

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
ХАРКІВСЬКА НАЦІОНАЛЬНА АКАДЕМІЯ МІСЬКОГО  
ГОСПОДАРСТВА**

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**ЗБІРНИК ТЕКСТІВ І ЗАВДАНЬ  
ДЛЯ САМОСТІЙНОЇ РОБОТИ  
З АНГЛІЙСЬКОЇ МОВИ**

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«Менеджмент організації паливно-енергетичного комплексу»)



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**ЗБІРНИК ТЕКСТІВ І ЗАВДАНЬ ДЛЯ САМОСТІЙНОЇ РОБОТИ З АНГЛІЙСЬКОЇ  
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# Unit 1

## Managers and Study of Management

Managers are responsible for achieving results through the specialized efforts of other people, individually, in groups, or in organizations. Management is the process undertaken by one or more individuals to coordinate the activities of others to achieve results not achievable by one individual acting along.

Why study management? a. Because managers guide and direct the organizations that provide goods and services upon which society depends. In doing so, managers serve a critical function. b. Because many individuals who aren't trained as managers often find themselves in a managerial positions. Studying management better equips individuals to handle managerial responsibilities. c. Because new approaches and skills in management are needed in order to regain U.S. competitiveness internationally.

Contributors to the evolution of management are comprised of three groups: 1. Practicing managers who described their own experience and generalized principles from those experiences which they believed could be applied in similar situations. 2. Social and behavioral scientists who study management as a social phenomenon using scientific methods. 3. Engineers, sociologists, psychologists, lawyers, economists, accountants and etc. who represent a middle ground between management as practice and management as science perspectives to studying management.

There is no single accepted management theory, and these three different perspectives can't be neatly classified. They provide different ways of approaching management tasks. Although they are discussed in order of their development in history, no one has superceded the other.

Here is an interesting lesson in the timelessness of management history by Atilla the Hun, king of the Huns who invaded the Roman Empire. His management principles, that still apply today, include: 1. Committed leaders have wisdom, sincerity, authority and courage. 2. A leader must have followers' trust and respect. 3. Stupidity is avoided by listening. 4. Leaders should encourage creativity, and the freedom to act when consistent with a nation's goals. 5. Provide directions to subordinates. 6. Never delegate matters that require direct attention. 7. Never reward someone for doing less than expected. 8. Grant small rewards for light tasks, reserve big rewards for major tasks. 9. Honor all commitments made during negotiations.

There are 3 approaches to management thought: **1. Classical approach** was launched in the 1900s by engineers to study how to increase the efficiency and productivity of a rapid expanding work force. They develop extensive knowledge on plant and job design, work methods and other aspects of managing work. The effort expanded into studying problems of emerging large, complex organizations. Three activities were identified as functions which comprise the management process: a. planning – determining organizational objectives and how to meet them; b. organizing – designing and developing an organization objectives and how to meet them; c. controlling – ensuring that actual organizational performance conforms to

planned performance. **2. Behavioral approach** focuses on the interrelationship between people and work helping managers become more effective in managing people. It was developed partly because the Classical sometimes failed to improve efficiency and harmony. It concentrates on motivation, leadership, communications and work groups. **3. Management Science approach** applied math and statistics to managing operations. The computer is the key tool. There are 2 attempts to integrate the 3 approaches. They are: 1. System approach – views organizations as a total system comprised of a group of interrelated departments contributing to a single purpose. 2. Contingency approach – argues that there is no one best way to manage. The best management approach depends on the situation.

All modern managers face 3 tasks: 1. Managing work and organization – managing to ensure the organization’s work gets done and managing the overall organization. 2. Managing people – communications with, and motivating and leading employees; requires an understanding of interpersonal relations and group behavior. 3. Managing production and operations – managing the organization’s production function but also focusing on wide class of problems.

### **Exercise 1**

**Read and translate the text.**

### **Exercise 2**

**Write T for the true and F for the false beside each of the following statements.**

- \_\_\_ 1. It is difficult to find anyone who is neither a manager nor affected by the decisions of a manager.
- \_\_\_ 2. Managers coordinate actions of others to obtain results which can’t be obtained by one person acting along.
- \_\_\_ 3. As a field of study, management has evolved from the effort of three groups of contributors – practicing managers, social and behavioral scientists and engineers.
- \_\_\_ 4. The classical, behavioral and management science perspectives agree on what comprises management’s tasks.
- \_\_\_ 5. The behavioral approach developed partly because the Classical approach sometimes failed to improve workplace harmony and efficiency.
- \_\_\_ 6. Planning, organizing and leading are the three functions of the management process identified by the classical theorists.
- \_\_\_ 7. In the author’s opinion, the management of work involves managing people, production and operations and work and organizations.

\_\_\_ 8. The management science approach draws much of its perspective on management from the behavioral approach.

\_\_\_ 9. According to Attila the Hun, effective leaders are wise, sincere, authoritative and good listeners.

\_\_\_ 10. To thrive in the 1990s, organizations must emphasize a behavioral Approach to management.

### **Exercise 3**

**Match each approach to management with the correct characteristics.**

- A. Systems Approach
- B. Behavioral Approach
- C. Management Scientific Approach
- D. Classical Approach
- E. Contingency Approach

\_\_\_ 1. Uses math and statistics as aids in managing operations.

\_\_\_ 2. Argues that managers must assume a broad perspective to their jobs.

\_\_\_ 3. The first attempt to study modern management.

\_\_\_ 4. Focuses on helping managers become more effective in managing people.

\_\_\_ 5. The effectiveness of management methods depends on the situation.

### **Exercise 4**

**Select the best response for the each of the following questions.**

1. According to the text, we study management because ...

a. as subordinates in organizations, understanding management tends to improve relationships with our supervisors.

b. managers depend on society to achieve organizational objectives.

c. many individuals who aren't trained in management skills find themselves in management positions.

d. all of the above.

2. Defining organizational objectives and strategy refers to the \_\_\_\_\_ managerial function.
- planning
  - controlling
  - organizing
  - leading
3. Which approach to management has enjoyed increasing popularity in the last two decades?
- Classical approach
  - Systems approach
  - Behavioral approach
  - Contingency approach
  - Management science approach
4. In the \_\_\_\_\_ managerial function, the manager works to ensure that actual organizational performance equals planned performance.
- planning
  - organizing
  - controlling
  - leading
  - staffing
5. Managing an organization's production function and a widek class of problems is the \_\_\_\_\_ task of management.
- managing operations
  - managing organizational resources
  - managing people
  - none of the above
6. Designing and developing an organization refers to the \_\_\_\_\_ managerial function.
- managing work and organization
  - managing people

- c. organizing
- d. planning
- e. controlling

7. Which approach to managing assumes that there is no one single best way to manage?

- a. classical
- b. behavioral
- c. contingency
- d. systems
- e. none of the above

### **Exercise 5**

#### **Short answer questions**

1. In what key way are the Systems approach and contingency approach similar?  
Dissimilar?
2. Briefly define the three tasks which comprise the work of management.
3. Why is there no “one best way” to manage organizations?

### **Exercise 6**

#### **Discussion question**

Provide a brief profile of each of the three approaches to management (Classical, Behavioral and Management science) and highlight the approaches’ similarities and differences.

## Unit 2

### Foundations of Managing Work and Organizations

The classical approach emerged in the 1990s comprised of two schools: 1. **scientific management** – theorists focused on increasing the efficiency of work, sought the “best way” to perform each job via thorough analysis of the way the job is performed. They believed managers, not workers, should determine work methods. 2. **Classical organization theory** – theorists believed organizations could be effectively managed via practices and principles stressing productivity and efficiency.

Major contributions made by industrial engineers who analyzed data obtained from experiments involving blue-collar jobs. Proponents believed that labor-management conflict rose from inefficient use of organizational resources. Increasing work efficiency increases profits and management’s goals and labor’s goals would be satisfied and not at each other’s expense. People are primarily motivated by money. Workers would accept scientific management principles if doing so would increase their income.

Work management – Frederick Taylor was the major contributor. As a foreman at Midvale Steel Company, he launched a series of studies of jobs to determine the most efficient way to perform jobs and to set objective work standards. He developed the four principles of managing work: 1. Develop a science for each element of a man’s work which replaces the old rule-of-thumb method. 2. Scientifically select, train and develop the workman. 3. Cooperate with the workers to ensure the job is done according to scientific management principles. 4. Equally divide work and responsibilities between management and workers.

Principles of work simplification – Taylor followers, Frank and Lillian Gilbert, increased the productivity of bricklayers by 200% by studying their movements, eliminating inefficient movements, combining others, and simplifying the work; reduced the number of motivations involved in laying a brick from 18 to 4-1/2.

Principles of work scheduling – Engineer Henry Gantt developed the Gantt chart which shows the relationship between work planned and completed on one axis and time elapsed on the other. The scheduling chart is still used in industry. He expanded scientific management analysis to include the work of managers.

Principles of efficiency – Harrington Emerson established principles for accomplishing the efficient use of resources. Managers should: a. use scientific, objective and factually-based analysis; b. define the aims of the undertaking; c. relate each part to the whole; d. provide standardized procedures and methods; e. reward individuals for successful task execution.

**Classical organizational theory** – the 2 lasting contributions by theorists. 1. Principles of management – Henry Fayol developed 5 management functions a. planning – all managerial activities that result in a course of action; b. organizing – activities that result in a structure of tasks and authority; c. commanding – directing subordinates’ activities; d. coordinating – activities that bind all individual efforts together and direct them toward a common objective; e. controlling – activities ensuring that actual activities conform with planned activities; and 14 management

principles. Fayol believed these and other yet undiscovered principles serve as guidelines for thinking to facilitate the “soundless and good working order” of the firm. Blind obedience to fixed rules was inappropriate. In contrast to Fayol, James D Mooney believed that natural laws of organizing existed which he sought to determine through logic. His principles of organization are: a. coordination – the primary rationale for organizations and the reason for organizing; b. authority – defining each managerial job in terms of duties and responsibilities; c. leadership – the personification of authority which guides the delegation of authority; d. specialization – the process of defining tasks. So the contribution of the classical approach is that it identified management as a distinct element of organized society; it identified planning, organizing and controlling as managerial functions and as the basis for managerial training; it asserted that managers must perform these functions.

