

All managers are required to make decisions, but managers at different levels make different kinds of decisions. Generally speaking, there are four primary types of management decision roles, and they are the following: 1) *Entrepreneur* – usually top-level managers; they identify economic possibilities, lead the initiative for change, and make product decisions; 2) *Disturbance handler* – top and middle managers react to disturbances (unexpected events) in the organization, whether internal or external, and they decide what corrective actions should be taken to resolve the problems; 3) *Resource allocator* – all levels of management make decisions concerning the division of resources, depending upon whether the decision affects the entire organization, a single department, or a particular task or activity; and 4) *Negotiator* – depending on the effect on the organization, most negotiation is done by top and middle-level managers, with top managers dealing with negotiations that affect the entire organization, such as union contracts or trade agreements, and middle-level managers negotiating most salary and hiring decisions.

DISCUSSION

1. WHAT SIMILARITIES EXIST among the four management functions? Use examples to illustrate how they are related. Which management function, out of the four, do you feel is the most important - explain your answer in terms of the following points: how does it interact with the others; what would hap-

pen to management without that particular function; what factors cause you to feel that this is the most important management function?

2. IN YOUR OPINION, what makes a good manager? What are the qualities that a good manager needs to have? In that context, what do you feel are the characteristics of an effective team, and what are the characteristics of well-designed goals? What makes a bad manager? Discuss and explain.

3. IN YOUR OWN WORDS, describe the concept of motivation, and briefly discuss what would motivate you at work – salary, job perks (benefits), job satisfaction, etc. In addition, think about what a company would get out of motivating their staff, as well as what the best way to motivate them would be. Discuss and explain using examples.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. IN THE CONTEXT OF the management roles discussed earlier (leadership, informational, and decision-making), how much would the assertion that “People don’t buy what you do; they buy why you do it” influence how a manager performs these roles? Do you agree or disagree with this assertion? Explain your opinion, providing examples to support your arguments for or against.

2. IN 2017 THERE WAS a consumer backlash when Uber CEO Travis Kalanick accepted a seat on President Trump’s economic advisory council. Kalanick initially said that he was “going to use [his] position on the council to stand up for what’s right.” He resigned a few days later in response to the protest. In your own words, explain what this is an example of in terms of management roles, and discuss in more detail why things developed in the manner they did.

2. Grammar focus: conditional sentences

Conditional sentences are also known as *conditional clauses* or *if-clauses*. They are used to express that the action in the main clause can only take place if a certain condition is fulfilled. There are three main types of conditional sentences:

CONDITIONAL SENTENCE TYPE 1

→ It is possible and also *very likely* that the condition will be fulfilled.

Form: if + present simple + will + (bare) infinitive

e.g. If she gets the job, she'll be so happy.

e.g. If you send your order by fax, we will deliver the goods immediately.

Note: The main clause can also appear at the beginning of the sentence. In this case, a comma is not used:

e.g. She'll be so happy if she gets the job.

CONDITIONAL SENTENCE TYPE 2

→ It is possible but *very unlikely* that the condition will be fulfilled.

→ It indicates what could happen if a present situation were different (= hypothetical present).

Form: if + past simple + would + (bare) infinitive

e.g. If I had Jen's number, I would call her to tell her about the job opening.

e.g. If we had more employees, we would be more efficient.

e.g. If we delivered poor quality, we would not be the leading company in our business.

Note: The main clause can also appear at the beginning of the sentence. In this case, a comma is not used:

e.g. I would call Jen to tell her about the job opening if I had her number.

Note: in Type 2 conditional sentences the form *were* is frequently used, even if the pronoun is I, he, she or it:

e.g. If I were you, I would not reveal company secrets.

CONDITIONAL SENTENCE TYPE 3

→ It is *impossible* that the condition will be fulfilled because it refers to the past (= hypothetical past).

Form: if + past perfect + would + have + past participle

e.g. If I had known you were looking for a job, I would have sent you to the interview.

e.g. If you had read the paper, you would have seen the advertisement.

e.g. If I had started earlier, I would have met the deadline.

Note: The main clause can also appear at the beginning of the sentence. In this case, a comma is not used:

e.g. I would have sent you to the interview if I had known you were looking for a job.

Sometimes conditional sentences Type 1, 2 and 3 can also be used with other tenses:

CONDITIONAL SENTENCE TYPE 1 (LIKELY)

CONDITION REFERS TO:	IF-CLAUSE		MAIN CLAUSE	
FUTURE ACTION	present simple	<i>If the trade show is interesting, ...</i>	future	<i>...I will visit it.</i>
			imperative	<i>...visit it.</i>
			modal auxiliary	<i>...you can visit it.</i>
ACTION GOING ON NOW	present continuous	<i>If he is being disloyal to our company, ...</i>	future	<i>...I will fire him.</i>
			imperative	<i>...fire him.</i>
			modal auxiliary	<i>...you can fire him.</i>
FINISHED ACTION	present perfect	<i>If he has lost his job, ...</i>	future	<i>...we will comfort him.</i>
			imperative	<i>...comfort him.</i>
			modal auxiliary	<i>...we can comfort him.</i>
IMPROBABLE ACTION	should + infinitive	<i>If she should get the advertising account, ...</i>	future	<i>...I will give her a raise.</i>
			imperative	<i>...give her a raise.</i>
			modal auxiliary	<i>...we can give her a raise.</i>
PRESENT FACTS	present simple	<i>If he doesn't follow the company rules, ...</i>	present simple	<i>...he is not for us.</i>

CONDITIONAL SENTENCE TYPE 2 (UNLIKELY)

CONDITION REFERS TO:	IF-CLAUSE		MAIN CLAUSE	
PRESENT/FUTURE EVENT	past simple	<i>If I had more money, ...</i>	Conditional 2	<i>...I would buy some more stock.</i>
CONSEQUENCE IN THE PAST	past simple	<i>If I knew what a troublemaker he was, ...</i>	Conditional 3	<i>...I would have never hired him.</i>

CONDITIONAL SENTENCE TYPE 3 (IMPOSSIBLE)

CONDITION REFERS TO:	IF-CLAUSE		MAIN CLAUSE	
PRESENT	past perfect	<i>If I had known this on time, ...</i>	Conditional 2	<i>...I would not accept anything to do with it.</i>
PAST	past perfect	<i>If he had prepared for the meeting, ...</i>	Conditional 3	<i>...he would not have made such a mess of it.</i>

Besides the three basic types of conditional sentences, there is another conditional construction, and that is known as the zero conditional:

Form: if + present simple + present simple, or
if + past simple + past simple

This conditional is used when the result will always happen, i.e. when the result always happened in the past. The zero conditional is used when we are talking in general, not about one particular situation; the result of the *if-clause* is always the main clause. In that context, the *if* in this conditional construction can usually be replaced by *when* without changing the meaning:

e.g. People don't put in 100% in their job if they are not motivated enough.

e.g. If you goof off at work, you get demoted, and then fired.

e.g. If shares dropped, they made us work overtime.

EXERCISES

1. THE FOLLOWING SENTENCES refer to safety procedures at a chemical factory. Combine a clause from the left (1-6) with a clause from the right (a-f) to make conditional sentences:

- | | |
|--|--|
| 1. <i>If you make an error, ...</i> | a. <i>... it will go off.</i> |
| 2. <i>If there was a serious error, ...</i> | b. <i>... unless the supervisor tells you.</i> |
| 3. <i>As long as the bell has been reset, ...</i> | c. <i>... you will hear a warning signal.</i> |
| 4. <i>So, if you hear the alarm, ...</i> | d. <i>... you can check in the manual.</i> |
| 5. <i>You mustn't re-enter the building, ...</i> | e. <i>... everybody must leave the building.</i> |
| 6. <i>Finally, if you want to know more on this, ...</i> | f. <i>... the alarm would ring three times.</i> |

2. COMPLETE THE CONDITIONAL sentences (type I, II or III) by putting the verbs into the correct form:

- If I _____ (HAVE) time, I will come to inspect the new facility.
- If we sneak in quietly, nobody _____ (NOTICE).
- If we _____ (KNOW) about your money problems, we would have helped you.
- If I _____ (BE) you, I would not sell my stock in the company.

5. We _____ (FINISH) on time if we had not worked so slowly.
6. If I didn't have a mobile phone, my life _____ (NOT, BE) complete.
7. Okay, I _____ (TYPE) if you proofread the document later.
8. If I _____ (TELL) you a secret, you would have to promise not to reveal it.
9. She _____ (LEND) you some money if you had only asked her.
10. I would not have read your secret notes if you _____ (NOT, LEAVE) them in such an obvious place.

3. COMPLETE THE CONVERSATION by putting the verbs into the most suitable (conditional) form:

Chris: If we _____ (WANT) to recruit better workers, we need to offer better salaries.

Maria: I disagree. Just look at Manfred's. If we _____ (FOLLOW) their example, we _____ (BE) bankrupt by now. If we _____ (OFFER) the highest salaries, I doubt that it would make us a better employer.

Chris: Well, look at it the other way around. If we don't attract better workers, we simply _____ (NOT, GET) the orders.

Maria: Why not?

Chris: Because of investment. If a company _____ (WANT) to succeed, it must invest in all aspects of the business. And that includes the workforce.

Maria: So, if we were to invest in the workforce, how _____ you _____ (SUGGEST) going about it?

Chris: I _____ (RECOMMEND) a study of the average wage in this area for different types of work. And then we should offer a competitive rate for different grades, as long as everyone _____ (agree).

Maria: And what if they _____ (NOT, AGREE)?

Chris: Then Bob _____ (MUST) make the final decision.

3. Practice and revision

1. COMPLETE THE TEXT by filling in the gaps with an appropriate form of the word in brackets:

People are considered resources because well-trained and experienced _____ (EMPLOY) are the main source of _____ (EFFECT), _____ (EFFICIENT), and sustainability. They are effective when they understand the goals of the _____ (ORGANIZE) and focus their energy on tasks that support the goals. Second, people are efficient by being very good at doing the tasks that support the goals. They provide sustainability because the people in an organization are both _____ (CHARACTER) and _____ (LAST). Most of the _____ (SOURCE) an organization has are not unique and can be copied by the _____ (COMPETE). _____ (EQUIP), technology, and methods can all be copied by competitors. It may take time, but eventually competitors can duplicate most of the things an organization has or does. But competitors cannot copy people. The skills and experience of people and the way they are managed to achieve high _____ (PERFORM) is very difficult for competitors to reproduce.

2. FILL IN THE GAPS in the following texts using the words/phrases below. Do not use a word/phrase more than once:

contribute

promotion

referees

short-listed

install

maintenance

stick

any other business

breakdown

assembly line

overhaul

applicants

dominate

recruiting

address

It was agreed that the cause of the _____ was very simple. The equipment used to deliver the components to the _____ has been in need of an _____ for some time. We had decided to _____ a fully automated robot system but there were insufficient _____ engineers to run it if significant problems arose.

A good chairperson should start the meeting on time and _____ to the agenda. Everyone should be given a chance to _____ their views and individuals should not be allowed to _____ the discussion. It's not important for everyone to _____ the

chair but order should be maintained. Allow time for _____
 _____ to be considered before the meeting is drawn to a close.

We are presently _____ new graduates as management trainees. Prospects for _____ on completion of the training program are excellent. _____ will be selected for an initial assessment and those who are then _____ will be invited to return for a second interview. If you are interested, please submit a full CV, including the names of three _____.

