

UNIVERSITY OF MONTENEGRO

THE FACULTY OF ECONOMICS


**ENGLISH FOR SPECIFIC
PURPOSES**

Podgorica, 26.02.2018.

9 *Business Environment*

Key Vocabulary Nine

All businesses are affected by their immediate environment. Many factors influence them, for example, _____ (that is how easy or difficult it is to find workers); _____ (how much it costs to employ people), and _____, such as oil and wood. The amount of money a company has to pay the government in _____ is another factor. Businesses are also affected by the _____. In a period of _____, many businesses suffer, their profits fall and they have to make _____. In this climate there will be a rise in _____. These factors can affect sales and prices, and change the _____, or direction they move in.

 9.1 All businesses are affected by their immediate environment. Many factors influence them, for example, **availability of labour** (that is, how easy or difficult it is to find workers); **labour costs** (how much it costs to employ people) and **availability of raw materials**, such as oil and wood. The amount of money a company has to pay the government in **taxes** is another factor. Businesses are also affected by the **state of the economy**. In a period of **economic recession** many businesses suffer, their profits fall and they have to make **cuts**. In this climate there will be a rise in **unemployment**. These factors can affect sales and prices and change the **trend**, or direction, they move in.

Lead-in

1 Look at the shopping baskets which show the prices of everyday goods in five countries.

Answer the questions.

- 1 In which country is the shopping basket of everyday goods most expensive?
- 2 In which country is it least expensive?
- 3 What is the price difference between the most and least expensive countries?
- 4 What items do you think the shopping basket contains?
- 5 Why do you think the prices are different?



US



Japan



Switzerland



France



Canada

SPEAKING ACTIVITY

KEY:

- 1 Japan 2 US 3 \$42
- 4 Everyday groceries
- 5 Differences in exchange rates, differences in local raw materials, labour costs, import and other taxes, – see text in Exercise 2.

READING ACTIVITY

2 Read the text below to check your answer to exercise 1 question 5.

Many everyday brands which are used by people in almost every country can have varying prices throughout the world.

Some of the variations in price are due to differences in exchange rates, some are due to the differences in local raw materials and production or shipping

costs and some are due to variation in taxes.

However, the wide variation in prices for some brands cannot be explained by these factors and it may be that multi-national companies are charging what they think the market will bear.

I TRANSLATE THE FOLLOWING SENTENCES:

Potrošačka korpa u Najrobiju je najskuplja, a u Budimpešti najmanja.

.....

Devizni kursevi utiču na cijene robe, kao i razlike u cijeni sirovina.

.....



I TRANSLATE THE FOLLOWING SENTENCES:

- 1. SHOPPING BASKET IN NAIROBI IS THE MOST EXPENSIVE, AND IN BUDAPEST IT IS THE LEAST EXPENSIVE/THE CHEAPEST.*
- 2. EXCHANGE RATES AFFECT THE PRICES OF GOODS AS WELL AS VARIATIONS IN PRICE OF RAW MATERIALS.*

Language Focus One

Modal verbs: talking about possibility

1 'The Big Mac Index' shows how long it takes in different countries to earn enough money to buy a Big Mac with French fries.

The Big Mac Index



Working time required to buy a Big Mac type hamburger and large portion of French fries, around the World.



Chicago 14 minutes

Frankfurt 23 minutes

London 38 minutes

Johannesburg 45 minutes

Buenos Aires 68 minutes

Jakarta 97 minutes

Budapest 128 minutes

Nairobi 177 minutes

Caracas 243 minutes

Lagos 683 minutes

SPEAKING ACTIVITY

- 1 How long must people work in Nairobi, Caracas, London and Budapest to buy a Big Mac and fries?
- 2 How much do a Big Mac and large fries cost in your country? How long do you have to work to buy them? (based on the average wage)

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1 Mark the stress on the words in the table.

NOUNS	NOUN (PERSON)	ADJECTIVES	
		Positive	Negative
economy	economist	economic	uneconomic
analysis	analyst	analytical	unanalytical
employment/ unemployment	employer	employed	unemployed
	employee	employable	unemployable

ECONOMIC – ekonomski

Economic factors affected their decision.

Economic changes caused havoc in the world.

ECONOMICAL – ekonomičan, štedljiv

Smart is an economical car.

She is very economical – she believes in savings and not spending more than you have got.

2 Now complete these sentences with the correct adjective from the table.

- 1 The company moved its factory to East Asia because it was not _____ to stay in America.
- 2 It was _____ to stay in America, so the company moved its factory to East Asia.
- 3 When the company pulled out of France the _____ rate went up.
- 4 The managers in the factory do not have good relations with their _____ .
- 5 Before the government began its training programme many young people were _____ .
- 6 His work is based on guesswork. It is not very _____ .