### **Exercise 1**

**Read and translate the text.**

### **Exercise 2**

**Write “T” for the true and “F” for false for each of the following statements.**

- \_\_\_ 1. According to Henri Fayol, managers should have direct, one-way communication with subordinates.
- \_\_\_ 2. James B Mooney’s belief that management principles were not natural laws but rather guidelines for thinking differed sharply from Henri Fayol’s view.
- \_\_\_ 3. Practicing engineers and behavioral scientists were the major contributors of scientific management.
- \_\_\_ 4. Scientific management assumed the traditional belief that managers should determine how workers should perform their jobs.
- \_\_\_ 5. Harrington Emerson’s major contribution to scientific management was his development of work simplification.
- \_\_\_ 6. Scientific management researchers applied SM principles to blue-and-white-collar jobs.
- \_\_\_ 7. James Mooney believed that leadership is the personification of authority.
- \_\_\_ 8. A chief contribution of SM was its identification of planning, organizing and leading as management’s primary functions.

- \_\_\_\_\_ 9. One reason why SM failed to be adopted by many organizations is because the approach failed to understand the sociological/psychological aspects of work.
- \_\_\_\_\_ 10. Taylor's major contribution is in the management of organizations.

### **Exercise 3**

**Select the best response for each of the following questions.**

1. One important assumption of SM is that the one best way to do a job could be determined through:
  - a. effective use of scarce resources.
  - b. analysis of data
  - c. positive worker attitudes toward management
  - d. both B and C
2. Henri Fayol's principle that calls for reinforcing rules with a sense of justice is:
  - a. order
  - b. remuneration
  - c. spirit de corps
  - d. equity
  - e. discipline
3. All but one of the following is Taylor's principles of work management. Which one is not a principle?
  - a. Develop a science for each element of a man's work.
  - b. Involve the worker in decision making about work procedures.
  - c. Scientifically select and train workers.
  - d. Cooperate with workers.
  - e. Divide work and responsibility between management and labor.
4. The Gantt chart is used in industry today as a \_\_\_\_\_ tool.
  - a. job classification
  - b. work simplification
  - c. work scheduling
  - d. departmental organizing

5. Who first asserted that the scope of SM should be broadened to include analysis of managerial work?
- Frederick Taylor
  - Frank and Lillian Gilbreth
  - Henry Gantt
  - Henri Fayol
  - James B Mooney
6. Who is noted primarily for developing principles of work simplification?
- James Mooney
  - Harrington Emerson
  - Lyndall Urwick
  - Henry Fayol
  - Franck Gilbert
  - Frederick Taylor
7. Who was the 1<sup>st</sup> to study work seriously?
- James Mooney
  - Harrington Emerson
  - Lyndall Urwick
  - Henry Fayol
  - Franck Gilbert
  - Frederick Taylor
8. Mooney's 4 principles of organization are:
- coordination, leadership, commanding and specialization.
  - planning, organizing, commanding and coordinating.
  - planning, organizing, coordinating and controlling.
  - coordination, authority, leadership and specialization.
9. According to Fayol, \_\_\_\_\_ is the managerial function which binds all individual activities together and directs them towards a common objective.
- organizing
  - coordinating

- c. profits
- d. commanding
- e. society's welfare

10. According to Mooney, \_\_\_\_\_ is the organization's reason for being.

- a. organizing
- b. coordinating
- c. profits
- d. commanding
- e. society's welfare

**Exercise 4**

**Match each of Fayol's management principles with the correct description.**

- |   |  |
|---|--|
| A. Centralization                         | H. Equity  |
| B. Unity of direction                     | I. Order   |
| C. Division of labor                      | J. Stability of personnel                              |
| D. Discipline                             | K. Initiative  |
| E. Scalar chain                           | L. Espirit de corps                                    |
| F. Parity of authority and responsibility | M. Subordination of individual to<br>general interests |
| G. Unity of command                       | N. Fair remuneration                                   |

- \_\_\_ 1. Hold employees accountable to only one supervisor.
- \_\_\_ 2. Establish one unbroken chain of command in the organization.
- \_\_\_ 3. Encourage employees to establish loyalty to the organization.
- \_\_\_ 4. Base pay on achievement of assigned job objectives.
- \_\_\_ 5. Delegate authority in proportion to responsibility.
- \_\_\_ 6. Define each job so the jobholder clearly understands it and its relationship to other jobs.
- \_\_\_ 7. Enforce established rules and procedures fairly.
- \_\_\_ 8. Group together activities which have the same purpose.
- \_\_\_ 9. Encourage employees to exercise independent judgment within the bounds of their defined jobs and delegated authority.

\_\_\_\_10. Encourage employees define their interests with those of the organization.

### **Exercise 5**

#### **Answer the questions.**

1. Briefly summarize Frederick Taylor's principles of managing work.
2. What are Harrington Emerson's principles of efficiency?
3. Briefly summarize the major contributions of the classical approach.

### **Exercise 6**

#### **Discussion question**

Scientific management has been severely criticized for its proponents' failure to recognize the worker's psychological and sociological dimensions and their needs in this respect. How serious is this shortcoming? Explain.

## **Unit 3**

### **The Quality of Working Life**

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

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

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

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

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

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

The researchers began looking for other factors which would explain the increased productivity. They realized that their study was also about workers' attitude and values. It was clear that the girls had developed a high moral during the experiment and had been motivated to work hard. This high moral was put down to several factors. First, the girls had enjoyed feeling they were especially selected for

the study and were receiving a lot of attention from management. Secondly, they had developed good relationships with each other and with their superior during the experiment. This was because they had been fairly free to work at their own pace and to divide their work up amongst themselves. Lastly, the good relationships and social contacts had made their work more enjoyable.

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

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

**Exercise 1**

**Read and translate the text.**

**Exercise 2**

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

Statements	True	False
1. Managers who believe in QWL are experimenting with new ways or organizing work.		
2. The idea of work enlargement is to make work more satisfying for an employee.		
3. Job enrichment involves giving workers more tasks of the same level of difficulty.		
4. The Kolmar car plant is efficient because workers specialize in one task.		
5. The QWL approach makes managers more aware of their workers' interests.		

**Exercise 3**

**Answer the following questions.**

1. In what way did the Hawthorne experiments change direction?

2. In Mayo's experiments how changes in working conditions did affected the workers he studied?
3. Why did the group of girls become more efficient?
4. According to the researchers, what other factors, besides money, affect a worker's productivity?
5. Why have Mayo's experiments been so influential?

#### Exercise 4

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

1. motivation	7. morale
2. assembly workers	8. brought in
3. production line	9. putting them into effect
4. challenging	10. at their own pace
5. carried out	11. status
6. evaluate	12. challenged

#### Exercise 5

**Complete the sentences with the correct word or phrase.**

1. People work harder if they know that someone is \_\_\_\_\_ in their progress.
  - a. enthusiastic
  - b. interesting
  - c. interested
2. Nothing has been announced but we have heard \_\_\_\_\_ that the company secretary has resigned.
  - a. formally
  - b. officiously
  - c. unofficially
3. Friendly \_\_\_\_\_ no longer exist between members of the sales department because some got bonuses and others did not.
  - a. relations
  - b. contacts
  - c. connections
4. \_\_\_\_\_ in the Production Department is low because the workers have heard about the plans to reduce the work force.
  - a. morale
  - b. feeling
  - c. moral
5. This is a useful \_\_\_\_\_.

- a. equipment                      b. machine                      c. machinery

6. We have carried out \_\_\_\_\_ into the effect of lighting on our workers' productivity.

- a. a research                      b. some research                      c. researches

7. Strikes can be avoided if managers are \_\_\_\_\_ to the feelings of their employees.

- a. aware                      b. sensible                      c. sensitive

8. Some people like to work at their own \_\_\_\_\_.

- a. beat                      b. motion                      c. pace

9. We have several proposals for increasing sales. We must \_\_\_\_\_ the merits of each of them.

- a. cost                      b. value                      c. evaluate

10. Has the change in exchange rates had any \_\_\_\_\_ on the cost of your raw materials?

- a. result                      b. affect                      c. effect

## Unit 4

### Motivation

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

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

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

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

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

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

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

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

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

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

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

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

**Exercise 1**

**Read and translate the text.**

**Exercise 2**

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

Statements	True	False
1. According to Maslow people are not concerned about achieving their personal goals in life unless they have satisfied their physiological needs.		
2. Senior managers who want to become company directors have self-actualization needs which they wish to satisfy.		
3. Herzberg, like Maslow, believes that people satisfy their needs systematically.		
4. Herzberg believed that workers would not necessarily work harder if they earned more money.		
5. Job security is one of the most important factors which motivate employees.		
6. The purpose of job enrichment programmes is to increase worker motivation.		