3. CHOOSE the best option:

1. Neither the customers nor the salespeople want to feel _____ over a deal.
 a) checked b) changed c) cheated d) charged
2. The retailer was allowed to order the goods on a sale or _____ basis.
 a) return b) revert c) restore d) retract
3. The service engineer was _____ to guarantee the work for six months.
 a) granted b) conceded c) accepted d) prepared
4. They agreed to refund the full cost if the goods were returned in perfect _____.
 a) condition b) state c) situation d) shape
5. We are willing to supply the goods _____ a discount of 5%.
 a) in b) after c) at d) over
6. To negotiate a good deal you need to know the strengths and weaknesses of _____ products.
 a) connecting b) conflicting c) competing d) commanding
7. A good salesperson can _____ almost anybody to buy anything.
 a) satisfy b) appeal c) persuade d) adapt
8. Once they had agreed terms, the deal was pushed _____ very quickly.
 a) over b) through c) in d) by

9. The goods will be delivered by Wednesday at the _____.
- a) last b) longest c) least d) latest
10. The most effective sales technique is one which tells the customer how the product will _____ them.
- a) better b) improve c) profit d) benefit

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

Management is an integral part of living and is essential to achieve a desired objective. The basic components of management are always at work, whether we are talking about managing our lives or business. *Management* is a set of principles relating to the functions of planning, organizing, directing, and controlling, and the applications of these principles in making use of physical, financial, human and informational resources efficiently and effectively to achieve organizational goals.

Management is essential for organized life and necessary to run all types of organizations. Managing life means getting things done to achieve life's objectives, and managing an organization means getting things done with and through other people in order to achieve its objectives.

All managers at all levels of every organization perform the different management functions. A manager wears many hats – team leader, planner, organizer, cheerleader, coach, problem solver, and decision maker – all rolled into one.

Chapter 8

Banks and banking

1. Reading and vocabulary

RELATED TOPICS: introduction; main functions of a bank; types of banks/banking.

Introduction

Generally speaking, *banking* is an industry that handles cash, credit, and other financial transactions. It is considered to be one of the most important operators of any economy because it provides the liquidity (cash) needed for families and businesses to invest for the future.

Banks represent several different types of financial institutions, carrying out different kinds of business. Some banks are very large and perform many different functions, others are more specialized. Some have operated for hundreds of years and some have taken on new kinds of business quite recently.

Historically speaking, the first institutions where money and valuables were stored in were the temples. For example, the inhabitants of ancient Athens kept their savings in the temples of the Acropolis, and the medieval Europeans often saved money in the monasteries.

Not all banks carry out the same range of activities. Banking activities can be generally classified into the following types: commercial banking, retail banking, and investment banking. To this, we can also add central banking, corporate banking, and, more recently, online banking.

Banks provide a safe place to store extra cash and credit. They offer savings accounts, certificates of deposit and checking accounts. Banks use these deposits to make loans. These loans include home mortgages, business loans, and car loans.

Bank loans and credit mean families do not have to save up before going to college or buying a house. Companies can start hiring immediately to build for future demand and expansion.

Main Functions of a Bank

Imagine a world without banking institutions. In this situation, without banks, there would be several questions that would surface, such as:

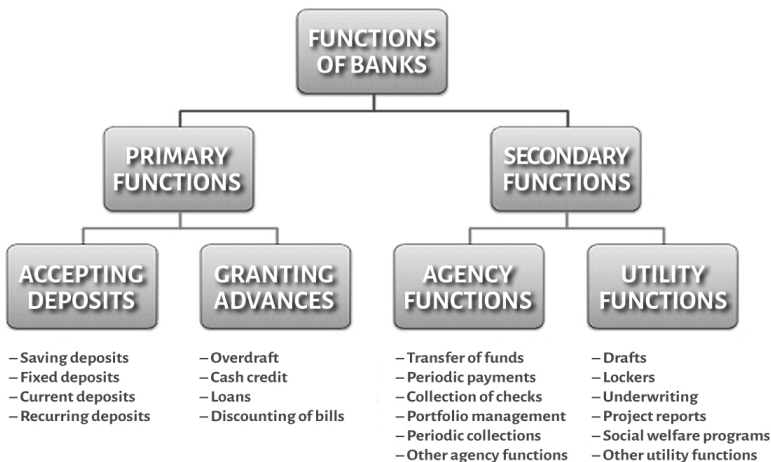
- where would people borrow money from?
- what would they do with their savings?
- would they be able to borrow/save as much as they need, when they need it, in a form that would be convenient for them?
- what risks might they face as a saver/borrower?

Banks work by borrowing funds – usually by accepting deposits, or by borrowing in the money markets. Banks borrow from individuals, businesses, financial institutions, and governments with extra savings. They, then, use those deposits and borrowed funds (liabilities of the bank) to make loans or to buy securities (assets of the bank). Banks make these loans to businesses, other financial institutions, individuals, and governments that need the funds for investments or other purposes. Interest rates provide the price signals for borrowers, lenders, and banks.

Through the process of taking deposits, making loans, and responding to interest rate signals, the banking system helps move funds from savers to borrowers in an efficient way. Banks service a wide range of borrowers, from an individual who takes a loan of \$100 on a credit card to a major corporation financing a billion-dollar corporate merger.

Banking, then, is defined as the business of accepting the deposits from the public for the purpose of investment and granting loans to the public. Banks are institutions that allow this to take place.

Generally speaking, the main functions of a bank may be illustrated as in the following diagram:



Types of Banks/Banking

Depending on the banking activities the banks provide and carry out, they may be classified into one of several types.

Central Banking

The duty of central banks is to maintain financial stability, otherwise a country's economy will not operate properly. Central banks act as regulators of their country's interest rates by controlling the amount of money in circulation, and buying and selling currencies. They collect reserves and act as last-resort lenders if another bank gets into trouble. They exist as a separate entity from all the other banks. Central banks, then, represent the national government bank.

Retail Banking

Retail banks are the high street (primary business streets of towns and cities) banks we are all familiar with. They take deposits from individuals, provide saving facilities and pay interest on these accounts. They also lend money to individuals, in the form of loans and overdrafts, and charge interest on the money they lend. They provide a range of other financial services.

Retail banking, then, refers to division of a bank that deals directly with retail customers. It is also known as consumer banking or personal banking, and it is the visible face of banking to the general public, with bank branches located in great numbers in most major cities.

Customer deposits received by retail banking represent an extremely important source of funding for most banks. A wide range of products and services are offered by retail banking, some of which are: checking and savings accounts, mortgages on residential and investment properties, automobile financing (loans for new and used cars, as well as refinancing for existing car loans), as well as credit cards and lines of credit.

Retail banks are of vital importance to the domestic and global economies as retail banking brings in the customer deposits that make it possible for banks to make loans to their retail and business customers.

Commercial Banking

Commercial banks, or divisions of banks, provide banking services to businesses, from small companies through to corporate banking directed at large corporations. They help companies raise finance to expand their businesses and to maintain their cash flow by lending them money. They provide

a wide range of other financial services. Within commercial banks, there are also community banks, which are smaller than commercial banks, and they concentrate on the local market.

Commercial banks play an important role in the financial system and the economy. As a key component of the financial system, banks distribute funds from savers to borrowers in an efficient manner. They provide specialized financial services, which help to make the overall economy more efficient. Commercial banks make the loans that enable businesses to grow and hire people, contributing to expansion of the economy.

Investment Banking

Investment banks distribute and guarantee the sale of shares and bonds; they trade securities on the financial markets and advise corporations on capital market activities such as mergers and acquisitions. Investment banks originally developed in the USA, and these banks have now taken over many roles that were previously carried out by UK merchant banks.

Investment banks employ investment bankers who help corporations, governments and other groups plan and manage large projects, saving their clients time and money by identifying risks associated with the project before the clients move forward.

In theory, investment bankers are experts in their field, so businesses and institutions turn to investment banks for advice on how best to plan their development, since investment bankers can tailor their recommendations to the present state of the economy.

Universal/Conglomerate Banks

Although some investment banks exist as separate institutions (in the United States between 1933 and 1999 investment banking and commercial banking had to be kept apart by law), most larger commercial/retail banks also have an investment section in the company. The divisions work separately, as the work and knowledge required for each division is very different. These very large banks are known as universal or conglomerate banks.

However, there is now pressure from many governments to keep investment banking separate from commercial and retail banking. If an investment bank makes a mistake and buys the wrong commodities (assets), they can lose large amounts of money and even go bankrupt. Investment banking, if it goes well, can make huge amounts of money.

Unlike retail and commercial banking, investment banking is a very high risk form of banking.

Corporate Banking

Corporate banking, also known as business banking, refers to the aspect of banking that deals with corporate customers. The term was originally used in the United States to distinguish it from investment banking after the two activities were legally separated in 1933.

While that law was changed in the 1990s, corporate banking and investment banking services have been offered for many years under the same umbrella by most banks in the United States and elsewhere. Corporate banking is a key profit center for most banks.

Online Banking

Online banking, also known as internet banking, web banking, or even e-banking, allows users to carry out financial transactions via the internet. An online bank offers customers just about every service traditionally available through a local branch, including deposits (which is done online or through the mail), and online bill payments. Online banking has, to some degree, become normal for many simple bank transactions. It is easier for consumers to check their accounts, pay their bills and move money from one account to the other, resulting in a more organized financial life.

As commercialization of the internet evolved in the early 1990s, traditional banks began to look for ways of providing limited online services to reduce operating costs. The success of these early efforts led many banks to expand their internet presence with improved websites that allowed the possibility of opening new accounts, downloading forms and processing loan applications.

Going one step further, there are also internet-only banks that offer online banking and other financial services without a network of branch offices. These so-called virtual or direct banks are able to save in terms of labor and overhead costs, in this way being able to offer their customers higher interest rates on deposit accounts, lower loan costs and reduced service fees.

The advantages of online banking are numerous, such as that of convenience, speed, efficiency, and, to some extent, security. However, despite the advantages that exist, there are, nevertheless, risks, or disadvantages to online banking, such as transactions not being processed due to lack of experience by users, especially new users, then, security - being vulnerable and open to hacking, and potential unauthorized access. Furthermore, online banking relies on a reliable internet connection because connectivity issues may sometimes result in an unsuccessful transaction, and, finally, some issues might just be too complex to be dealt with in this way, and face-to-face interaction may be necessary.

DISCUSSION

1. HOW SECURE IS online banking in the Republic of Macedonia? Do the advantages outweigh the disadvantages or vice versa? Do you use online banking? If yes, for what? If no, why not? Discuss and explain.

2. DO YOU FEEL THAT online banking will ever completely replace traditional, face-to-face banking? How can banks deal with the disadvantages of online banking? Discuss and explain.

3. WHAT WOULD A WORLD without banks be like? What are some aspects that would not exist or would be very different? Is it better for banks to exist or to not exist - do the advantages of having banks outweigh the disadvantages or vice versa? How did people live without banks and their services in the past? Discuss and illustrate.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. ON SEPTEMBER 15, 2008, Lehman Brothers filed for bankruptcy. With \$639 billion in assets and \$619 billion in debt, Lehman's bankruptcy filing was the largest in history, as its assets far surpassed those of previous bankrupt giants. Lehman Brothers was the fourth-largest U.S. investment bank at the time of its collapse, with 25,000 employees worldwide. What led to the collapse of Lehman Brothers? Who, or what, is the most accountable for it? Could it have been prevented? If yes, how? Discuss in more detail.

2. THE FINANCIAL CRISIS OF 2007–2008, also known as the global financial crisis and the 2008 financial crisis, is considered by many economists to have been the worst financial crisis since the Great Depression of the 1930s. Discuss this in the context of reasons why banks fail, and the consequences this might have on the banks' clients, as well as on the economy in general. Can this be prevented, and if yes, how? Discuss and explain.

2. Grammar focus:

Verb patterns (to-infinitive/-ing). Collocations.

Two grammatical points will be dealt with in the grammar focus section of this chapter – namely, we shall examine in more detail the *structure of the clause* which depends on the verb, in terms of verbs followed by (full/bare) *infinitive/-ing*, and we shall also look at business English *collocations*, that is, we shall see how words go together or form fixed relationships.