**Exercise 3**

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

1. the most somebody or something is capable of
2. system of lower and higher ranks
3. respected, admired
4. a person's position in relation to others

5. final; putting an end to uncertainty
6. feeling
7. becoming popular or fashionable

#### Exercise 4

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

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

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

#### Exercise 5

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

- |                         |                                      |
|-------------------------|--------------------------------------|
| 1. Catch sight of (v.)  | a. attract attention                 |
| 2. Catch on (v.)        | b. pleasant and easily remembered    |
| 3. Catch out (v.)       | c. draw level with                   |
| 4. Catch up with (v.)   | d. start to burn                     |
| 5. Catch one's eye (v.) | e. notice suddenly                   |
| 6. Catch (n.)           | f. a hidden or unexpected difficulty |
| 7. Catch-phase (n.)     | g. become popular or fashionable     |

- |                              |  |
|------------------------------|--|
| 8. Catchy (adj.)             | h. trap someone in an error;                 |
| 9. Catch fire (v.)           | i. become involved in                        |
| 10. Become caught up in (v.) | j. a phase which becomes popular for a while |

### Exercise 6

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

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

## Unit 5

### Strategic Planning

An organization is guided by larger plan or blue print developed for the entire organization. The plan's objectives and strategies determine the context of planning by divisions and department managers. Since World War II, the external environment has become unstable, uncertain, and fast changing. Luck, wisdom and intuition alone are no longer sufficient to guide organizations. As a rule more organizations are using strategic planning. It involves taking information from the external environment and establishing an organizational mission, objectives, strategies and portfolio plan; considers an organization's relationship with its environment; focuses on the total organization, depending on inputs from many functional areas.

The Strategic planning process produces a written plan composed of four components. **1 Mission statement** which states the organization's long-run vision of what it is trying to become, the unique aim of distinguishing it from other similar organizations; provides for the entire organization, that should be periodically revised because the present mission may become irrelevant because the organization has expanded into new products, markets and industries. The present mission remains relevant, but loses management's interest, become inappropriate due to environmental change. In developing the statement, management must ask (and answer) "What is our business?", consider three elements such as the organization's history, the organization's distinctive competencies and the organization's external environment. An effective mission statement focuses on markets not products – focusing on client and customer needs rather than products or services offered; is achievable and realistic; motivates employees by providing a shared sense of purpose outside the activities performed within the organizations; is specific, providing clear direction and guidelines for management. A key point – every mission statement eventually becomes obsolete.

**2 Organizational objectives** – the end points of the organization's mission, i.e. what the organization seeks through ongoing long-run operations Effective organizational objectives must be capable of being converted into specific action; provide direction, serving as the starting point for more specific, detailed objectives at the organization's lower levels; establish the organization's long-run priorities; serve as standards, facilitating management control.

**3 Organizational strategies** – the organization's grand design, i.e., its action plan for achieving its organizational objectives; involves determining whether to concentrate on present customers or create new ones. Four strategies are commonly used; they are market penetration, market development, product development and diversification. Strategies should be chosen which are consistent with the organization's mission and exploit distinctive competencies.

**4 Organizational portfolio plans** – the final stage of strategic planning process wherein top management decides which of its businesses to build, maintain or eliminate and which business to add to its operations; a popular method for developing the plan is the ICP business portfolio matrix created by the Boston

Consulting Group. The approach involves 4 steps: 1) identify organization activities which meet the requirements of strategic business unit (SBU): have a distinct mission, its own competitors and stand as a single business or collection of related business which can be planned for independently from the organization's other business. 2) Classify each SBU as a star, cash flow, question mark and cash trap. Relation between the Strategic planning and operational plans is derived from and contribute to the accomplishment of the strategic plan.

### Exercise 1

**Read and translate the text.**

### Exercise 2

**Answer the questions:**

1. Briefly define the four requirements which organizational objectives must meet to be effective.
2. Why should a mission statement be externally rather than internally focused?
3. In what ways do diversification and product development strategies differ? Provide an example of each type of strategy.
4. Briefly summarize the steps in the strategic process.
5. What two "rules" should be used in selecting organizational strategies?

### Exercise 3

**Write "T" for true and "F" for false.**

Statements	True	False
1. An organization's mission statement is fully determined by asking "What are our distinctive competences?"		
2. When Procter and Gamble changed its advertising from promoting Ivory Soap as baby soap to soap for adults, it pursued a market development strategy.		
3. A cash trap is an SBU with a large market share in a low growth market.		
4. An SBU's position in the ICP matrix depends on its		

<p>relative market share and the market's annual growth rate.</p> <p>5. Distinctive competence provides an organization with a competitive edge.</p> <p>6. The mission statement is a short-term organizational objective.</p> <p>7. Defining the business by product rather than market tends to increase the organization's flexibility.</p> <p>8. Cash cows typically require substantial cash investment.</p> <p>9. The strategic planning process consists of the following steps, in chronological order: establish mission, objectives, organizational strategies and organizational portfolio plan.</p> <p>10. The mission statement of exceptionally successful firms remains relevant over time.</p> <p>11. Management should develop strategies that exploit the organization's distinctive competence and are consistent with its mission statement.</p>		
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#### **Exercise 4**

**Select the best response for each of the following questions:**

1. An effective mission statement:
  - a. will be focused on customers/markets.
  - b. will be focused on products.
  - c. will have an internal focus.
  - d. is defined by the company's Articles of incorporation.
2. Using the BCG matrix, Electrodynamics, an electronics firm with a low market share in a high-growth market is classified as a:

- a. star.
  - b. question mark.
  - c. cash cow.
  - d. cash trap.
3. An effective organizational objective should meet all but one of the following requirements. Which statement is not a requirement?
- a. The objective must be capable of being converted into specific action.
  - b. The objective must provide direction.
  - c. The objective must establish an organization's long-run priorities.
  - d. The objective must be approved by everyone who is to work toward its accomplishment.
  - e. All of the above are requirements.
4. Phillip Morris decides to provide free samples of its Marlboro brand of cigarettes in grocery stores to attraction non-users to try its product. Which strategy is Phillip Morris implementing?
- a. market penetration strategy
  - b. product development strategy
  - c. market development strategy
  - d. diversification
5. The end result of the strategic planning process is:
- a. organizational objectives
  - b. organizational strategies
  - c. strategic plan
  - d. mission statement
6. If you are focusing on your business' markets in developing a mission statement, you're assuming an \_\_\_\_\_ focus.
- a. internal
  - b. external
  - c. environmental
  - d. all of the above

7. The end points of an organization's mission are its:
- strategies
  - objectives
  - policies
  - action plan
  - all of the above
8. To qualify as a strategic business unit, a business must meet all of the following requirements but one. Which one isn't necessary?
- have a distinct mission
  - be capable of being planned for independently from the organization's other business
  - have its own competitors
  - be a single business or collection of related business
  - all of the above are required
9. In time a star usually becomes a:
- cash cow
  - question mark
  - cash trap
  - all of the above
10. The primary advantage of a cash cow is that it:
- is a source of organizational stability
  - enjoys long-term future growth because of its entrenched position in its market
  - provides extra cash for the organization
  - all of the above

## **Exercise 5**

### **Discussion question**

1. One strategic planner recently commented, "Rarely does the strategic planning process occur in a step-by-step fashion. It's a very dynamic process with

changes occurring in just about all the phases.” What does the planner mean? Explain.

2. Explain the interrelationship between an organization’s organizational objectives and strategies and operational objectives and strategies. Provide a situation example that illustrates the relationships.

## Unit 6

### Social Responsibilities of Business

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

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

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

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

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

The new concept of social responsibility means that businesses and business people must have integrity. They must deal honestly with their employees and with the outside world.

Successful companies are very sensitive if their integrity is attacked. They usually respond sharply. Some time ago, an English health inspector found fault with the standards of hygiene in a Trust house Forte hotel. Lord Forte was most upset by

the inspector's accusations. Making no attempt to plead guilty and by doing so avoid publicity, the Trust house Forte Group fought the case in the courts. It also advertised in several national newspapers to give its side of the case.

The integrity of the shoe-making firm, Clark's, was recently questioned. To make its shoes, Clark's were using leather cured by sperm-whale oil. Conservation groups heard about this and put pressure on the company to stop using such leather. They even talked of boycotting the company's shoes. At first, Clark's said that it had no control over leather provided by its suppliers. However, a little later, the Chairman gave a direct order that the company should only buy leather cured without sperm whale oil. He also invested in testing equipment to ensure that suppliers of leather were free from this type of oil.

### **Exercise 1**

**Rea and translate the text.**

### **Exercise 2**

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

- \_\_\_1. Nowadays business organizations are expected to have more social responsibilities than they used to.
- \_\_\_2. It is accepted that a company should not lose profits in order to become socially responsible.
- \_\_\_3. Some Swedish companies were criticized because they expressed unpopular political opinions.
- \_\_\_4. Trust house Forte took legal action in order to protect the reputation of its hotels.

### **Exercise 3**

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

- 1. standards of moral behaviour (paragraph 2)
- 2. something offered or given to persuade somebody, usually to do something wrong (paragraph 2)
- 3. the natural conditions (air, water and land) in which we live (paragraph 3)
- 4. strongly against (paragraph 5)

5. refusing to buy or persuading people not to buy (paragraph 8)

#### Exercise 4

Match the following verbs with the correct nouns. E.g. 7-f

Verbs	Nouns
1. offer	a. the cost
2. pull	b. a contract
3. solve	c. strings
4. bear	d. a point
5. secure	e. a problem
6. take	f. a blind eye to
7. turn	g. a need
8. put	h. pressure on
9. meet	i. a bribe
10. make	j. steps to

#### Exercise 5

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

E.g.: The government turned a blind eye to the pollution of the river caused by the factory.