1. VERB PATTERNS.

a. Verbs followed by a *to*-infinitive

Some verbs can be followed immediately by a *to*-infinitive:

- <i>afford</i>	- <i>demand</i>	- <i>like</i>	- <i>pretend</i>
- <i>agree</i>	- <i>fail</i>	- <i>love</i>	- <i>promise</i>
- <i>arrange</i>	- <i>forget</i>	- <i>manage</i>	- <i>refuse</i>
- <i>ask</i>	- <i>hate</i>	- <i>mean (intend)</i>	- <i>remember</i>
- <i>begin</i>	- <i>help</i>	- <i>need</i>	- <i>start</i>
- <i>choose</i>	- <i>hope</i>	- <i>offer</i>	- <i>try</i>
- <i>continue</i>	- <i>intend</i>	- <i>plan</i>	- <i>want</i>
- <i>decide</i>	- <i>learn</i>	- <i>prefer</i>	

e.g. I can't **afford to quit**; I have bills to pay.

e.g. Sales **began to pick up**.

e.g. She **hopes to become** a partner in the firm by next year.

e.g. My former boss never really **learnt to delegate** responsibility politely.

e.g. Did you **remember to send** Nigel the proposal?

b. Verbs followed by *-ing*

Some verbs can be followed immediately by an *-ing* form:

- <i>admit</i>	- <i>deny</i>	- <i>finish</i>	- <i>mind</i>
- <i>avoid</i>	- <i>dislike</i>	- <i>give up</i>	- <i>miss</i>
- (can't) <i>help</i>	- <i>enjoy</i>	- <i>imagine</i>	- <i>practise</i>
- (can't) <i>stand</i>	- <i>fancy</i>	- <i>involve</i>	- <i>put off</i>
- <i>consider</i>	- <i>feel like</i>	- <i>keep (on)</i>	- <i>risk</i>

e.g. I always **enjoy going** on our team building weekends.

(*I ~~always enjoy to go...~~)

e.g. We haven't **finished developing** the product range yet.

(*We ~~haven't finished to develop...~~)

Note: Some of these verbs, such as: *can't stand*, *dislike*, *imagine*, *involve*, *mind*, *miss*, *put off* and *risk* can be used with a new subject before the *-ing* form:

e.g. We just couldn't **imagine Gerry breaking** the company rules.

e.g. Do you **mind me waiting** here while you're working?

e.g. I don't want to **risk him losing** his job.

c. Verbs followed by a *to*-infinitive or *-ing*

The verbs *hate*, *like*, *love* and *prefer* can be followed either by *-ing* or a *to*-infinitive. The difference in meaning is often small, where the *-ing* form emphasizes the verb itself whereas the *to*-infinitive puts the emphasis more on the preference for, or the results of, the action:

Compare:

<i>-ing form</i>	<i>to-infinitive</i>
<p><i>I like reading the company's annual reports.</i> (emphasis on the process itself and enjoyment of it)</p>	<p><i>I like to have all my notes at hand when I am preparing the weekly reports.</i> (emphasis more on the preference or habit)</p>
<p><i>She hates delegating responsibilities.</i> (emphasis on the process itself and no enjoyment of it)</p>	<p><i>I hate to be the only person to disagree.</i> (emphasis more on the result: I would prefer not to be in that situation)</p>
<p><i>Most people prefer participating in a workshop session rather reading about the sales techniques from a book.</i> (emphasis on the process itself and enjoyment of it)</p>	<p><i>I prefer to be driven to my business lunches during the day.</i> (emphasis more on the result and on the habit or preference. The speaker does not necessarily enjoy the process of being driven at any time of day)</p>

When *hate, like, love* and *prefer* are used with *would* or *should*, only the *to-infinitive* is used, not the *-ing* form:

*e.g. I'd love to get a job in a bank. (*I'd love getting a job in a bank.)*

d. Verbs followed by a *to-infinitive* or *-ing* with a change in meaning

Some verbs can be followed by a *to-infinitive* or the *-ing* form, but with a change in meaning:

- go on
- mean
- need
- regret
- remember
- stop
- try
- want

<i>-ing form</i>	<i>to-infinitive</i>
<p><i>Working in the City means leaving home at 6:30.</i> (Because I work in the City, this is the result or consequence.)</p>	<p><i>I didn't mean to make you cry when I said you might be sent to a different department.</i> (I didn't intend to make you cry.)</p>

<i>-ing form</i>	<i>to-infinitive</i>
<p><i>He went on talking long after everyone else had left the conference room.</i> (He continued talking without stopping.)</p>	<p><i>She displayed the numbers on the screen, then went on to explain what they meant.</i> (She displayed the numbers first, then she explained what they meant.)</p>
<p><i>I tried searching the web and finally found an address for him.</i> (I searched the web to see what information I could find.)</p>	<p><i>I tried to email Simon but it bounced back.</i> (I tried/attempted to email him but I did not succeed.)</p>
<p><i>She stopped talking as soon as she saw the CEO approaching.</i> (She was talking, and then she didn't talk anymore.)</p>	<p><i>We stopped to get this month's invoices from the accounting department.</i> (We were going somewhere and we stopped for a short time in order to get the invoices.)</p>

e. Verbs followed by an infinitive without *to*

The verbs *let* and *make* are followed by an infinitive without *to* when they are used in active voice sentences. They always have an object before the infinitive:

e.g. *Let me explain this new business idea I've got.*

(*~~Let me to explain...~~)

e.g. *They made us wait while they checked our documents.*

(*~~They made us to wait...~~)

Help can be followed by an infinitive with or without *to*:

e.g. *She helped me find the file I had been looking for all day.*

e.g. *You can help to reduce the company's losses by being more proactive.*

f. Verbs followed by an *-ing* or an infinitive without *to*

A group of verbs connected with feeling, hearing and seeing can be used with *-ing* or with an infinitive without *to*:

-feel

-notice

-see

-hear

-overhear

-watch

When they are used with *-ing*, these verbs emphasize the action or event in progress. When they are used with an infinitive without *to*, they emphasize the action or event seen as a whole, or as completed.

Compare:

<i>-ing form</i>	<i>to-infinitive</i>
<p><i>She heard people shouting outside her office and looked out of the door.</i> (emphasizes that the shouting probably continued or was repeated)</p>	<p><i>I heard someone shout 'Help!', so I ran to call security.</i> (emphasizes the whole event: the person probably shouted only once)</p>
<p><i>One of the other co-workers saw him falsifying the manager's signature.</i> (emphasizes the falsifying as it was happening)</p>	<p><i>Emily saw Philip run out of Sandra's office.</i> (emphasizes the whole event from start to finish)</p>

g. Verbs followed by a direct object and a *to*-infinitive

Some verbs are used with a direct object, followed by a *to*-infinitive:

- advise	- help	- need	- request
- ask	- instruct	- order	- teach
- challenge	- intend	- persuade	- tell
- choose	- invite	- prefer	- want
- forbid	- like	- recommend	
- hate	- love	- remind	

e.g. I advised him to get a job as soon as possible.

e.g. Did you teach Gary to present so eloquently?

e.g. They want me to go to the trade show with them.

2. COLLOCATIONS.

A collocation is a combination of two or more words that are commonly used together, in a way that sounds natural to a native English speaker.

To be fluent in English, it is important to know which words go together, and learning the correct combination of words will result in a speaker sounding more natural.

There is no one single 'right' way to learn collocations - it takes a lot of reading, listening, and noticing the words that are used together. Then, they can be learned as groups of words, rather than as a single word.

The following are just a sample of some common business collocations, though by all means, there are many, many more:

Noun-noun collocations:

- *balance sheet*
- *bank loan*
- *business ethics/partner/people/plan/trip*
- *customer base/satisfaction/service*
- *employee benefits*
- *human resources*
- *interest rates*
- *labor market/union*
- *market leader/share*
- *operating costs*
- *price controls/range/tag/war*
- *sales figures/team*
- *stock exchange/market/options*
- *trade secrets*

Verb-noun collocations:

- *accept an apology/a job*
- *borrow/lend money*
- *chair a meeting*
- *close a deal*
- *consider the fact/the possibility/risk*
- *fire/hire someone*
- *gain experience/knowledge*
- *invest money/resources/time*
- *lower costs/prices/taxes*
- *open an account*
- *pay attention/bills/dividends/a fee/taxes*
- *raise awareness/money/prices/taxes*
- *reach an agreement/a compromise*
- *save money/time*
- *take out a loan*
- *waste time/money*

Adjective-noun collocations:

- *big break/chance/decision/disappointment*
- *competitive advantage*
- *false advertising*
- *golden opportunity*
- *gray area*
- *harsh criticism*
- *heated debate*
- *hidden agenda*
- *high/low costs/price/quality/risk/salary*
- *hot topic*
- *immediate impact*
- *private/public sector*
- *raw materials*
- *stiff competition*
- *top priority*
- *wise choice*

Prepositions: *accused of; adapt to; agree on/to/with; apply for; approve of; argue about/with; aware of; believe in; blame for; by accident/mistake; cause of; comment on; complain about; concentrate on; consist of; count on; decrease count on; decide on; decrease/increase in; demand for; depend on; from scratch;*

good at; graduate from; in charge of; insist on; object to; on purpose; participate in; plan on; plan for; prepare for; proud of; reply to; respond to; responsible for; satisfied with; take advantage of.

Make: *an appointment; a comparison; a complaint; a decision; a demand; ends meet; an excuse; a fortune; a living; a mistake; money; an offer; payments; a point; a profit; progress; promise; request; sense; a suggestion; sure; time.*

Do: *business; a crime; damage; an experiment; a favor; good/bad/harm; research; right/wrong; well; your best; your duty; your share.*

Take: *advantage; a course; notes; action; a break; a decision (British — make a decision in American English); a message; part in; responsibility; a test/quiz; your time.*

Have: *an appointment; an argument; a conversation; a meeting; problems; a talk; time; trouble; coffee/tea; breakfast/lunch/dinner; work.*

Get: *a job; a certification; angry; better/worse; excited; going; the message; motivated; paid; permission; ready; somewhere/nowhere; started; used to.*

Go: *ahead; bankrupt; forward; home; out of business; to work; well.*

In: *believe in; in an argument; in advance; in charge; in conclusion; in control; in denial; in depth; in detail; in private; in return for; in the mail; in the process of; in trouble; interested in; involved in; participate in.*

On: *blame something on someone; decide on; depends on; focus on; on a committee; on average; on call; on display; on duty; On one hand.../On the other hand...; on purpose; on sale; on someone's side; rely on; restrictions on; vote on.*

EXERCISES

1. COMPLETE THE TEXT using an -ing or infinitive form of one of the following verbs:

build; set up; run; bring; make; transform; decide; reflect; appear; create; return; change; expand; launch; drink.

Coca-Cola and its advertising

John S. Pemberton invented Coca-Cola in 1886. His partner suggested _____ an advertisement for the drink in the Atlanta Journal that very year. In 1888, Asa Chandler bought the Coca-Cola business and decided _____ the product known through signs, calendars, and clocks. The company began _____ its global net-

work when Robert Woodruff was elected president of the company in 1923. He succeeded in _____ Coca-Cola into a truly international product by _____ a foreign department, which exported Coca-Cola to the Olympic Games in Amsterdam in 1928. During WWII, he promised _____ Coca-Cola to every soldier in every part of the world.

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

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

2. Complete the text by filling in the gaps with an appropriate form of one of the following verbs:

raise; return; offer; hold; express; recommend; be; invest; guarantee.

Dear Shareholder,

As you may _____ aware from the reports in the national media, the Board of Directors is planning _____ extra capital from existing shareholders through a rights issue. We recommend this option as the best way _____ the long-term security of the company. It is also our belief that the offer of additional shares will be an attractive investment, and we are sure you will agree it is worth _____ extra money in the company.

As is normal with rights issues, the shares will be available at a low price, _____ an excellent investment opportunity. In

_____ them to you, we believe we have both the company's and your best interests at heart.

Of course, the Board does not wish _____ a rights issue without the support of shareholders. We invite you _____ your views on this policy at an extraordinary general meeting on October 14 at the Exhibition Center, or by _____ the form enclosed with this letter.

3. CHOOSE the best option:

1. Unless sales improve, the company will _____ bankrupt.
a) go b) do c) take d) make
2. I'm sure we will _____ a profit this year.
a) take b) go c) do d) make
3. Things are going badly. We need to _____ action.
a) go b) do c) take d) make
4. I like the way they _____ business in Asia.
a) make b) take c) do d) go
5. I need to _____ changes to the presentation.
a) do b) make c) take d) go
6. I'd like to _____ an appointment to see Mrs. Hughes.
a) make b) do c) go d) take
7. We've been working hard all morning, let's _____ a break.
a) take b) do c) make d) go
8. I'll _____ some overtime to make some extra money.
a) go b) do c) take d) make
9. She was so unhappy with the service she decided to _____ a complaint.
a) take b) do c) go d) make
10. The student worked in an office during summer to _____ some experience.
a) make b) take c) get d) do

3. Practice and revision

1. MATCH THE DESCRIPTIONS (i-v) to the different functions of a company (a-h):

- | | |
|--|---------------------------|
| i) Creates new products. | a) administration |
| ii) In charge of the welfare of employees. | b) purchasing |
| iii) Keeps a record of all payments made and received. | c) personnel |
| iv) Orders all supplies needed. | d) production |
| v) Provides office services, e.g. typing. | e) sales & marketing |
| | f) research & development |
| | g) accounts |
| | h) legal |

2. COMPLETE THE SENTENCES by filling in the gaps with an appropriate form of the word in brackets:

- We are _____ (HOPE) our plan will work.
- Jan is one of the most _____ (KNOWLEDGE) people in our industry.
- Our goals need to be realistic and _____ (MEASURE).
- We got a lot done today. It was a _____ (PRODUCE) day.
- We're not friends, but I've known him _____ (PROFESSION) for years.
- The recognition I received _____ (BRIGHT) my day.
- Mark is one of the most honest and _____ (TRUST) lawyers I know.
- The potential benefits _____ (WEIGH) the risk.
- He was selfish, rude, and _____ (RESPECT) to all his coworkers.
- He can't say he didn't do it. We have _____ (DENY) proof that he stole from the company.

3. COMPLETE THE SENTENCES with the correct form of BORROW or LEND:

- I _____ you money last week, why are you asking me for more?
- Some employees can _____ stuff from their work place.
- Will you _____ me your PC until tomorrow?

4. I already _____ you \$100, you're not getting any more!
5. You may _____ my PC, but be careful.
6. I _____ her phone for a minute, to call home.
7. You can _____ your notes to Steve.
8. Why do people _____ so much money from banks?
9. Peter won't _____ his credit card to anyone.
10. He _____ money last month and hasn't given it back yet.

4. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

The word *bank* is of Italian origin. The word *banco* (translated from Italian *bench, table*) in the XV-XVI centuries was used for the benches on which the money-changers and loan sharks put their coins and business papers. If a person was bankrupt and could not make his payment, then this bench was broken on his head. From the Italian *banco rotto* ('broken bench') comes the modern word *bankrupt*.

In medieval Europe, the Roman Popes were strictly forbidden to lend money at interest. Cashing in on the financial difficulties of faith was considered a terrible sin. Islam, too, prohibits usury. Therefore, banks in Muslim countries never lend money at interest. And Islamic banks do not accept as deposits money earned on the sale of alcohol, tobacco, pornography and pork. In addition, Muslim bankers try not to have any dealings with revenue from gambling. In Judaism, on the other hand, lending money at high interest rates is not forbidden, so the great majority of the medieval 'bankers' were Jews.

The oldest active Bank in the world is the Italian Banca Monte dei Paschi di Siena. It opened in 1472 in the city of Siena. Until recently, the oldest existing bank in the world was considered to be a Swiss bank, founded in 1466, but it closed in January 2013.

Chapter 9

Financial planning

1. Reading and vocabulary

RELATED TOPICS: introduction; the (personal) financial planning process; key components of a financial plan.

Introduction

Financial planning refers to the process of preparing financial decisions and policies in relation to procuring (obtaining equipment and/or supplies), investing and using funds at a company or individual, that is, personal level. Basically, it is an ongoing process which helps in the making of sensible decisions about money, which can, in turn, result in the realization of different goals and objectives.

On a personal level, for example, it might involve putting together appropriate wills to protect the family, thinking about how the family will manage without an income if something unexpected happens, such as the loss of a job, illness, death, etc. Financial plans can be created individually, or, if the needs are more complex, with the help of a *financial planner*.

Objectives of Financial Planning

Financial planning, especially in the context of a company or business, has numerous objectives that need to be taken into consideration, such as:

– **Determining capital requirements:** this depends on factors like the costs of current and fixed assets, promotional expenses and long-term planning. Capital requirements have to be looked at in terms of both short-term and long-term requirements.

– **Determining capital structure:** the capital structure has to do with the nature of the capital, i.e., the kind and the amount of capital that is required in the business. This includes decisions about debt-equity (the value of the shares issued by a company) ratio, again, both in the short-term and in the long-term.

- **Shaping financial policies:** in terms of cash control, lending, borrowing, etc.
- **Ensuring that the scarce financial resources are utilized to the fullest, in the best possible manner:** at the least cost in order to get a maximum return on an investment - this is one of the tasks of the finance manager.

Importance of Financial Planning

Financial planning is vital to being in control of your finances rather than letting your finances control you. Generally speaking, financial planning represents a process of creating and identifying objectives, policies, procedures, programs and budgets regarding the financial activities of a business enterprise, or at a more personal, individual, level. This results in effective and adequate financial and investment policies. In that context, the importance of financial planning can be summed up in the following points:

- Adequate funds have to be obtained;
- Financial planning helps in ensuring a reasonable balance between outflow and inflow of funds so that stability is maintained;
- Financial planning makes sure that the investors who are supplying funds can easily invest in companies that promote financial planning;
- Financial planning helps in the creation of growth and expansion programs, which helps in the long-run survival of the company;
- Financial planning reduces uncertainties with regards to changing market trends, which can be easily managed through enough funds;
- Financial planning helps to reduce the uncertainties which can pose a problem to the growth of a company, which, in turn, helps to ensure stability and profitability.

On a personal, individual, level, financial planning (i.e. planning finances) will result in:

- greater confidence in the direction in which one's life is going;
- less stress, and more enjoyment of life;
- control and peace of mind.

The (Personal) Financial Planning Process

Most people want to handle their finances so that they get full satisfaction for their money. Typical financial goals include such things as a new car, a larger home, advanced career training, extended travel, and self-sufficiency

during working and retirement years. To achieve these, and other goals, people need to identify and set priorities. Financial and personal satisfaction result from an organized process that is commonly referred to as *personal money management* or *personal financial planning*.

Personal financial planning is the process of managing your money to achieve personal economic satisfaction. This planning process allows you to control your financial situation. Every person, family, or household has a unique financial position, and any financial activity, therefore, must also be carefully planned to meet specific needs and goals.

A comprehensive financial plan can improve the quality of your life and increase your satisfaction by reducing uncertainty about your future needs and resources. The specific advantages of personal financial planning include:

- Increased effectiveness in obtaining, using, and protecting your financial resources throughout your lifetime;
- Increased control of your financial situation by avoiding uncontrolled debt, bankruptcy, and dependence on others for economic security;
- Improved personal relationships resulting from well-planned and effectively communicated financial decisions;
- A sense of freedom from financial worries secured by looking to the future, predicting expenses, and achieving your personal economic goals.

We make hundreds of decisions each day; most of these decisions are quite simple and have few consequences, but some are more complex and may have long-term effects on our personal and financial situations. The financial planning process, though important, can be broken down into a logical procedure, consisting of the following steps:

1. Determine your current financial situation to see how close you are to achieving your goals, and work out, and write down, what assets and liabilities (financial responsibilities; debts) you have, i.e. determine your current financial situation with regard to income, savings, living expenses, and debts. Preparing a list of current asset and debt balances and amounts spent for various items gives you a foundation for financial planning activities;
2. Develop and establish financial goals, short-, medium- and long-term, prioritize them, and think about the likely cost of those goals, and when you will need the money. It is important to make an analysis of your financial values and goals from time to time. The purpose of this analysis is to separate your needs from your wants. Specific financial goals are vital to financial planning, as well as to deciding which goals to pursue;
3. Identify and establish alternative courses of action for unexpected events - developing alternatives is very important for making good decisions.

Although many factors will influence the available alternatives, possible courses of action usually fall into: i) continue the same course of action; ii) change the current situation; iii) take a new course of action. Not all of these categories will apply to every decision situation; however, they do represent possible courses of action;

4. Evaluate alternatives and possible courses of action, taking into consideration your life situation, personal values, and current economic conditions, since every decision closes off alternatives. Decision-making is an ongoing process, and you need to think about the lost opportunities that will result from the decisions you have made. Another important point here is that of uncertainty - a concept that is a part of every decision. In many financial decisions, identifying and evaluating risk is undoubtedly difficult.

5. Create and carry out a financial action plan by choosing ways how to achieve your objectives. As immediate or short-term goals are achieved, the goals next in priority come into focus. Applying your financial action plan may mean needing help from others, such as using the services of an insurance agent to buy property insurance, or the services of an investment broker to buy stocks or bonds.

6. Monitor and review your plan at least once a year and make adjustments when needed; reevaluate and revise the plan. Financial planning is a dynamic process and the financial decisions need to be evaluated regularly since personal, social, and economic factors result in changes. Regularly reviewing this decision-making process will help you make priority adjustments that will coordinate your financial goals and activities with your current life situation.

Key Components of a Financial Plan

Although a number of points should be taken into consideration when creating a financial plan, the following are some of the key components:

Goals and Objectives: these should be listed by priority and should be as specific as possible; they should also be measurable, reasonable, and capable of planning.

Balance Sheet: a balance sheet or *Statement of Financial Position* is good to have, showing your net worth by listing all assets and liabilities. This should be updated from time to time to see the progress that has been made towards overall goals and to identify changes in your financial situation that need attention.

Issues and Problems: these consist of observations connected to the strengths and weaknesses of your current situation, as well as potential risks you (might) face.

Risk Management and Insurance: a sudden unexpected event can destroy even the most detailed plan unless unexpected events have been taken into consideration and planned for. Insurance products are useful in this context.

Retirement, Education, and Special Needs: refers to retirement, education, or any other special needs (for example, physically or mentally handicapped dependents or divorce settlements). Financial forecasts should be prepared for these needs, along with funding strategies.

Cash Flow Statement: this will show income from all sources, as well as expenses that occur regularly or are repeated. This should be periodically updated to monitor progress towards overall goals, as well as to identify changes in your financial situation that need attention.

Answers to the Following Questions:

- How long will I need to work before I can afford to retire?
- How much can I afford to spend and not run out of money?
- Am I saving enough to reach my retirement income goals?

DISCUSSION

1. GENERAL FINANCIAL PLANNING consists of the following categories: 1) *buying a home* - buy or rent; type of mortgage; 2) *debt management* - ways to reduce overall debt; 3) *building a college fund* - ways to finance a child's education; 4) *savings goal* - appropriate amount in the emergency fund. Discuss which of these categories you feel is the most important to you personally, and how you would go about financially planning it?

2. *OPPORTUNITY COST* IS A CONCEPT connected to the financial planning process, specifically to the point of evaluating alternatives and possible courses of action, in terms of what you give up by making a choice. This cost is commonly referred to as the *trade-off* of a decision. How would you deal with a situation in which you are faced with two choices - 1) to hold a very well-paid job that you do not enjoy, or 2) to have a job you love but one that is not well-paid?

3. WOULD YOU DESCRIBE YOURSELF as a good financial planner of your finances? Explain and support your answer with examples.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. THE ADVANTAGES THAT financial planning offers are obvious and numerous. However, as with anything, there are some disadvantages that exist as well. Discuss and provide examples of some of the drawbacks of financial planning, and how they might be dealt with.

2. FINANCIAL PLANNERS ARE business professionals who help people manage their money. As such, they may sometimes be faced with conflict of interest situations, or an ethical dilemma, in which it is important that they behave professionally. Think of an example where there might be a conflict of interests, or an ethical dilemma, and discuss the ways in which it may be resolved.

2. Grammar focus: Adjectives vs. adverbs. Phrase/sentence connectors

1. ADJECTIVES VS. ADVERBS.

Definitions:

An *adjective* is a word – or a set of words – which **describes a noun or pronoun**.