## Unit 7

### Foundations of Managing People

**The Human relation approach** In the 1930s, the fundamentals of managing people evolved with a heavy behavioral and humanistic orientation. Two schools emerged: 1. Human relations – became popular in the 1940s and early 1950s; 2. Behavioral science – emerged in the early 1950s and today is emphasized in much management literature. “People skills” are greatly stressed by business and industry today. Effective managers must have more than technical and analytical skills. Human Relations writers brought to management’s attention the important role of the individual in determining organizational success or failure. Accepted the Classical approach’s major premises but believed they should be modified due to differences in individual behavior and influence of work groups on individuals and vice versa. It is focused on the job’s social environment. The Hawthorne studies were conducted by Harvard University industrial psychologists at the Chicago Hawthorne plant of Western Electric in 1924. Findings were a major force in awakening management to the importance of the individual’s psychological dimensions in work. Researchers originally sought to study the relationship between productivity and physical working conditions. It consisted of 4 phases: **1. Illumination experiments** – conducted to determine the effects of changes in illumination on productivity. **2. Relay assembly test room experiment** – conducted to determine effects of changes in hours and working conditions on productivity. **3. Employee interviews** – workers were interviewed throughout the plant to determine attitudes. At that point, the then-puzzled researchers premised that human element more significantly influenced productivity than the job’s technical/physical aspects. **4. Bank wiring observation room experiment** – conducted to test the conclusion reached at the end of the employee interview project. Critiques of the studies were the following: major contribution – generated much interest in human problems in the workplace, human behavior and needs and were a major catalyst for future research of human behavior in organizations. The studies have been criticized for a lack of scientific objectivity and research bias. Subsequent work claims that the researchers’ conclusions are almost totally unsupported. The studies triggered revised assumptions about human nature and attacks on the “dehumanizing” aspects of the Scientific Management Approach and bureaucratic organization.

**The Behavioral Science Approach** emerged in the early 1950s with the establishment of the Foundation for Research on Human Behavior; defined as the study of observable and verifiable human behavior in organizations, focusing on human behavior, and drawing primarily from psychology, sociology and anthropology. Behavioral scientists believed that: conceptualizing management as planning, organizing and controlling emphasized describing not analyzing and understanding what managers do; the Classical Approach’s “economic man” and Human relationists’ “social man” were oversimplifications; much management theory had been accepted without scientific validation, behavioral scientists wanted to scientifically test the theories. The behavioral sciences are interdisciplinary,

comprised of: psychology, sociology, anthropology. Contributions of the Behavioral Approach are: it emphasized that because managers must “get work done through others”, management is essentially applied behavior science; its key assumption is valid: managers must know how to deal with people; people are the key to economic growth and development and organizational performance. The effective management of people is a high management priority for the 1990s.

**Exercise 1**

**Read and translate the text.**

**Exercise 2**

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

Statements	True	False
1. The Human Relation approach was stimulated by the Hawthorne Studies.		
2. The original purpose of the Hawthorne studies was to study the relationship between productivity and working conditions.		
3. Human relationists disagreed with the premises of the Classical Approach.		
4. Behavioral science draws more upon psychology than anthropology.		
5. By and large, critics have accepted the conclusions about the Hawthorne studies drawn by the Hawthorne researchers.		
6. In the illumination experiment, productivity declined in both groups once the lighting level decreased.		
7. The Behavioral Approach contributes to the human aspects of the organizing and controlling functions.		
8. Variables are manipulated in control groups.		
9. Behavioral scientists believe that the Classical advocates and human relationists draw too simple a picture of the characteristics of people.		

### Exercise 3

#### Answer the questions.

1. Briefly summarize the makeup of the Behavioral Science Approach.
2. Identify the major contributions and shortcomings of the Hawthorne Studies.
3. Compare and contrast the Human Relations Approach and the behavioral Science Approach.

### Exercise 4

#### Match each of the following words or phrases with the correct description.

- A. Employee interviews
- B. Illumination experiment
- C. Bank wiring observation room experiment
- D. Experiment
- E. Human Relations Approach
- F. Relay assembly test room experiment
- G. Hawthorne studies

- \_\_\_1. An investigation where variables are manipulated.
- \_\_\_2. The work group produced no more than what it determined to be a fair day's work.
- \_\_\_3. The third phase of the Hawthorne Studies.
- \_\_\_4. Concerned with individual dignity, developing human potential, and the organization's social environment
- \_\_\_5. Changes in hours and other working conditions had effect on productivity.

### Exercise 5

#### Multiple choice: select the best response for each of the following questions.

1. Which statement isn't a noted criticism of the Hawthorne studies?
  - A. Researchers were biased.
  - B. The studies lacked scientific objectivity.
  - C. Researchers applied a Classical Approach perspective to their observations.
  - D. Conclusions are largely unsupported.

2. \_\_\_\_\_ focused on the social environment surrounding the job.
- A. Human relationists
  - B. Behavioral scientists
  - C. Classicists
  - D. Social psychologists
3. In the illumination experiment, lighting levels were changed in the \_\_\_\_\_ group and unchanged in the \_\_\_\_\_ group.
- A. control; experimental
  - B. observation; study
  - C. experimental; control
  - D. study; observation
4. \_\_\_\_\_ focuses on the study of human behavior in groups.
- A. Psychology
  - B. Sociology
  - D. Organizational psychology
  - D. Social psychology
5. Which statement is not a criticism offered by behavioral scientists?
- A. The classical perspective of management doesn't emphasize analyzing and understanding what managers do.
  - B. Classicists and human relationists accept management theory without testing it.
  - C. Human relationists tend to be too specific in their description of the characteristics of individuals.
  - D. The classicists' "economic man" is inadequate.
  - E. All of the above are criticisms.
6. \_\_\_\_\_ is the study of learned behavior.
- A. Psychology
  - B. Anthropology
  - C. Social psychology
  - D. Sociology
7. An experimental group and a control group were used in the:
- A. Relay assembly test room experiment

B. Employee interviews

C. Illumination experiments

D. Bank wiring observation room experiment

8. \_\_\_\_\_ attempts to isolate, define and describe human behavior in groups.

A. Anthropology

B. Psychology

C. Sociology

D. Organizational psychology

9. \_\_\_\_\_ deals with behavior and attitudes within an organizational setting.

A. Psychology

B. Organizational psychology

C. Sociology

D. Anthropology

10. The behavioral sciences are interdisciplinary and are comprised of all but one of the following areas. Which area does not contribute to the behavioral sciences?

A. Labor relations

B. Psychology

C. Anthropology

D. Sociology

## **Exercise 6**

### **Discussion question**

A plant manager recently commented, «I don't understand all this concern about the people side of management. I believe that if you pay people well and show them how to do the job, that's all there is to it. All this "touchy-feely" study about workers' psychology needs and aspects just doesn't effects how the job gets done or organizational performance. » Do you agree? In your opinion, how important are the psychological dimensions of people in determining organizational performance? Can you present any evidence (or personal experiences) that support your position?

## Unit 8

### Foundations of Managing Production and Operations

Managing production and operations involves applying the mathematical and statistical tools of management science. The central function of management science is to provide managers with quantitative bases for decisions regarding operations under their control. The field has 4 major characteristics, they are: 1. a primary focus decision making – principal end results must have direct implications for management action; 2. appraisal rests on economic effectiveness criteria – worth of feasible actions is based on financial measures (for example, costs, rates of return); 3. Reliance on formal mathematical models. 4. Dependence on a computer – due to the model's complexity, volume of data and number of computations necessary to implement the model. Computers have fostered most of the advances made by the management science approach.

Production and operations management encompasses managing production – the manufacturing technology and flow of materials in a manufacturing plant; and operations – refers to the goods or services – producing activity in any organization. Similar to production management but focuses on a wider class of problems and includes organizations with technologies quite different from manufacturing. Production and operation management's (P/OM) foundation is management science, but it more slowly emphasizes applying and using math and statistical tools and techniques. However, understanding P/OM requires understanding its management science foundations.

The role of mathematical Models – managers can't conduct bona fide scientific experiments to; for instance, determine the inventory level that minimizes carrying and ordering costs. Such is not feasible due to real world practicalities. However, mathematical models enable managers to experiment with possible solutions without interrupting the ongoing system. With models, managers can simulate the behavior of the real system. A mathematical model is a simplified representation of the relevant aspects of an actual system or process. Its value depends on how it represents the system or process under consideration. Instead of studying the system, managers can study a mathematical model of the system.

Here are some models used to address production and operations problems. **1. Allocation models** – focus on determining the most effective allocation of limited resources to achieve a given objective. **2. Network models** – useful for planning and controlling simple and complex projects. Program Evaluation and Review Technique model is a method for planning and controlling no repetitive projects. Network models are normative with probabilistic models. **3. Inventory models** – determine how to balance inventory carrying costs and ordering costs. Enable the manager to determine the economic order quantity and the optimum reorder point. The models are normative with deterministic variables.

Contributions of the Management Science Approach to the Practice of management are: management science has provided mathematical models which are especially useful as aids for planning, organizing and controlling production and

operations. However, the models are only aids; several types of decisions can't be based solely on manipulation of quantitative data.

**Exercise 1**

**Read and translate the text.**

**Exercise 2**

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

Statements	True	False
1. Management science is an extension of scientific management.		
2. The foundation of management science is based on production and operations management.		
3. Management science is the foundation of production and operations management.		
4. The primary focus of management science is operations and production profit.		
5. Inventory models attempt to balance inventory carrying costs and ordering costs.		

**Exercise 3**

**Multiple choice: select the best response for each of the following questions.**

1. \_\_\_\_\_ focuses on a wider class of problems than does \_\_\_\_\_ because it includes organizations with technologies which are quite different from those found in a manufacturing plant.