Adjectives may come before the word they modify:

*e.g. She is a very **hard-working** employee.*

*e.g. He is a **powerful** CEO.*

Adjectives may also follow the word they modify:

*e.g. That employee is very **hard-working**.*

*e.g. I told you that CEO is **powerful**.*

An *adverb* is a word, or set of words, which **describes verbs, adjectives, or other adverbs**. Adverbs answer *how* (*adverbs of manner*), *when* (*adverbs of time*), *where* (*adverbs of place*), *why* (*adverbs of reason*) or *to what extent* - *how often* or *how much* (*adverbs of frequency*):

*e.g. He speaks so **slowly** that he is not the best candidate to do the presentation for the foreign clients; nobody will understand him.*

*e.g. The auction is **today**; I want to bid on Adam Smith's manuscript of "The Wealth of Nations".*

*e.g. Let's wait for him **outside** with the other protestors.*

*e.g. We looked **in the safe**, where we usually kept the valuables.*

*e.g. Bernie left to **avoid trouble** with the investors.*

*e.g. Niamh cleans our offices **daily**.*

RULES OF USE:

1. Many adverbs end in *-ly*, but, then, many do not:

*e.g. Our team leader speaks so **quickly**. - How does she speak? **Quickly**.*

*e.g. She types really **fast**.*

*e.g. He works very **hard**.*

*e.g. We performed **badly**.*

2. The ending *-ly* is not used with *linking verbs* (verbs that describe a state of being or condition) such as verbs related to the senses: *taste, smell, look, feel*, and all forms of *be*. Adverbs are often used incorrectly in such sentences, which require adjectives instead:

*e.g. That new perfume you've designed smells **sweet/sweetly**.*

*e.g. It smells **horrible/horribly**.*

*e.g. The protestors looked **angry/angrily** to us.*

*e.g. The protestors looked **angry/angrily** at the CEO and his entourage.*

*e.g. She feels **bad/badly** about the bankruptcy news.*

*e.g. She felt **bad/badly** about the misunderstanding she had caused.*

3. *Good* = adjective, *well* = adverb equivalent:

*e.g. You did a **good** job.*

*e.g. You did the job **well**.*

*e.g. You look **good** today.*

*e.g. You look **well** for someone who's just been laid off.*

4. *Well* can also be used an adjective, too. When referring to health, we often use *well* rather than *good*:

*e.g. - I feel **good** today. vs. - I feel very **well**, thank you.*

*e.g. - You look **good** today; I love your dress.*

*e.g. - You don't look **well** today. - I don't feel **well**, either.*

5. Adjectives and adverbs have three degrees, that is, a positive degree = the base form of the adjective/adverb, as well two degrees/forms used for comparison. The *comparative degree/form* = to compare two things; the *superlative degree/form* = to compare three or more things:

	Positive	Comparative	Superlative
Adjective	<i>low</i>	<i>lower</i>	<i>lowest</i>
Adjective	<i>big</i>	<i>bigger</i>	<i>biggest</i>
Adjective	<i>fat</i>	<i>fatter</i>	<i>fattest</i>
Adverb	<i>highly</i>	<i>more highly</i>	<i>most highly</i>
Adverb	<i>widely</i>	<i>more widely</i>	<i>most widely</i>
Adverb	<i>easily</i>	<i>more easily</i>	<i>most easily</i>

Comparative forms consist either of *-er* (words with one and two syllables) or *more* (words with three or more syllables), while *superlative forms* use *-est* (words with one and two syllables) or *most* (words with three or more syllables). It is important to note that *-er* and *more* or *-est* and *most* are never used together, either one or the other:

e.g. **This is the more harder job.* (= This is the harder job.)

e.g. **This is the most hardest job I've ever had.* (= This is the hardest job...)

6. In formal use, the *-ly* from an adverb is not dropped when the comparative form is used, rather *more* and *most* are used:

e.g. **She worked quicker than he did.*

e.g. *She worked more quickly than he did.*

e.g. **Talk louder.*

e.g. *Talk more loudly.*

7. When *this*, *that*, *these*, and *those* are followed by a noun, they are adjectives. When they appear without a noun following them, they are pronouns:

e.g. *This restaurant is for sale.* (*This* = an adjective)

e.g. *This is where I work.* (*This* = a pronoun)

8. Although it is very unusual to have more than three adjectives used together, they would usually come in this order: *general opinion* → *specific opinion* → *size* → *shape* → *age* → *color* → *nationality* → *material*:

e.g. *a nice diligent young stock broker*

e.g. *a small black Japanese car*

e.g. *that horrible big fierce security guard*

9. Nouns that can be counted (that is, countable nouns) use *few*, *fewer*, or *fewest* (**little*, *less*, or *least*):

*e.g. If you have 5 products or *less/fewer, wait at this cash register here.*

10. Mass nouns (that is, uncountable nouns, which cannot be counted) use *little*, *less*, or *least* (**few*, *fewer*, or *fewest*):

*e.g. There's *fewer/less money in the accounts than I expected.*

11. Nouns that can be counted (countable nouns), use the adjective *many*, whereas nouns that cannot be counted (uncountable, mass nouns) use the adjective *much*:

e.g. I've held down many jobs.

e.g. I don't have much time now.

2. PHRASE/SENTENCE CONNECTORS

Definition:

Connectors are used to *join large groups of words*: phrases and sentences. They can be also used to connect paragraphs to give them coherence. Sentence connectors are usually placed at the beginning of a sentence and may be divided into several types.

Types of sentence connectors:

- **contrast**: however, but, in contrast, nevertheless, nonetheless, yet, on the other hand, by comparison, on the contrary, instead, in any case, all the same, even so, though, on the contrary;
- **comparison**: similarly, comparable, in the same way, likewise, as with, equally, just as ... so too;
- **similarity**: likewise, similarly, correspondingly, in the same way, also;
- **result**: as a result, as a consequence, therefore, thus, accordingly;
- **listing**: first, firstly, first of all, in the first place, to begin with, for one thing, second, secondly, in the second place, for another thing, third, thirdly, in the third place, also, besides, in addition, furthermore, moreover, finally, last, lastly, in the last place;
- **order of importance**: most importantly, primarily, above all, most significantly, essentially, basically;
- **exemplification**: for example, for instance, to illustrate;
- **explanation**: that is to say, that is, in other words, put differently;

- **emphasizing**: as a matter of fact, in fact, actually, indeed;
- **focusing and linking**: as for (suggests disinterest or dislike), with respect to, regarding, with regard to, as regards, talking of, as far as ... concerned;
- **conclusion**: in conclusion, in brief, in summary, to sum up, all in all;
- **correction**: rather, to be more precise;
- **time**: at first, then, afterwards, later, in the meantime, meanwhile;
- **dismissal** (of what was said before): anyway, anyhow, at any rate;
- **summary**: in short, on the whole, in other words, to be sure, clearly, anyway, after all, in general, in brief.

EXERCISES

1. COMPLETE the sentences with either GOOD or WELL:

- i) Henry is a _____ team player.
- ii) She explains things really _____.
- iii) The new company logo looks _____.
- iv) He did _____ at the job interview.
- v) My receptionist is 63 years old and she can't see very _____.
- vi) He plays hardball very _____.
- vii) What's the matter? You don't look _____.
- viii) Jackie looks _____ in the CEO's office!
- ix) How are you? I'm _____.
- x) We don't need her; she speaks _____ English, but she doesn't speak French very _____.

2. IDENTIFY THE WORD(S) in *italics* as adjectives or adverbs:

1. My *school* colors were red and black.
2. You need to hold on *firmly* and not focus on the *brightly colored* lights.
3. If the cops arrest a mime, do they tell her that she has the right to remain *silent*?
4. I bought it when she offered it for *half* price.
5. For three days after death, hair and fingernails continue to grow *slowly*.
6. She used a *big* rock to break the lock.

7. Is it true that cannibals don't eat clowns because they taste *funny*?
8. Murphy's Oil Soap is the chemical *most* commonly used to clean elephants.
9. Giraffes have no *vocal* cords.
10. He ordered a taco and asked the server for *minimal* lettuce.

3. UNDERLINE THE CORRECT word (adjective or adverb) to complete the sentences:

- i) The sales assistant *patient/patiently* answered all of our questions.
- ii) We're *cautious/cautiously* optimistic about the future of our company.
- iii) Our financial records are stored in a *secure/securely* area.
- iv) I *accidental/accidentally* deleted my project proposal.
- v) Our marketing plan was executed *perfect/perfectly*.
- vi) Steve seemed really *nervous/nervously* before the meeting.
- vii) He presented so *quick/quickly* that I barely understood what he was saying.
- viii) I'm following your work performance very *close/closely*.
- ix) Domenic looked *cheerful/cheerfully* for someone who's having money troubles.
- x) He got the job because his Spanish is really *good/well*.

3. Practice and revision

1. UNDERLINE THE MOST APPROPRIATE sentence connector to complete the sentences:

- i) Alan seems quite diligent; *whereas/otherwise/nonetheless*, he often gets poor job performance evaluations.
- ii) This bank has some of the best financial analysts in the country. *In addition to/Moreover/Beside*, their customer service is excellent.
- iii) I've never been to the US *although/however/in spite of* having lots of business contacts there.

- iv) He is a reckless broker; *even so/even as/although*, he hasn't lost any huge amounts of money yet.
- v) My sister works three jobs in a day; *however/even as/moreover*, she doesn't earn much money.
- vi) We went out *although/despite/besides* the yelling and curses that greeted us outside from the protestors who had been let go.
- vii) I tried to look happy *however/although/in spite of* feeling miserable about the terrible sales figures.
- viii) The employees are dissatisfied and fed up with the low pay they receive. *Though/Anyhow/Furthermore*, they desperately need to have their working conditions improved.
- ix) The manager acted badly. *In addition/Actually/On the other hand*, he was extremely rude to everyone at the press conference.
- x) We have been trying to contact the factory owner for the past few days. *Afterwards/Indeed/Eventually* we managed to trace him to a hotel in town.

2. COMPLETE THE TEXT by filling in the gaps with HARD/HARDLY:

All that day I had been thinking _____ about whether or not to go to Jane's retirement party. I _____ ever go to such events, but this time I thought I'd make an effort. I worked _____ all day so that I could leave early and get ready. When I got home I looked for something nice to wear, and eventually decided on a red dress that I had _____ worn and _____ anyone had seen me in before. Unfortunately, I got caught in the rain and when I eventually arrived there was _____ anyone left, just a couple of Jane's colleagues from various other departments in the company. I had _____ ever talked to them before so making conversation was very _____. As I had _____ eaten anything all day, I spent the rest of the party behind the bar, with a plate in my hand, alone!

3. CHOOSE the best option:

1. I'd like to _____ your attention to the high number of sales in December due to our Christmas promotion.
- a) draw b) give c) take

2. That company no longer exists; it _____ for bankruptcy last year.
a) asked b) entered c) filed
3. We're getting ready to _____ a new product that we believe will be very successful.
a) discover b) launch c) take off
4. The company had to _____ dozens of staff members due to budget cuts.
a) close out b) lay off c) send away
5. I'd like to get the opinions of the staff on this situation. Let's _____ a meeting to discuss it.
a) do b) hold c) make
6. There was a breakdown in negotiations and we weren't able to _____ the deal.
a) close b) firm c) nail
7. We have a partnership with that company, and we often do _____ ventures.
a) cooperate b) joint c) together
8. Everyone agreed with the plan except for Sam, who _____ a few strong objections.
a) rose b) said c) raised
9. I'll be out of the office next week; I'm going to _____ a conference on Business Management and Information Technology.
a) attend b) presence c) watch
10. Our customer service department _____ problems people encounter while using our products.
a) deals with b) gets off c) works away
11. Our company designs sophisticated business clothing for women. Our _____ market is female executives aged 35-45.
a) commercial b) preferred c) target
12. I _____ for a loan of \$100,000 to start my own business.
a) applied b) registered c) tried out

Chapter 10

Stocks. shares. shareholders

1. Reading and vocabulary

RELATED TOPICS: introduction; types of stock; the stock market.

Introduction

In today's financial markets, the distinction between *stocks* and *shares* has been somewhat blurred. Generally, these words are used interchangeably to refer to the pieces of paper that indicate ownership in a particular company, called *stock certificates*. However, the difference between the two words comes from the context in which they are used.