- A. Operations; production
- B. Management science; production and operations management
- C. Production and operations management; management science
- D. Operations; operations research
- E. Probabilistic models; deterministic models

2. Two \_\_\_\_\_ models are \_\_\_\_\_ and \_\_\_\_\_.

- A. inventory; economy order quantity; program evaluation and review technique
  - B. network; program evaluation and review technique; allocation
  - C. production; deterministic; probabilistic
  - D. none of the above
3. \_\_\_\_\_ focus on determining the most effective assignments of resources to achieve a specific goal.
- A. Network models
  - B. Allocation models
  - C. Inventory models
  - D. Waiting line models
  - E. Normative models
4. \_\_\_\_\_ is a simplified representation of an actual system or process.
- A. Operations management
  - B. Game theory
  - C. Mathematical models
  - D. None of the above
5. All but one of the following are characteristics of management science. Which one isn't a characteristic?
- A. Primary focus on decision making
  - B. Relies on computers
  - C. Uses formal mathematical models
  - D. Focuses exclusively on production problems
  - E. All of the above are characteristics

#### **Exercise 4**

**Match each term or phrase with the correct description.**

- A. Network models
- B. Variables
- C. Production
- D. Operations

- E. Economy Order Quantity
- F. Linear programming
- G. Network model
- H. Program Evaluation and Review Technique

- \_\_\_\_\_ 1. The manufacturing technology and flow of materials in a manufacturing plant
- \_\_\_\_\_ 2. An allocation model
- \_\_\_\_\_ 3. Used for planning and controlling no repetitive projects
- \_\_\_\_\_ 4. An inventory model
- \_\_\_\_\_ 5. The Gantt chart is one

### **Exercise 5**

#### **Short answer questions**

1. Briefly describe the characteristics of the management science process.
2. How does managing production differ from managing operations?

### **Exercise 6**

#### **Discussion question**

In your opinion, what are the shortcomings of the management science approach to management?

## Unit 9

### Decision Support System

The need for decision support system results from three factors: 1. the importance in decision making – managers convert information into action through decision making. The effectiveness of a manager's actions depends on the quality of information used in reaching decisions. The quality of information is a key factor. 2. Mismanagement of current information – information is often mismanaged frequently resulting in: a. too much of the wrong and too little of the right kind of information; b. information scattered throughout an organization so that it's difficult to locate answers to simple questions; c. vital information is sometimes suppressed by subordinates of managers in other functional areas; d. vital information often arrives too late. 3. Increased use of personal computers – most managers will soon have a pc at their desks providing easy, fast access to information. The increased and quick access to volumes of information requires management of information.

A **decision support system** (DSS) provides the manager with the necessary information for making intelligent decisions, converting raw data into information which managers can use. A **management information system** (MIS) provides personnel with information. However, an MIS is a DSS only if it is designed with the primary objective of managerial decision support. An MIS provides information; A DSS shapes that information to meet management's needs.

The type of information needed is classified by types of decision being made: 1. **planning decisions** – made by top management (for example, formulating organizational objectives, determining amounts and kinds of resources needed to meet the objectives.) 2. **Control decisions** – made by middle management and can be programmed or nonprogrammer. Information comes mostly from internal sources. 3. **Operations decisions** – made primarily by first-line managers and focus on an organization's day-to-day activities.

Designing a DSS requires: 1. Understanding information flow – an organization deals with two broad types of information flows. a. **External information flows** – information flows from the organization to the external environment and vice versa. **Intelligence information** – the inward information flow, includes data on various elements of the organization's operating environment. Also includes long-run strategic planning information on the economic, social and cultural environments. b. **Intraorganizational flows** – flows within the organization, vertically and horizontally. All info flows must become part of the DSS master plan. A DSS has 4 functions: 1. Determination of info needs – individual managers first determine what info they will need by asking and answering questions about the types of decisions they make, the types of info they need on different time bases. 2-3. Information gathering and processing – this activity improves the information's overall quality, includes 5 components: **Evaluation** – determining how much confidence can be placed in a particular piece of info; **abstraction** – editing and reducing incoming info to provide managers with relevant info; **indexing** – classifying info for storage and retrieval; **dissemination** – getting the right info to the

right manager at the right time; **storage** – storing info (typically in a computer). 4. Information utilization – how info is used by managers depends on its quality, form and timeliness. Effective usage is possible only if the system is planned and the right questions are asked in the beginning.

Organizing DSS requires a system perspective, which involves developing a **central data bank and info center** – and by viewing info as an important organizational resource. **Central data bank** – the core of the DSS where all organizational info is stored. Enables decision maker in one functional area to have speedy access to info in other areas, increases the quality and timeliness of decisions. **Info center** – oversees central data bank operations. Its staff acts as consultant, coordinator and controller for DSS functions. Info center development requires: identifying dispersed info activities throughout the organization; viewing these activities as part of a whole; managing these activities via the separate. Info as an organizational resource – in developing and managing a DSS, info must be viewed as a resource to be effectively utilized. As a basic resource, info: is vital to organizational survival; can only be used at a cost; must be at the right place at the right time; must be used effectively for optimal return on its costs to the organization; the design maker should evaluate information’s cost relative to its utility in decision making.

### Exercise 1

**Read and translate the text**

### Exercise 2

**Write “T” for true and “F” for false.**

Statement	True	False
1. Information used always incurs a cost. 2. A management info system and decision support system are equivalent. 3. Typically, the more information a manager has, the better his or her decision will be. 4. Information mismanagement can produce too much wrong info and too little of the right kind of info. 5. The first step in developing a decision support system is classifying by the organizational level where it will be used.		

<p>6. The info center is the core of the decision support system.</p> <p>7. Operations decisions are typically made by middle managers.</p> <p>8. Intelligence info includes data on the organization's activities.</p> <p>9. The need for decision support system has increased partly because of managers' increasing use of personal computers.</p> <p>10. Of the communication flows, organizational communications flow is the one most controlled by the organization.</p>		
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### Exercise 3

Select the best response for each of the following questions.

1. The need for decision support system is due to info mismanagement, increasing use of personal computers, and:
  - A. the impact of info on organizational survival
  - B. the importance of info in decision making
  - C. the importance of info to adapting to changes in the external environment
  - D. the need to reduce the info deluge
2. Managers convert \_\_\_\_\_ into \_\_\_\_\_ through \_\_\_\_\_.
  - A. plans; success; action
  - B. objectives; action; decision making
  - C. info; action; decision making
  - D. ideas; info; decision making
3. Info for \_\_\_\_\_ made by \_\_\_\_\_ usually comes from \_\_\_\_\_ sources.
  - A. control decision; middle management; internal

- B. planning decisions; top management; internal
  - C. planning decisions; top and middle management; external
  - D. operating decision; first-line managers; external
4. What type of info flow occurs from the organization to the external environment?
- A. intraorganizational flow
  - B. External info flow
  - C. intelligence info flow
  - D. organizational communications flow
5. Getting the right info to the right manager at the right time refers to which element of info gathering and processing?
- A. Indexing
  - B. Abstraction
  - C. Evaluation
  - D. Coordination
  - E. None of the above
6. How manager uses info depends on its quality, timeliness, and:
- A. substance
  - B. relevance
  - C. form
  - D. accuracy
7. Above all, \_\_\_\_\_ are intended to provide managers with necessary info to make intelligent decisions.
- A. info centers
  - B. DSS
  - C. central data bank
  - D. MIS
8. What type of info often comes primarily from external sources?
- A. planning info
  - B. organizing info
  - C. controlling info

D. operations info

9. All but one of the following is functions of a decision support system. Which one isn't a function?

A. determination of info needs

B. decision evaluation

C. info gathering

D. info utilization

E. info processing

10. Eliminating irrelevant info refers to which aspect of info gathering and processing?

A. storage

B. dissemination

C. abstraction

D. evaluation

#### **Exercise 4**

**Match each term or phrase with the correct description.**

A. central data bank

B. intraorganizational flows

C. external info flows

D. controlling info

E. planning info

F. info center

G. intelligence info

H. decision support system

\_\_\_1. Flows from the external environment to the organization

\_\_\_2. A specialized management info system

\_\_\_3. Info flowing within the organization

\_\_\_4. Forms input for nonprogrammer decision made by top management

\_\_\_\_5. The organizing unit for a decision support system

### **Exercise 5**

#### **Short answer questions:**

1. Discuss the factors which have increased the demand for decision support system.
2. Briefly summarize the function of the central data bank and info center in the operation of a decision support system.
3. Describe the 4 function of a decision support system.

### **Exercise 6**

#### **Discussion question**

In your opinion, how does a decision support system impact the manager's job? Does it influence other factors such as the manager's perspective on his or her job and organization? Explain.

## Unit 10

### Entrepreneurship

Small business substantially contributes to the economic well being of the U.S. The 14 million-plus small businesses provide over 80% of the new jobs in the U.S. U.S. small business community is the world's 4-th greatest economic power. The entrepreneurship establishes that differ from those of the large-company CEO. The entrepreneur is deeply involved in every aspect of the business; copes with greater personal and professional risk, usually his or her personal financial resources will be lost if the business fails; is singularly accountable for the business' performance. Each year, about 1.3 million individuals become entrepreneurs in the U.S. Though many definitions of entrepreneur exist, we define the entrepreneur as the creator and manager of a business. Initially the entrepreneur manages a small business. According to the SBA and Committee for Economic Development, the small business is privately owned (usually by top management); maintains local operations; employs less than 500 people. The entrepreneur faces several risks: **business risk** – from 25 to 33% of all independent small businesses fail during the first 2 years of operation; 8 of every 10 fail within 10 years, primarily due to poor management. **Financial risk** – the entrepreneur invests most if not all of his or her financial resources in the business. **Career risk** – leaving a secure job for an uncertain future; **family and social risk** – a new business leaves little time for family and friends; **psychological risk** – the risk of personal failure if the business does not succeed. Entrepreneurs create businesses for independence, personal and professional growth, a better alternative to a dissatisfying job, income and security. According to research, entrepreneurs have a greater need for independence and autonomy compared to managers; have a high tolerance of ambiguity; have high energy, endurance, self-esteem and need to take charge. Entrepreneurial success requires effectively applying the management functions and before doing so, taking the first step – deciding whether to become an entrepreneur. Making the right decision requires a clear understanding of entrepreneurship and the requirements for success; an accurate self-appraisal of skills and shortcomings. **Planning** – likely contributes the most to new venture performance, provides a blueprint for action for the first critical months of the business. The entrepreneur performs **ongoing planning** – for the established business and **start-up planning** – done before the new venture opens for business; start-up planning involves answering 5 questions: what product or service will the new business provide? What market will be served? How will the business be established? How will the business be operated? How will the business be financed? **Buyout** – via buying an exciting company; **start-up** – creating the business from scratch; **franchise** – the entrepreneur provides a product/service under a legal contract with the franchise owner.