For example, *stock* is a general term used to describe the ownership certificates of any company, and the term *shares* refers to the ownership certificates of a particular company. So, if investors say they own stocks, they are generally referring to their overall ownership in one or more companies. Technically, if someone says that they own shares – the question then becomes – shares in what company?

Therefore, stocks and shares are the same thing. The minor distinction between stocks and shares is usually overlooked, and it has more to do with syntax than financial or legal accuracy.

Along those lines, a person who has stock, or shares, in a company, who owns a piece of that company, is a *stockholder* (or a *shareholder*). Thus, *stockholders* (*shareholders*) are people who hold stocks – in other words, own shares – in a corporation. Just like there is no difference between the terms *stocks* and *shares*, they are the same, and can be used interchangeably, there is also no difference between *stockholder* and *shareholder*, and they, too, can be used interchangeably. Both terms refer to the owner of shares of stock in a corporation and a part owner of a corporation.

A *stakeholder*, on the other hand, is anyone that has an interest or is affected by a corporation. In other words, the stockholder is not the only one who has a stake, or an interest, in a corporation. Other stakeholders in a corpo-

ration include the employees, the employees' families, suppliers, customers, the community, and others.

Some organizations do not have stockholders, but have stakeholders. For example, the state university does not have stockholders, but it has many stakeholders: students, the students' families, professors, administrators, employers, state taxpayers, the local community, the state community, society in general, custodians, suppliers, etc.

The popular definition of *stock* is: "...a share in the ownership of a company. Stock represents a claim on the company's assets and earnings. As you acquire more stock, your ownership stake in the company becomes greater." However, there are some key points here that need to be clarified.

First of all, stock holders do not *own* corporations; they own shares issued by corporations. Corporations are a special type of organization, which the law treats as legal persons. In other words, corporations file taxes, can borrow, can own property, can be sued, etc. The idea that a corporation is a "person" means that the corporation *owns its own assets*. A corporate office full of chairs and tables belongs to the corporation, and *not* to the shareholders.

In this sense, corporate property is legally separated from the property of shareholders. If the corporation goes bankrupt, a judge may order all of its assets to be sold – however, the individual personal assets are not at risk. The court cannot even force shareholders to sell their shares, although the value of those shares will certainly have fallen drastically. Along those lines, if a major shareholder goes bankrupt, they cannot sell the company's assets to pay off their creditors.

What shareholders own are shares issued by the corporation; and the corporation owns the assets. So if you own 33% of the shares of a company, it is incorrect to assert that you own one-third of that company; it is instead correct to state that you own 100% of one-third of the company's shares. Shareholders cannot do as they please with a corporation or its assets. A shareholder cannot walk out with a chair because the corporation owns that chair, not the shareholder. This is known as the "separation of ownership and control."

Owning shares allows the shareholders the right to vote in shareholder meetings, receive dividends (which are the company's profits) if and when they are distributed, as well as the right to sell their shares to somebody else.

The term *dividends* (= cash dividends), refers to the company's profits, and it is what a corporation pays to its stockholders (shareholders). Dividends are often paid quarterly, but they could be paid at other times too. For a dividend to be paid, the corporation's board of directors must formally approve/

declare the dividend. In that sense, the board of directors may decide that a dividend will not be declared.

Thus, dividends are a distribution of the corporation's earnings. Practically speaking, the corporation must also have sufficient cash available to meet its current and future needs. While all corporations have *common stock*, some corporations will also have *preferred stock*. In that situation the preferred stockholders must receive their dividend before the common stockholders.

If an individual owns a majority of shares, their voting power increases so that they can indirectly control the direction of a company by appointing its board of directors. This becomes most evident when one company buys another: the acquiring company does not go around buying up the building, the chairs, the employees; it buys up all the shares. The board of directors is responsible for increasing the value of the corporation, and often does so by hiring professional managers, or officers, such as the CEO (Chief Executive Officer).

For ordinary shareholders, not being able to manage the company is not such a big deal. The importance of being a shareholder is that you are entitled to a portion of the company's profits. The more shares a person owns, the larger the portion of the profits they get. Many stocks, however, do not pay out dividends, and instead reinvest profits back into expanding the company. These earnings, however, are still reflected in the value of a stock.

Stocks – sometimes referred to as *equity* or *equities* – are issued by companies to raise capital in order to develop and expand the business or start new projects. Companies can also raise money through borrowing, either directly as a loan from a bank, or by issuing debt, known as *bonds*. *Bonds* are fundamentally different from stocks in a number of ways. First, *bondholders* are creditors to the corporation, and are entitled to interest, as well as repayment of principal. Creditors are given legal priority over other stakeholders in the event of a bankruptcy. Shareholders, on the other hand, are last in line and often receive nothing, or almost nothing, in the event of bankruptcy. This means that stocks are generally riskier investments than bonds.

On the other hand, bondholders are only entitled to receive the return given by the interest rate agreed upon by the bond, while shareholders can enjoy returns generated by increasing profits, theoretically to infinity. The greater risk assigned to stocks has generally been rewarded by the market. Stocks have historically returned around 8-10% annualized, while bonds return 5-7%.

Types of Stock

When a company is first founded, the only shareholders are the co-founders and early investors. As the company grows and needs more capital to expand, it may issue more of its shares to other investors, so that the original founders may end up with a rather lower percentage of shares than they started out with. During this stage, the company and its shares are considered private. In most cases, private shares are not easily exchanged, and the number of shareholders is typically small.

As the company continues to grow, however, there often comes a point where early investors become eager to sell their shares and turn the profits of their early investments into money. At the same time, the company itself may need more investment than the small number of private investors can offer. At this point, the company considers an *initial public offering*, or IPO, transforming it from a private to a public company.

Aside from the private/public distinction, there are two types of stock that companies can issue: *common stock* and *preferred stock*.

Common Stock

When people talk about stocks, they are usually referring to *common stock*. In fact, the great majority of stock issued is in this form. Common shares represent a claim on profits (= dividends), and allow voting rights. Investors most often get one vote per share-owned to elect board members who control the major decisions made by management.

Over the long term, common stock has tended to result in higher profits. These higher profits, however, carry a risk, since common stocks carry the potential to lose the entire amount invested if a company goes out of business. If a company goes bankrupt, the common shareholders will not receive money until the creditors, bondholders and preferred shareholders are paid.

Preferred Stock

Preferred stock functions similarly to bonds, and usually does not come with the voting rights. With preferred shares, investors are usually guaranteed a fixed dividend indefinitely. This is different from common stock, which has variable dividends that are declared by the board of directors and never guaranteed. In fact, many companies do not pay out dividends to common stock at all.

Another advantage is that in the event of liquidation, preferred shareholders are paid off before the common shareholders (but still after debt holders and other creditors). With preferred stock the company has the option to re-purchase the shares from preferred shareholders at any time for any reason.

Though common and preferred are the two main forms of stock, it is also possible for companies to customize different classes of stock to fit the needs of their investors. The most common reason for creating share classes is for the company to keep voting power concentrated with a certain group. Therefore, different classes of shares are given different voting rights. For example, one class of shares would be held by a select group who are given maybe ten votes per share, while a second class would be issued to the majority of investors who are given just one vote per share. When there is more than one class of stock, the classes are traditionally designated as Class A and Class B, etc.

The Stock Market

The *stock market* is a complex system where shares of publicly-traded companies are issued, bought and sold. Some see it as a place where people gamble. However, it is not gambling at all. Let us look at it in this way - say you put \$100 on one roll of the dice. If you win, you win \$X. If you lose, you lose the entire \$100. When you invest in stocks, you will win \$X or lose \$Y. It is rare to lose it all, unless, of course, you invest in a company that goes bankrupt. You could say that the stock market is a group of people putting their knowledge and expertise against one another.

The stock market is a collection of millions of investors with diametrically opposing views. This is because when one investor sells a particular security, someone else must be willing to buy it. Since both investors cannot be correct, it is an opposing system. In short, one investor will profit and the other will suffer loss. Therefore, it is important to be knowledgeable about the investment under consideration.

Stock Prices

There are many factors that determine whether stock prices rise or fall, such as the media, the opinions of well-known investors, natural disasters, political and social unrest, risk, supply and demand, and the lack, or abundance, of suitable alternatives. The combination of these factors, plus all relevant information that has been shared, creates a certain type of feeling (i.e. bullish and bearish) and a corresponding number of buyers and sellers. If there are more sellers than buyers, stock prices tend to fall. On the other hand, when there are more buyers than sellers, stock prices tend to rise.

Predicting Stock Market Movements

If stock prices have been rising for several years, investors realize that a correction will come and stock prices will fall. What is not clear is what will

cause this to happen or exactly when it will occur. Therefore, some investors will sit on the side, holding on to their cash, and waiting for the right time to get in. Those who are willing to take the risk may jump in because the return on cash is so low and it hurts to earn zero while watching stocks move higher. This leads to several key questions. If someone is sitting on the sideline, how will they know when to get in? If they are already in, how will they know when it is time to get out? If the stock market was predictable, these questions could easily be answered. However, it is not. There are actually three issues an investor should consider. The first is understanding the point at which stock prices are fairly valued. The second issue is the event that will cause a fall - knowing this is impossible. The final issue, and the most interesting of the three, is understanding the human decision-making process. It is the most interesting because inside every individual there is a logical and an emotional component. We may analyze a situation using our logical side but when it is time to act, we refer to our emotions. When making investment decisions, the relevant data must be processed so that a good decision can be made. However, it is impossible to know everything that needs to be known and to have that processed without any bias, objectively. This occurs even with the most analytical individuals.

Buy or Sell?

The two most important decisions an investor will make are when to buy and when to sell. The best time to buy is when others are pessimistic. The best time to sell is when others are actively optimistic. When buying, the prospect of a high return is greater if you buy after its price has fallen rather than after it has risen. But it is important to be careful. For example, after the stock of a certain Company X has dropped by 30%, 40% or more, the first question to ask is why. Why did the stock fall as it did? Did other stocks in the same industry experience a drop? If so, was it as severe? Did the entire stock market fall? If the broader market or other stocks in the same industry/sector performed relatively well, then there may be a problem specific to Company X.

In any case, the stock market is a complicated place – stock prices rise and fall for reasons which can be complex. It is important to be sure that the company you are buying is worth owning, and to avoid putting too much of your money in one stock.

It takes years to become knowledgeable about the financial markets and about stocks in general. It may even be necessary to find someone you trust and ask for their advice. A person who is closely connected with how the financial markets work is known as a *stockbroker* – a regulated professional, usually associated with a brokerage firm, who buys and sells stocks in return for a fee or commission. Stockbrokers manage the financial portfolios of their clients,

whether an individual or a company, and provide advice concerning which shares to buy or sell to get them the best return on their money.

DISCUSSION

1. THORNTONS IS A family business which has been making and selling chocolates since 1911. It recently decided that it needed to raise more capital as part of an expansion program and in order to buy other companies in the UK and abroad. The company, therefore, went 'public', that is, it issued shares on the stock market. Thorntons set up a special scheme to encourage its employees to acquire shares in the company, and it has proved very successful. Discuss the advantages, and disadvantages, of acquiring a stake in the company you work for.

2. TECHNOLOGY HAS BEEN MAKING rapid advancements in the last decade(s), impacting our lives in a number of different ways, its influences being both positive and negative. One of the segments that technology has had an impact on is in the field of business, specifically in the workings of the stock market. How do you feel about the impact technology has had on the stock market – has it been positive or negative? Discuss and provide examples to support your arguments.

3. WHAT DO YOU FEEL is the best way to invest money (in terms of rewards, security, making the investment grow, on a short-term basis, and on a long-term basis)? Discuss and elaborate, and provide personal examples as to how you would decide to invest a moderate amount of money that you might have at your disposal.

ASSIGNMENT

In 250–300 words, **elaborate on one of the two topics:**

1. READ THROUGH THE FINANCIAL PAGES of a newspaper and choose a short article which deals with an announcement or event that will affect or has already affected a company's share prices (for example, redundancies – employees being laid off, a natural disaster, conflict). Write a brief summary of the article describing how the company's share prices will develop or have developed in relation to this event. If no mention is made of this, refer to the relevant listing in the newspaper and check the share price. Has there already been a noticeable increase or decrease?