**Organizing** – this function is often neglected in the early start-up stages. When established job descriptions and the organizational chart are often kept flexible many entrepreneurs avoid developing written job descriptions in the early stages of the business so employee potential and growth isn't constrained when the company is

small. The organizational chart is often viewed as a dynamic, continually changing picture of the company structure. It is tool for continually assessing and re-evaluating the company. **Controlling** activities are especially important in the new business. Mistakes are bound to be made given the newness of every operation and resources are limited. Errors must be identified and quickly corrected. Initially control systems are basic and collect info on sales, production rates, inventory, accounts receivable and payable and cash flow. Many new companies are installing computerized control info system to monitor aspects of company performance and conduct financial and production analysis. **Growth of the enterprise** – the company’s transition from small shop to a larger, complex company requires changes in the entrepreneur’s tasks and management style. **Entrepreneurial stress:** entrepreneurs of small business experience much stress given the risks of entrepreneurship and singular accountability for the business. According to one study, entrepreneurial stress is also caused by loneliness, total immersion in the business, frustration with employee problems, and an overly high need for achievement that results in frustration when unreasonably high goals aren’t met. To alleviate stress, some entrepreneurs make changes in their business routine, set time aside for social activities and interact more with employees and other entrepreneurs. **Selling the company:** many entrepreneurs eventually sell their companies and approach the sale with three objectives: 1. locate the right buyer – one with objectives for the firm that are compatible with those of the entrepreneur; 2. secure satisfactory terms of the sale – e.g. the right price, terms of payment and special conditions; 3. obtain satisfactory autonomy – if the entrepreneur stays on to run the company, he or she wants as much autonomy as possible. Many entrepreneurs who remain as head of the acquired firm have problems coping with the changes, many ends up leaving sooner than intended.

**Exercise 1**

**Read and translate the text.**

**Exercise 2**

**Write “T” for true and “F” for false beside each of the following statements.**

Statements	True	False
1. Small businesses provide about 30% of the new jobs in the U.S.		
2. A buyout provides an entrepreneur with speedy entry into a market, but freedom to craft the business as he/she prefers, is often limited.		
3. Of the different strategies for establishing a business, the risk is highest with a franchise.		

4. The business plan is viewed by many entrepreneur experts to be of limited value in obtaining new venture funding.
5. Typically, the higher the entrepreneur's need for achievement, the more dissatisfied he or she will be with the sale of his or her company.
6. America's small businesses are the world's fourth greatest economic power.
7. Each year, less than one million people start businesses in the U.S.
8. New businesses fail primarily due to the lack of funding.
9. According to the SBA and the Committee for Economic Development, a small business employs less than 500 people.
10. According to research, entrepreneurs have a greater need for achievement than do managers.
11. Franchisees pay the franchisor an initial fee and percentage royalty on profits.
12. An effective market analysis involves assessing the market's size, customers, competition and the share of market that the new business can reasonably achieve.
13. A start-up affords speedier entry into a market than does a franchise.
14. The entrepreneur has more freedom to define and build a business via start-up than via franchise.
15. Many entrepreneurs avoid developing written job descriptions in the early phases of the new business because they don't want to restrict employees' growth and potential.

### Exercise 3

Select the best answer to each of the following questions.

1. \_\_\_\_\_ is incurred when an entrepreneur leaves a secure job for an uncertain future.
  - A. Career risk
  - B. Family risk
  - C. Business risk
  - D. Psychological risk
  - E. None of the above
  
2. Up to 33% of all independent small businesses fail during the first \_\_\_\_ years of operation.
  - A. one
  - B. two
  - C. three
  - D. four
  - E. five
  
3. The \_\_\_\_\_ is a tool for continually assessing and re-evaluating the company.
  - A. control system
  - B. planning system
  - C. organizational system
  - D. financial reporting system
  - E. financial statements
  
4. Concerning managing people in the small business, the entrepreneur's major disadvantage is that:
  - A. he/she completely responsible for effective leadership
  - B. he/she lacks the time to effectively manage all employees
  - C. he/she usually can't offer the salary and benefits that larger companies can provide
  - D. he/she lacks the flexibility to manage many different types of people

5. Many entrepreneurs strive to achieve three objectives in selling the company: obtaining satisfactory autonomy, securing satisfactory terms of the sale, and \_\_\_\_\_.

- A. finding the right buyer
- B. protecting employees
- C. receiving the right price for the firm
- D. making sure the sale goes through

6. All but one of the following is reasons why people start new businesses. Which one isn't a reason?

- A. independence
- B. need for power
- C. personal and professional growth
- D. money
- E. security
- F. all of the above are reasons

7. Financial planning involves estimating the business' projected income and expenses, locating sources of funding and estimating \_\_\_\_\_.

- A. ongoing costs
- B. the initial investment
- C. cash flow
- D. business taxes
- E. none of the above

8. All but one of the following is elements of the definition of a small business, according to the SBA and Committee for Economic Development. Which one is not a part of the definition?

- A. is usually publicly owned
- B. maintains local operations
- C. employs less than 500 people
- D. all of the above are part of the definition

9. According to research, the primarily motivator for starting a new business, among the Inc 500 CEOs was frustration with:

- A. low salaries
- B. not being listened to
- C. working for a large company
- D. lack of autonomy
- E. all of the above

10. All but one of the following is characteristics of entrepreneurs, according to your text. Which one is not a characteristic?

- A. high need for autonomy
- B. high need for power
- C. high self-esteem
- D. high needs to take charge
- E. all of the above are characteristics

11. According to a survey of small business owners, \_\_\_\_\_ was most frequently cited as their most important problem.

- A. controlling costs
- B. getting insurance
- C. getting start-up funding
- D. managing cash flow
- E. finding good people

12. Start-up planning involves answering all but one of the following questions. Which one doesn't apply?

- A. what product/service will be provided?
- B. what market will be served?
- C. how will the business be financed?
- D. how will the business be staffed?
- E. how will the business be operated?

13. In a business plan, the \_\_\_\_\_ profiles the overall company, location and goals.

- A. executive summary
- B. operational plan
- C. financial plan
- D. management plan
- E. none of the above

14. The \_\_\_\_\_ explains how the company will be structured.

- A. executive summary
- B. operational plan
- C. financial plan
- D. management plan
- E. none of the above

15. The “5-15” report concerns:

- A. effective employee communication
- B. providing employees with support to do their jobs
- C. finding ways to improve the business
- D. providing effective employee development
- E. all of the above

#### **Exercise 4**

**Match each of word or phrase with the correct description.**

- A. financial risk
- B. independence
- C. start-up planning
- D. franchise
- E. about 20 million
- F. 80%
- G. organizing
- H. loneliness
- I. 60%
- J. about 14 million

- K. controlling
- L. high tolerance for ambiguity
- M. buyout
- N. market analysis
- O. external loss of control

- \_\_\_1. Company may have hidden problems with this strategy
- \_\_\_2. Has a lower failure rate than do start-ups
- \_\_\_3. The number of small businesses in the U.S.
- \_\_\_4. One reason why people launch new businesses
- \_\_\_5. A characteristic of entrepreneurs
- \_\_\_6. The percentage of business failures within the first ten years of operation
- \_\_\_7. Done before the company opens for business
- \_\_\_8. Often neglected during the early phases of the new business
- \_\_\_9. Incurred when the entrepreneur uses personal savings to launch a business
- \_\_\_10. A cause of entrepreneurial stress

## **Exercise 5**

### **Short answer questions**

1. Briefly summarize the different risks an entrepreneur incurs when starting a business.
2. Provide an overview of the different elements of planning a new business.
3. What are the different ways to establish a business? What is each strategy's strengths and weaknesses?
4. Why the organizing function is often neglected during the early phases of a new business?
5. Briefly summarize the reasons why the levels of stress experienced by entrepreneurs are often quite high.

## **Exercise 6**

### **Discussion questions**

1. Drawing from the entrepreneur quiz in the unit, assess your potential for becoming an entrepreneur.
2. Do you believe that entrepreneurs are born, not made? Explain.
3. Given the high risks of entrepreneurship, why do so many people each year take the entrepreneurial plunge? What does entrepreneurship potentially provides that is missing in their jobs and lives?

## Additional tasks

### Task 1. Business Objectives and Values

#### Exercise 1

Match up the following words with the underlined words in the text:

bring out	distributes	fired	firm
rewarded	remunerates	result	sell off
hostile takeover	other possible investments	the shareholders	

One definition of a company is that it is nothing more than a sum of other people's money invested in productive capacity or services which produce a profit greater than (1) the opportunity cost of the capital involved. From this definition follows the belief that the role of a company is to maximize its value for the shareholders. The managers must be permanently concerned with maximizing value, and not only if there's the threat of a (2) raid. They have to concentrate exclusively on activities that create value, so that the companies will regularly (3) divest less profitable operations, acquire other profitable business, and restructure it.

According to the logic of "value-based management", it is not enough to (4) launch a successful new product occasionally, and to revitalize exciting mature products by effective marketing programmes. The company has to develop structures that allow it consistently to create added value. These performance, and (6) pays its top managers.

One problem with this approach is that it is unlikely to motivate employees who know that they could at any time be (7) dismissed to reduce costs, or that their section could be sold or "restructured" out of existence if it is considered to be producing insufficient value. Financial objectives will probably only motivate a few people in the head office, and only then if they are (8) paid in proportion to the company's value.

Other management theories argue that profit is not an objective in itself, but a natural (9) consequence of doing something well. Profit is like health: you need it, and the more the better, but it is not why you exist. You exist to provide a product or service. Employees are more likely to be motivated by qualities corporate purposes than quantified ones. A company which declares that its central values include a commitment to producing quality goods or reliable services, while respecting each individual employee, is more likely to inspire everybody, from middle managers down to shop-floor production workers. These are values that everybody in the (10) organization can share.

An alternative to value-based management is the "stakeholder" model, which suggests that a business organization has responsibilities to everyone with a stake in, or an interest in, or a claim on the firm, including employees, suppliers, customers, and the local community. According to this view, a company has to balance the interests of (11) its owners with those of the other groups of people concerned by its existence.

## Exercise 2

Match up the words below to make collocations from the text.

1. launch    2. maximize    3. motivate    4. productive    5. reduce    6. shop-floor  
a. workers    b. costs    c. employees    d. a product    e. value    f. capacity

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## Task 2. An organization chart

### Exercise 1

Read the whole text and then draw the organization chart:

I think we have a fairly typical organization for a manufacturing firm. We're divided into Finance, Production, Marketing and Human Resources departments.

The Human Resources department is the simplest. It consists of two sections. One is responsible for recruitment and personal matters; the other is in charge of training.

The Marketing department is made up of three sections: Sales, Sales Promotion and Advertising, whose heads are all accountable to the marketing manager.

The Production department consists of five sections. The first of these is Production Control. Then there's Purchasing, Manufacturing, Quality Control and Engineering Support. Manufacturing contains three sections: Tooling, Assembly, and Fabrication.

Finance is composed of two sections: Financial Management, which is responsible for capital requirements, fund control, and credit, and Accounting.

### Exercise 2

What are the other four verbs in the text that mean the same as *to consist of*?

1. ....    2. ....    3. ....    4. ....

## Task 3. Meeting

Complete the dialogue using the words in the box:

agenda	apologies	approves	arising
attend	call	consensus	informally
items	minutes	proxy	quorum

**So how do staff meetings work in this department, then?**

Well, we have them monthly, and everybody is supposed to (1) ..... . If we want to discuss something we tell the secretary beforehand, and she puts it on the (2)

..... . We all receive this about a week before the meeting, along with the (3) ..... of the last meeting.

We begin the meeting by singing a list of the people present, and the Chair reads out a list of (4) ..... received from people who can't come.

### **The Chair?**

Yes. Since our head of department is a woman, instead of saying "Chairman", or "Madame Chairman", we just say "Chair". Some people say "Chairperson" but "Chair" is shorter.

The first two items are usually to ask the meeting whether everyone (5) ..... of the agenda, and of the minutes of the previous meeting. If necessary we then discuss matters (6) ..... from the minutes.

We then go through the (7) ..... on the agenda. The last one is always A.O.B., or Any Other Business, so we can add things that haven't been included on the agenda. For important decisions, if we can't reach a (8) ..... we have a vote. If there is a tie, if the votes are even, the Chair has a casting vote.

### **And if you can't be there, can you ask someone else to vote for you?**

Oh, no. We don't have (9) ..... votes. You have to be there. Especially as we need 50% of the staff to have a (10) ....., without which nothing can be voted on and no decisions can be taken.

### **And you only have them once a month?**

Well, I suppose we could (11) ..... an emergency meeting if there was something urgent to discuss, but it hasn't happened recently. You know, most of us work individually, we have our specific jobs to do, and we don't need to discuss too many things with the whole department. We collaborate (12) ..... when necessary, like we're doing now, and only have meetings to discuss things that concern everybody. Otherwise, meetings are the waste of time. I still remember a line from Peter Drucker, the management theorist. He once wrote, "You can either work or meet. You can't do both at the same time".

## **Task 4. Competitive Strategy and Advantage**

### **Exercise 1**

Read the text and then decide which of the three summaries on the next page most fully and accurately expresses its main ideas.

In two very influential books, *Competitive Strategy* (1980), and *Competitive Advantage* (1985), Michael Porter argued that growth and diversification alone do not guarantee a company long-term success. Instead, success comes from having a sustainable competitive advantage, which derives from the value a company creates,

in excess of its production costs, and passes on to its customers. Size alone guarantees nothing: industry leadership is an effect of competitive advantage, not a cause. Contrary to popular belief, a company's optimum market share is rarely very large.

Porter outlines five competitive forces at work in an industry: rivalry among existing firms, the threat of new entrants, the threat of substitutes, and the bargaining power of both buyers and suppliers. Inter-firm rivalry affects prices, advertising and sales budgets, and so on. The threat of the entry of new competitors in an industry limits the prices a company can charge, and often results in expensive investments designed as a deterrent. The power of large buyers such as retail chains, and the possibility of consumers switching to cheaper substitute products, both limit prices. Powerful suppliers determine the cost of raw materials. Successful firms are the ones which sustain their competitive advantage by making sure they retain their value, and that it is not lost to industry rivals, new entrants, or lower prices, or appropriated by powerful buyers or suppliers.

Within these competitive constraints, Porter isolates three generic strategies that can give a company a competitive advantage: cost leadership (a cheaper product); differentiation (a better product than those of competitors); or focus on a narrow market segment. He criticizes buying companies rather than beating them, and diversification for its own sake, suggesting – like most other prominent business authors – that companies should rather look for strategic, synergy-producing links among business units in related industries.

### **First Summary**

Michael Porter argues that success comes from growth, diversification, low production costs, and having a competitive advantage. Firms must protect this advantage against competitors, new entrants, and their customers. A competitive advantage can be the result of having a cheaper or better product than competitors, or diversifying into unrelated market segments.

### **Second Summary**

Michael Porter argues that success comes from having a long-term competitive advantage in creating value and passing it on to customers. Firms must ensure that the value they create isn't eroded by competitors, or appropriated by buyers or suppliers. A competitive advantage can result from cost leadership, differentiation, or succeeding in a narrow market segment.

### **Third Summary**

Michael Porter argues that success comes from competitive advantage and a small market share. Companies have to prevent competitors entering their industry, and ensure that competitors or customers do not reduce their profits. Success can come from having a cheaper or a better product, from focusing on a narrow market segment, or from diversification into new industries.

## **Exercise 2**

Match up the words below to make collocations from the text.

1. bargaining
2. business
3. competitive
4. cost

5. inter-firm    6. market    7. new    8. production
- a. advantage    b. costs    c. entrants    d. leadership
- e. power    f. rivalry    g. segment    h. units

### Exercise 3

What are the verbs related to the following nouns and adjectives, all found in the text above?

For example: *advertising* → *advertise*

- |                          |                       |
|--------------------------|-----------------------|
| 1. Competitive .....     | 9. Investment .....   |
| 2. Constraints .....     | 10. Leadership .....  |
| 3. Consumers .....       | 11. Optimum .....     |
| 4. Deterrent .....       | 12. Production .....  |
| 5. Differentiation ..... | 13. Success .....     |
| 6. Diversification ..... | 14. Suppliers .....   |
| 7. Entrants .....        | 15. Sustainable ..... |
| 8. Influential .....     | 16. Threat .....      |

## Task 5. Working conditions

### Exercise 1

Complete the text using the words in the box.

absenteeism	colleagues	contracts	duties	flexi time
holiday	leave	manual	maternity	morale
satisfaction	security	sick pay	workforce	vacation

My working conditions? I'd say they are really good. The working hours are very reasonable – 38 hours a week, Mondays to Fridays only, and I get four weeks paid (1) ..... I always go on a two-week (2) ..... in the summer and like to take another week to go skiing in the winter. That still leaves a few days if I want to take time off for something else. I think we're even allowed to take unpaid (3) ..... if it's really necessary. They introduced a (4) ..... system last year, so I can start any time between 7.30 and 9.30 in the morning, so I sometimes leave at 4 in the afternoon. Of course this means we now have to clock in and clock out, so we have to do the right number of hours.

Women get generous (5) ..... leave, although that doesn't concern me yet, and there are a lot of women employed half-time or part-time here, so they have time for their children.

Of course I'm a full-time white-collar worker, hoping to make a career here. My (6) ..... and I have permanent (7) ..... At least we think so, it's hard to be sure about job (8) ..... these days. We are consulted if they want to change our (9) ..... or anything. The entire (10) ..... is well-treated, not jus us. The company's blue-collar workers, doing (11) ..... jobs, also have good conditions of employment.

It all makes a change from when I was a student, when I did casual, unskilled, seasonal work for a fruit company, paid by the hour, with no (12) ..... or holiday pay or anything. They treated workers really badly, so (13) ..... was low, nobody was motivated, productivity was minimal, and there was a lot of (14) ..... and high turnover – I used to see new people almost every day. There was no job (15) ....., and nothing changed if our performance was good or bad, so we all did the minimum.

Exercise 2

Match up the following words and expressions into logical pairs:

- |                  |                        |
|------------------|------------------------|
| 1. career        | a. blue-collar workers |
| 2. flexi time    | b. job satisfaction    |
| 3. having a baby | c. clocking in         |
| 4. manual labour | d. permanent job       |
| 5. motivation    | e. maternity leave     |
| 6. office work   | f. white-collar worker |

1		2		3		4		5		6	
---	--	---	--	---	--	---	--	---	--	---	--

**Task 6. Production and operation management**

**Exercise 1**

**Read the text and then decide weather the statements given after text, are true or false.**

Manufacturing companies require three basic functions: finance, production or operations, and marketing. Finance **raises the capital** to buy the equipment to start the business, production or operations makes the product, and marketing sells and distributes it. Operations management is also **of crucial importance** to serve companies.