2. 'INSIDER TRADING' IS A CONCEPT which is connected to the stock market, as well as the buying and selling of shares. While it may, in certain situations, be considered legal, for the most part it is an illegal business activity. In fact, there have been numerous examples of famous people being caught carrying out insider trading, and receiving different punishments. Explain the difference between legal and illegal insider trading, and provide an example of each. Provide an example of a famous person who has been accused/found guilty of committing insider trading, and explain the situation in more detail.

2. *Practice and revision*

1. MATCH UP the half-sentences (i-xii) with (a-l), which make up a text about stocks and shares:

- i. Successful companies can issue stocks or shares (certificates representing part ownership of the company) ...
- ii. Offering these stocks for sale to financial institutions and the general public changes the business ...
- iii. Selling stocks for the first time is called an IPO or initial public offering in the US ...
- iv. Companies use an investment bank to find buyers, and to underwrite the stock issue, ...
- v. Stocks and shares are also known as *equity* or *equities*; the most common form ...
- vi. After shares have been issued they can be traded on the secondary market at ...
- vii. Some stock exchanges have automatic computerized trading systems that match up buyers and sellers; others have market makers – ...
- viii. Stock prices rise and fall depending on supply and demand ...
- ix. Consequently the nominal value of a share - the price written on it - is rarely the same as its market price - ...
- x. Companies either distribute part of their profits to shareholders as an annual dividend, ...
- xi. Stock markets are measured by stock indexes (or indices), ...
- xii. A period during which most stocks (and the stock index) are rising is called a bull market, ...

- a) ... and one in which most of them fall in value is a bear market.
- b) ... to raise capital to expand their operations.
- c) ... the price it is currently being traded at on the stock exchange.
- d) ... the stock exchange on which the company is listed or quoted.
- e) ... is called common stock in the US, and ordinary shares in Britain.
- f) ... which show changes in the average prices of a selected group of important stocks.
- g) ... i.e. how many sellers and buyers there are.
- h) ... traders in stocks who quote bid (buying) and offer (selling) prices.
- i) ... from a private to a public company, and is called going public.
- j) ... i.e. to guarantee to buy the stocks if there are not enough other buyers.
- k) ... and a flotation or an IPO in Britain.
- l) ... or keep the profits in the company, which also causes the value of the stocks to rise.

2. UNDERLINE THE CORRECT word (adjective or adverb) to complete the sentences:

- i) I answered all the questions *correct/correctly* on my certification exam.
- ii) It was my first day on the job and I was *eager/eagerly* to get started.
- iii) Martin has handled this unexpected situation very *good/well*.
- iv) I feel *bad/badly* about you losing your job.
- v) Could you read this document and let me know if it sounds *good/well?*
- vi) We all *successful/successfully* completed the training workshop.
- vii) The presentation went off *beautiful/beautifully*.
- viii) Her *calm/calmly* behavior gave everyone confidence.
- ix) I'm not sure if your name is spelled *correct/correctly*.
- x) I was *happy/happily* to accept the job promotion.

3. FILL IN THE BLANKS with the most appropriate sentence connector:

1. The accounts will be seized by the police. _____ they will be sent back to the relevant authorities.

2. The retailer has been making losses. _____, he intends to close down his business.
3. Prepare the rough draft of the proposal first. _____ you can make changes.
4. Working in the stock market is very challenging and stressful. _____, you are always learning new things and dealing with different situations, which is also exciting.
5. Let us not be too pleased with ourselves just yet. _____ we may lose out on closing the deal.

4. The word in **bold** collocates with all the terms except for one. Write the term that the word in bold does not collocate with:

1. **job**: search for; look for; apply for; land; take; discard; hold down _____
2. **meeting**: arrange; organize; schedule; make; have; cancel; call off; chair _____
3. **agreement**: disobey; negotiate; reach; break; go back on; violate _____
4. **appointment**: have; make; keep; place; cancel _____
5. **customer**: deal with; drop; serve; attract; entice; lose _____
6. **complaint**: file; make; have; receive; respond to; give _____
7. **request**: propose; submit; turn down; reject; respond to; comply with _____
8. **deal**: agree to; create; close; draft; negotiate; reach; sign; seal _____
9. **market**: break into; penetrate; pass into; corner; flood; enter _____
10. **report**: prepare; draw up; compile; submit; give; construct _____

5. COMPLETE THE PHRASAL VERBS by filling in the appropriate preposition(s):

1. We've run out of office space. Management is looking _____ ways to accommodate everyone. We may lease another floor in this building.

2. The new addition was supposed to be completed by the end of March, but it wasn't ready until the beginning of July. The contractors really let us _____.
3. I forgot to fill _____ my vacation request form. I hope they'll still let me take the day off.
4. Thanks for backing me _____ during the meeting. I appreciate the support.
5. It's a big decision. You should take some time to think it _____.
6. We all look _____ our CEO. She's one of the most highly-accomplished people in her field.
7. We're trying _____ a new software program to see how it works.
8. Do you think management will _____ the union's demands? If it does, the workers are definitely going to go on strike.
9. Can we count _____ you to have this finished by the end of the week?
10. Our company used to offer tuition reimbursement, but HR did _____ the program, and the option is no longer available.

6. DECIDE IF THE FOLLOWING sentences are right or wrong. If wrong, then correct them:

1. What exactly do you do in your job?

2. I am working in the Personnel Department.

3. Do you work on any special projects at the moment?

4. When have you joined the company?

5. I am working here since last year.

6. If I can't finish the report today, I'm sending it to you tomorrow.

7. If the date of the meeting will be changed, I would let you know right away.

8. How long have you worked for them?

9. What were you doing before you joined the company?

10. I was working for an international company when they were recruiting me.

7. REPHRASE the active sentences using the passive construction:

1. We paid the invoice by credit card.

2. You can cancel the contract within five business days.

3. You have made a mistake.

4. She did not sign the contract.

5. Jane had booked a flight.

6. We are processing your order.

7. We will deliver the goods immediately.

8. He has not answered our letter.

9. If you don't pick up your order within 30 days, we will remove the discount. (2x)

10. Have you delivered the goods yet?

8. COMPLETE THE SENTENCES by filling in the gaps with the appropriate preposition. One preposition fills the gaps of all the sentences in one section. The following prepositions can be used: *in, to, for, at, by*:

1.

- Goods are kept _____ our warehouse until they are ready for delivery.
- _____ addition, it also makes it easier for consumers to compare prices.
- This creates a dilemma for retailers who sell products both online and _____ shops.
- We serve those customers _____ the most appropriate way.

2.

- She asked if I agreed _____ the terms and conditions of the agreement.
- It wants to appeal _____ a wider range.
- It offers cheap flights _____ a small range of destinations.

3.

- That's the normal fee _____ the job.
- We'd prefer to pay you a fixed amount _____ the work.
- Customers use websites _____ lots of different reasons.

4.

- Products and services offered _____ a large discount are generally a bargain.
- Consumers have become better _____ surfing the internet.
- We need to understand what customers need _____ any one time.

5.

- Customers online behave very similarly _____ customers on the high street.
- If you can get those key things right, customers will keep coming back _____ you.

6.

- We must have delivery _____ the end of next week.
- How do you run these two business side _____ side?

9. DECIDE IF THE FOLLOWING sentences are right or wrong. If wrong, then correct them:

1. If we increase productivity, we will remain profitable.

2. If we would ask for a bank loan tomorrow, I'm sure we will get it.

3. If we would have known the effect of inflation, we could have reduced our costs.

4. We will need to offer higher salaries if we will want to recruit better workers.

5. Unless we invest more in the business, our competitors will overtake us.

10. COMPLETE THE SENTENCES by adding a correct form of one of the following verbs: *borrow; lend; owe; invoice; afford*.

1. Excuse me. Could I _____ your manual for a moment?

2. How much did the bank _____ you?

3. We can't _____ to employ all these people. It's too expensive; we can't pay them.

4. He wants to _____ us for repairing the computer even though he said it was free of charge.

5. How can you _____ to spend so much time goofing around? Don't you have things to get done?

6. I've paid some of the loan back but I still _____ the bank a lot of money.

7. If you _____ the money from a bank you will have to pay 7% interest.
8. The customer hasn't paid yet. Are you sure that we _____ him last month?
9. Can you ask her to call me? She still _____ me \$2000.
10. I hate _____ money but I have no other choice but to do so at the moment.

11. COMPLETE THE SENTENCES by underlining the most appropriate option:

1. The first company *whom/that/where/whose* I worked was very small.
2. Joe *who was a banker/, was a banker/, who was a banker/, whose was a banker,* has died.
3. The commercial ad *whose/that/which/where* slogan I created was a hit.
4. The dress *whose/---/who/where* she wanted to buy was sold out.
5. The scanner *that we bought last week/, that we bought last week/,who we bought last week/where we bought last week* doesn't work.

12. COMPLETE THE TEXT by filling in the gaps with an appropriate form of the word in brackets:

A *bull market* is when everything in the economy is running objectively well: people are finding jobs and _____ (EMPLOY) is low, the economy is growing and stocks are rising. Picking stocks during a bull market is arguably _____ (EASY) because everything is going up. If a person is _____ (OPTIMISM) and believes that stocks will go up, they are called a bull and are said to have a bullish outlook. Bull markets cannot last forever though, and sometimes they can lead to _____ (DANGER) situations if stocks become overvalued. In fact, one severe form of a bull market is known as a bubble, where the upward movement of stock prices no longer conforms to fundamentals, and optimistic _____ (THINK) completely takes over. _____ (HISTORY), bubbles have occurred regularly dating back to the Dutch Tulipmania of the 1600's - where the price of tulips rose so high that one was more _____

(VALUE) than a house - through to the housing bubble of 2008 that sparked the Great Recession. Bubbles always burst when reality catches up with the _____ (INFLATE) prices. It is difficult to recognize when investors are in a bubble and even harder to predict when it will pop.

A *bear market*, on the other hand, happens when the economy appears to be in or near recession, unemployment rises, and corporate profits fall. Bear markets make it tough for _____ (INVEST) to pick _____ (PROFIT) stocks. One _____ (SOLVE) to this is to profit when stocks are falling due to short selling. Another strategy is to wait until you feel that the bear market is nearing its end, only starting to buy in anticipation of a bull market.

Bear markets are typically associated with an increase in stock market unpredictability, since investors typically fear losses more than they appreciate gains at an emotional level. People are not always rational beings - especially when it comes to money and _____ (INVEST). During bear markets, prices do not drop in an orderly or rational way, but rather market _____ (PARTICIPATE) often _____ (REACT) in panic and send prices below reasonable _____ (ESTIMATE).

13. TRANSLATE THE FOLLOWING TEXT from English into Macedonian:

Investors often have different opinions about various stocks or about the direction of the economy as a whole. Each trading day is a struggle between optimists and pessimists who buy and sell at various prices, with different expectations. The stock market is said to bring together all of the information that exists about the companies it represents, and that displays itself as price. When optimists dominate, prices move upwards, and we say that we are in a bull market. When the opposite is true, and prices move lower, we are in a bear market.

References

Bibliography

- BOYES, W. & MELVIN, M. (2009): *Fundamentals of Economics*, Boston: Houghton Mifflon Company.
- BRIEGER, N. & SWEENEY, S. (2002): *The Language of Business English*, Pearson Education limited.
- BROWN, K. & MILLER, J. (1991): *Syntax: A Linguistic Introduction to Sentence Structure*, 2nd. edn, London: HarperCollins.
- CARSTAIRS-MCCARTHY, A. (2002): *An Introduction to English Morphology – Words and Their Structure*, Edinburgh University Press.
- CHOI, Cheng-Bum & BEAMISH, P.W. (2004): "Split Management Control and International Joint Venture Performance." *Journal of International Business Studies* 35.3, pp. 201-215.
- CORDELL, J. (2000): *Cambridge Business English Activities*, Cambridge University Press.
- CRYSTAL, D. (1997): *The Cambridge Encyclopedia of Language*, 2nd. edn, Cambridge University Press.
- DECAPUA, A. (2008): *Grammar for Teachers: A Guide to American English for Native and Non-Native Speakers*, Springer.
- DOWNING, A. & LOCKE, P. (2005): *English Grammar A University Course (2nd Edition)*, Routledge.
- EASTWOOD, J. (2002): *Oxford Guide to English Grammar*, Oxford University Press.
- GREENBAUM, S. & QUIRK, R. (1990): *A Student's Grammar of the English Language*, London: Longman.
- GREENBAUM, S. (2006): *The Oxford English Grammar*, Oxford University Press.
- HURFORD, J. R. (1994): *Grammar – A student's guide*, Cambridge University Press.
- JOHNSON, H. E. (2000): "Reducing the Risks in Joint Ventures." *CMA Management* 74 (10), 34 ff..
- JONES, L. & ALEXANDER, R. (2000): *New International Business English*, Cambridge University Press.
- LANNON, M., TULLIS, G. & TRAPPE, T. (1999): *Insights into Business*, Addison Wesley Longman Limited.
- LEECH, G., DEUCAR, M. & HOGENRAAD, R. (1982): *English Grammar for Today*, London: MacMillan.
- LEECH, G. & SVARTVIK, J. (2003): *A Communicative Grammar of English*, Third Edition, Pearson Education ESL.
- MACKENZIE, I. (2007): *Professional English in Use*, Cambridge University Press.
- MASCULL, B. (2003): *Business Vocabulary in Use*, Cambridge University Press.
- MCCARTHY, T. (2005): *Concise Oxford Companion to the English Language*, Oxford University Press.
- MISH, F. C. (ed.) (2003): *Merriam-Webster's Collegiate Dictionary – nth Edition*, Springfield, Massachusetts, Merriam-Webster, Inc.

- MOELLER, B. (2000): "Becoming a Corporate 'Partner of Choice.'" *Corporate Board*, Nov. 2000.
- PALMER, F. R. (1971): *Grammar*, London: Penguin.
- QUIRK, R., GREENBAUM, S., LEECH, G. & SVARTVIK, J. (1972): *A Grammar of Contemporary English*, London: Longman.
- QUIRK, R., GREENBAUM, S., LEECH, G. & SVARTVIK, J. (1985): *A Comprehensive Grammar of the English Language*, London: Longman.
- THOMPSON, D. (ed.) (1998): *Oxford Dictionary of Current English - new revised edition*, Oxford University Press.
- TREFFRY, D. (ed.) (1998) *Collins English Dictionary - Millennium Edition*, Glasgow: Harper-Collins.
- WEKKER, H. & HAEGEMAN, L. (1995): *A Modern Course in English Syntax*, Routledge.
- WILLIAMS, J. D. (2005): *The Teacher's Grammar Book*, Routledge.

Online sources

Chapter 1. Economy 101: Basics of economics.

- <https://www.mbacrystalball.com/blog/economics/>
- <https://www.investopedia.com/university/economics/economics3.asp>
- <http://www.economicdiscussion.net/concepts-2/5-basic-concepts-of-economics/18127>
- <https://www.investopedia.com/articles/economics/11/five-economic-concepts-need-to-know.asp>
- <http://www.onestopenglish.com/business/teaching-approaches/first-lessons/pdf-content/first-lessons-tense-review/146896.article>
- http://www.cmariacoruna.com/novomoodle/pluginfile.php/877/mod_resource/content/1/Mixed_verbal_tenses.pdf
- <https://www.businessenglishsite.com/talking-about-the-economy1.html>
- <http://www.businessenglishresources.com/word-building-exercises/>
- <https://www.shmoop.com/economic-systems/discussion-essay-questions.html>

Chapter 2. Money markets.

- <https://www.gingersoftware.com/content/grammar-rules/verbs/modal-verbs/>
- https://www.myenglishpages.com/site_php_files/grammar-lesson-modals.php
- <http://a4esl.org/q/h/0101/ig-modals.html>
- <http://www.imf.org/external/pubs/ft/fandd/2012/06/basics.htm>
- <https://www.investopedia.com/university/moneymarket/moneymarket1.asp>
- <https://www.britannica.com/topic/money-market>
- <https://www.ecb.europa.eu/press/key/date/2001/html/sp010531.en.html>
- <https://www.gdmlink.com/how-would-the-brexite-impact-global-financial-markets/>

Chapter 3. International trade.

- <https://www.questia.com/library/economics-and-business/economics/international-trade/international-trade>
- <https://www.ego4u.com/en/cram-up/grammar/prepositions>
- <http://study.com/academy/lesson/what-is-a-prepositional-phrase-definition-examples-quiz.html>

<https://tefltastic.wordpress.com/worksheets/business-esp/market-leader/ml-pre/bus-preps-pairwork/>

Chapter 4. International financial institutions.

<https://www.ego4u.com/en/cram-up/grammar/passive>
<https://www.ego4u.com/en/business-english/grammar/passive>
<https://www.businessenglish.com/grammar/passive.html?lang=eng>
<http://tradecommissioner.gc.ca/development-developpement/mdb-overview-bmd-apercu.aspx?lang=eng>
<http://www.bankinformationcenter.org/resources/institutions/>
<https://www.investopedia.com/terms/w/wto.asp>
<https://www.investopedia.com/terms/i/imf.asp>
<https://www.investopedia.com/terms/i/international-bank-of-reconstruction-and-development.asp>
<https://www.investopedia.com/terms/c/creditrating.asp>
<https://www.worldbank.org/en/who-we-are/ibrd>
<http://www.englishexercises.org/makeagame/viewgame.asp?id=5754>

Chapter 5. Mergers, acquisitions and takeovers.

<https://www.investopedia.com/articles/01/050901.asp>
<https://www.investopedia.com/ask/answers/05/mergestakeover.asp>
<https://www.investopedia.com/articles/stocks/08/corporate-takeover-defense.asp>
<https://www.slideshare.net/mahtuoggs/hostile-takeover-defenses>
<https://www.slideshare.net/sajnafathima988/mergers-acquisitions-and-takeovers>
<https://blog.impraise.com/360-feedback/mergers-and-acquisition-challenges>
<https://www.ef.com/english-resources/english-grammar/relative-clauses/>
<https://www.ef.com/english-resources/english-grammar/defining-relative-clauses/>
<https://www.ef.com/english-resources/english-grammar/non-defining-relative-clauses/>
<https://www.ego4u.com/en/cram-up/grammar/relative-clauses/exercises?07>
<https://www.businessenglish.com/grammar/relative-clauses.html?lang=eng>

Chapter 6. Joint ventures.

<https://www.inc.com/encyclopedia/joint-ventures.html>
<https://www.investopedia.com/terms/j/jointventure.asp>
<https://www.thebalancesmb.com/what-is-a-joint-venture-and-how-does-it-work-397540>
<https://businesstown.com/12-advantages-and-disadvantages-of-a-joint-venture/>
<https://www.nibusinessinfo.co.uk/content/joint-venture-benefits-and-risks>
<https://www.nibusinessinfo.co.uk/content/types-joint-venture>
<https://jointventures.uslegal.com/distinction-between-joint-venture-and-partnerships/>
<https://dictionary.cambridge.org/grammar/british-grammar/reported-speech/reported-speech-indirect-speech>
<https://www.perfect-english-grammar.com/reported-speech.html>
<https://www.businessenglish.com/grammar/indirect-speech.html?lang=eng>

Chapter 7. Management functions.

<https://www.ego4u.com/en/cram-up/grammar/conditional-sentences>
<http://www.businessenglishbook.com/business-english-quizzes/>

<http://www.businessenglishebook.com/Business-English-International-Trade-Quiz-Two.htm>
<https://courses.lumenlearning.com/suny-principlesmanagement/chapter/primary-functions-of-management/>
<https://courses.lumenlearning.com/suny-principlesmanagement/chapter/introduction-to-types-of-managers-and-their-roles/>
<https://courses.lumenlearning.com/suny-principlesmanagement/chapter/types-of-managers/>
<https://courses.lumenlearning.com/suny-principlesmanagement/chapter/management-roles/>
<https://www.boundless.com/management/textbooks/boundless-management-textbook/introduction-to-management-1/additional-roles-and-skills-of-managers-20/mintzberg-s-management-roles-127-605/>

Chapter 8. Banks and banking.

http://www.risksandrewards.org.uk/background_banks_152.html
<https://www.frbsf.org/education/publications/doctor-econ/2001/july/bank-economic-function/>
<https://www.thebalance.com/what-is-banking-3305812>
<https://www.investopedia.com/terms/i/investment-banking.asp>
<http://kalyan-city.blogspot.com/2011/04/functions-of-banks-important-banking.html>
<https://www.investopedia.com/articles/pf/11/benefits-and-drawbacks-of-internet-banks.asp>
<https://www.investopedia.com/terms/o/onlinebanking.asp>
<https://www.investopedia.com/terms/i/investment-banking.asp>
<https://www.investopedia.com/articles/general/071213/retail-banking-vs-commercial-banking.asp>
<https://www.fbacs.com/en/articles/interesting-facts-about-banks.html>
<https://www.tolearnenglish.com/exercises/exercise-english-2/exercise-english-16361.php>
<https://dictionary.cambridge.org/grammar/british-grammar/verb-patterns/verb-patterns-verb-infinitive-or-verb-ing>
<http://www.bbc.co.uk/worldservice/learningenglish/flatmates/episode30/languagepoint.shtml>
<http://www.englishteachermelanie.com/study-tip-what-are-collocations/>

Chapter 9. Financial planning.

<https://www.financialplanning.org.uk/wayfinder/what-financial-planning>
http://novella.mhhe.com/sites/0079876543/student_view0/junior_year-999/your_finances14/financial_planning.html
<http://www.hpwealth.com/p/essential-components-to-a-financial-plan>
<https://www.managementstudyguide.com/financial-planning.htm>
https://www.englisch-hilfen.de/en/exercises_list/mix_words.htm
<https://www.grammarbook.com/grammar/adjAdv.asp>
<https://www.infoplease.com/language-arts/grammar-and-spelling/adjectives-versus-adverbs-introduction>
<https://www.infoplease.com/language-arts/grammar-and-spelling/adjectives-versus-adverbs-note-adjectives-and-adverbs-non-native>

<https://www.infoplease.com/language-arts/grammar-and-spelling/adjectives-versus-adverbs-three-degrees-separation>

<https://learnenglish.britishcouncil.org/en/node/10247>

<https://www.myenglishteacher.eu/blog/list-of-sentence-connectors-in-english/>

<https://www.englishgrammar.org/sentence-connectors-exercise-2/>

http://www.englishdaily626.com/sentence_connectors.php?005

Chapter 10. Stocks, shares, shareholders.

<https://www.investopedia.com/university/stocks/stocks2.asp>

<https://www.investopedia.com/university/stocks/stocks1.asp>

www.investopedia.com/ask/answers/difference-between-shares-and-stocks/

<https://www.forbes.com/sites/mikepatton/2015/04/28/five-basics-you-should-definitely-know-about-the-stock-market/#5ea8ed787efa>

<https://www.accountingcoach.com/blog/stockholder-stakeholder>

<https://www.investopedia.com/university/stocks/stocks5.asp>

<http://dspace.ut.ee/bitstream/handle/10062/28639/Stocksandshares.htm>

<http://www.businessenglishresources.com/learn-english-for-business/student-section/practice-exercises-new/business-collocations/>

<http://www.businessenglishresources.com/phrasal-verbs-for-business-practice-exercise/>

<https://www.ego4u.com/en/business-english/grammar/passive>

<http://speakSpeak.com/english-grammar-exercises/business-vocabulary/finance-verbs-borrow-lend-owe-invoice-afford-2>

<https://www.learnenglishfeelgood.com/vocabulary/business-english-basics6.html>

CIP-каталогизација во публикација
Национална и универзитетска библиотека "Св. Климент Охридски",
Скопје



ISBN: XXXX-XXXX-XXXX-XXXX