The objectives of the production department are usually to produce a specific product, on schedule, at minimum cost. But there may be other criteria, such as concentrating on quality and product reliability, producing the maximum possible volume of output, **fully utilizing the plant** or the work force, **reducing lead time**, generating the maximum return on asserts, or **ensuring flexibility** for product or volume changes. Some of these objectives are clearly incompatible, and most companies have to choose between price, quality, and flexibility. There is **an elementary trade-off** between low cost and quality, and another between low cost and the flexibility to customize products or to deliver in a very short lead time.

Production and operations management obviously involves production plants and factories or service branches, and the equipment in them, parts (raw materials or suppliers), processes (the steps by which production or services are carried out), and planning and control system (the procedures used by management to operate and monitor the system). But it also involves people – the personnel or human resources, who will always be necessary in production and operations, **despite** increasing

automation. People are practically important in organizations **offering a service rather than making a product**. Such organizations exist to serve a customer, but it can also be argued that they have to serve their workforce, because workers will often **treat the public** the same way that management treats them, so staff training and motivation are clearly important.

Manufacturing companies all have to decide how much research and development (R&D) to do. Should they do fundamental or applied research, or use research institutes, universities, and independent research laboratories, or simply license product or service designs from other organizations as necessary? Companies are **faced with a “make or buy” decision** for every item, process or service.

Decisions about what products to make or what services to offer have to **take into account** a company’s operational capability, and labour, capital and equipment requirements. Introducing new products obviously requires accurate sales forecasting. If it is necessary to construct a new plant or facility, decisions have to be made concerning its location, its size or capacity, **the floor layout**, the hiring of staff, the purchase of equipment, the necessary level of inventory of parts and finished products, and so on.

	True/False	
1. Production or operations management is important to all business.	<input type="checkbox"/>	<input type="checkbox"/>
2. Production departments usually concentrate on quality, quantity and flexibility.	<input type="checkbox"/>	<input type="checkbox"/>
3. Workers who are treated well will probably be more productive.	<input type="checkbox"/>	<input type="checkbox"/>
4. Large companies are generally obliged to do their own research and development.	<input type="checkbox"/>	<input type="checkbox"/>
5. Decision-making concerning new products or the building of new production facilities follows sales forecasting.	<input type="checkbox"/>	<input type="checkbox"/>

## Exercise 2

Match up these words to make collocations:

- |                  |                 |
|------------------|-----------------|
| 1. human         | a. companies    |
| 2. lead          | b. laboratories |
| 3. manufacturing | c. management   |
| 4. operations    | d. materials    |
| 5. raw           | e. on assets    |
| 6. research      | f. resources    |
| 7. return        | g. time         |
| 8. staff         | h. training     |

1		2		3		4		5		6		7		8	
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### Exercise 3

Match up the following verbs and nouns:

- |             |                  |
|-------------|------------------|
| 1. do       | a. capital       |
| 2. make     | b. customers     |
| 3. forecast | c. a plant       |
| 4. hire     | d. a product     |
| 5. purchase | e. research      |
| 6. raise    | f. sales         |
| 7. serve    | g. staff         |
| 8. utilize  | h. raw materials |

1		2		3		4		5		6		7		8	
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Now translate **the highlighted expressions** into Russian.

### Task 7. Safety

#### Exercise 1

Complete the text using these words:

Contamination	emergency	enforce	fire drills
Fire hazard	first aid	injury	protective clothing
Safety procedures	record	toxic	working environment

As a Safety Officer, I am responsible for ensuring that the (1) ..... is safe. There are some potentially dangerous machines in this factory, so I carry out regular inspections, to see that they are functioning correctly. And some of the materials we work with are (2) ....., so there is a risk of (3) ....., Other chemical agents represent a potential (4) ....., so we have to make sure that they are stored and handled properly.

I have to ensure that all the (5) ..... are correctly carried out, and that people wear the correct (6) ....., so that preventable accidents never happen. Of course, some accidents are unforeseeable, but I have to (7) ..... the safety regulations and make sure that no one suffers an (8) ..... because of our negligence.

I organize regular (9) ..... courses, so everyone knows how to treat someone who is hurt. We also have regular (10) ....., so that people will know what to do if there is a fire – where the fire alarms and emergency exits and fire extinguishers are, and so on. Would you like to come up here to get a better view of the factory floor? Ok, be careful, this is a steep staircase.

I would also have to co-ordinate operations in the event of an (11) ....., But since I've been here we've never had a serious accident. No, please don't lean over the railing like that. In fact we have a remarkably good safety (12) ..... here, and everybody seems to respect the – CAREFUL! I said DON'T..!

**Exercise 2**

**Match up the following verb-noun partnerships. Looking back at the text may help.**

- |              |                        |
|--------------|------------------------|
| 1. carry out | a. an accident victim  |
| 2. enforce   | b. accidents           |
| 3. handle    | c. an injury           |
| 4. prevent   | d. an inspection       |
| 5. respect   | e. dangerous chemicals |
| 6. suffer    | f. protective clothing |
| 7. treat     | g. regulations         |
| 8. wear      | h. safety procedures   |

1		2		3		4		5		6		7		8	
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**Task 8. Quality**

**Exercise 1: Match the words in the box with the definitions below:**

bench marking	defect	durability	goodwill
reliability	to scrap	serviceability	warranty

1. a fault or imperfection or deficiency
2. a promise that goods will meet a certain specified quality level, or be repaired or replaced free of charge
3. customers' satisfaction with and loyalty to a company
4. ease of maintenance and repair
5. going outside the firm to see what excellent competitors are doing, and adopting the best practices
6. performance over a long period of time
7. regular performance according to specification
8. to sell defective goods for the price of the recyclable materials they contain

**Exercise 2: Match up the following words with the underlined words in the text:**

achieve	aspects	costly	disliked
expenses	guarantee	origins	permanent
present	selfish	setting up	stress

In production and operations management, over the past few decades, there has been **increasing (1) emphasis on quality**, as defined by the consumer, in terms of features offered, appearance, reliability, durability, serviceability, **and so on**. An important concept has been Total Quality Management (TQM), according to which management should ensure that quality extends throughout the organization in everything it does, or at least in all (2) features of products and services that are important to the customer. Rather than aiming for the best quality compatible with low **unit costs**, the company should aim for the highest quality level possible,

because a lack of quality can be more (3) expensive than achieving high quality. As the production theorist Philip Crosby puts it, quality is free.

**What he means is that** there are many (4) costs that result from production that is not 100% perfect: inspecting, testing, identifying the causes of defects, implementing **corrective action**, training or retraining personnel, redesigning a product or system, scrapping, reworking or repairing defective products, replacing products in accordance with a (5) warranty, dealing with complaints, losing customers or their goodwill, and so on. Quality theorists such as Joseph Juan, W.E. Deming, and Crosby have shown that prevention is usually much cheaper than failures. Every extra dollar spent on prevention might save \$10 spent on inspection and failure costs. **Furthermore**, even if the (6) current quality level appears perfect, the company should still continuously look for product improvement, and aim to be the best in the industry. Companies should always engage in **benchmarking**.

Although management is responsible for designing and (7) installing an overall system which excludes defects and low quality, everyone within that system, in the entire supplier-producer-customer chain, should be responsible for quality. In TQM, every worker is a quality inspector for his or her own work, trying to get it right the first time, aiming for **zero defects**. This approach, often described as “quality at the source”, removes the need for the kind of “over the shoulder” inspections that is usually (8) resented by workers. Of course, this often requires training, and depends on a **co-operative attitude**.

Many large Japanese companies – especially those guaranteeing (9) lifetime employment – have been able to (10) attain high quality, because of the motivation of their staff, and the long-term mature of nearly all the relationships among employees, suppliers, distributors, owners and customers. The Japanese invented quality circles: voluntary groups of six to twelve people, who are usually given training in problem-solving, analysis and reporting methods, and who then meet **once a week**, during paid hours, to discuss their department and **the problems they are encountering**. If there are problems with quality variations, the group will try to identify their (11) sources, find solutions to eliminate them, and propose these to management. There are an **estimated** one million quality circles with ten million members in Japan. Quality circles have been successful in the more (12) individualistic cultures of America and Europe.

**Exercise 3: Complete the following collocation from the text:**

- |                                   |                 |
|-----------------------------------|-----------------|
| 1. Operations                     | .....           |
| 2. Compatible                     | .....           |
| 3. Unit                           | .....           |
| 4. ....                           | level           |
| 5. Corrective                     | .....           |
| 6. ....                           | with complaints |
| 7. ....                           | improvement     |
| 8. Overall                        | .....           |
| 9. The supplier-producer-customer | .....           |
| 10. ....                          | Defects         |

11. Lifetime .....  
12. .... Circles

**Exercise 4: Complete the following collocations from the text:**

1. to retrain .....
2. to repair .....
3. to deal with .....
4. to lose customers' .....
5. to install .....
6. to eliminate .....

Now translate **the highlighted expressions** in the text into Russian.

Навчальне видання

ЗБІРНИК ТЕКСТІВ І ЗАВДАНЬ ДЛЯ САМОСТІЙНОЇ РОБОТИ З АНГЛІЙСЬКОЇ МОВИ (для студентів 2 курсу денної форми навчання спеціальностей 6.050200 – “Менеджмент організації міського господарства”, 6.050200 – “Менеджмент організації міського самоврядування”, “Менеджмент організації будівництва”, “Менеджмент організації паливно- енергетичного комплексу”)

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