SPEAKING ACTIVITY

1 economic

2 uneconomic

3 unemployment

4 employees

5 unemployable

6 analytical

3 Complete the newspaper article opposite with a word or phrase from the box.

- a labour costs
- b trend
- c the state of the economy
- d cuts
- e taxes
- f economic recession
- g availability of labour
- h availability of raw materials

AFG to leave Western Europe after 80 years

FRANCOISE SALÉS, the new managing director of Anglo-French Garments (AFG) announced yesterday that the company is going to make ¹ _____ in Western Europe and close its two factories in Lyons and Liverpool in order to relocate to Eastern Europe. Mme Salés said that there were big disadvantages for the company in Western Europe and big advantages for it in Eastern Europe. She said she was very worried about ² _____. She predicted that Western Europe is moving towards a long period of ³ _____ and said that increasing demands from European governments for higher ⁴ _____ 'is going to make it worse not better'. In contrast, the economy of Eastern Europe is quite strong at the moment.

City analysts stressed the advantages for AFG in moving to Eastern Europe. George Lukacs of NY Corp said that 'AFG is moving to Eastern Europe to take advantage of ⁵ _____ because it costs a lot less to employ people there than in



Western Europe.'

Frederick Larsen of London Bank said 'AFG is moving because of the greater ⁶ _____ in Eastern Europe where it is easier to find workers.' Carolyn Martin of Euro Bank said she thought that 'the most important factor in AFG's decision is ⁷ _____; most of

their cotton comes from Russia and neighbouring countries'. Lukacs and Larsen both said that they thought 'other firms are unlikely to follow AFG to Eastern Europe'. Larsen said, 'this is unlikely to start a ⁸ _____'. However, Martin was not as sure as the other two.

READING ACTIVITY

1 d

2 c

3 f

4 e

5 a

6 g

7 h

8 b

READING ACTIVITY

Reading

Answer these questions about the AFG newspaper article.

1 Where are AFG's two European factories?

2 Where will their new factory be?

3 Why did Mme Salés say the company is moving?

4 Is each of the three analysts really certain of what she/he is saying?

5 Do the three analysts agree with each other?

Reading

- 1 In Liverpool and Lyons.
- 2 Eastern Europe.
- 3 Because of the state of the Western European economy.
- 4 No, they are not.
- 5 No, they don't.

May, might, and could (possibility)


USE

We use these modal verbs to suggest possible reasons for something, or to speculate.

*The company is now very successful. This **may be** because its markets have more money to spend. Or it **might be** because it is under new management.*

*Prices are higher in the UK. This **could be** because labour costs are high.*

***Could this be** the reason?*

 We do not use *may* in the question form to speculate. We use *could*.

~~*May it be expensive because labour costs are high?*~~

***Could it be** expensive because labour costs are high?*

may, might

- 1 The average wage may be quite low in Caracas or a Big Mac might cost a lot there.
- 2 It takes a long time to earn enough to buy a Big Mac in Lagos. There may be a luxury tax on it in Nigeria.

can't, could

- 3 In Chicago the competition from other hamburger companies could affect the price.
- 4 I could be wrong, but I think the Big Mac and a portion of fries costs about £3.00 in London.
- 5 Big Macs may cost more to produce in Lagos, but it can't be because of the cost of labour. Labour costs are so low there.

Adverbs: *maybe, perhaps, probably*

6 Perhaps/Maybe Big Macs are more expensive in Britain because demand is high.

7 Salaries are probably higher in Frankfurt than in London.

NOTE: *maybe* is one word when it means *perhaps*. Compare the two sentences: *Maybe* demand is very high in Chicago. Demand in Chicago *may be* very high.

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SPEAKING ACTIVITY

1 Read the following sentences and match them to possible reasons.

FACTS	POSSIBLE REASONS AND RESULTS
1 There is high unemployment.	a Perhaps this is because they are becoming difficult to find.
2 No one wants to invest in the North.	b Maybe investors are worried about the political situation there.
3 A computer firm announces a massive profit.	c This might be because its new product is very popular.
4 The cost of raw materials will get higher.	d This could be because companies only want to employ highly skilled workers.

SPEAKING ACTIVITY

KEY:

1 d

2 b

3 c

4 a

Modal verbs: talking about possibility

Complete these sentences about the AFG story with a word or phrase from the box. You may use each word more than once.

might be probably may possibly perhaps

- 1 George Lukacs thinks that AFG is _____ moving to Eastern Europe to take advantage of labour costs.
- 2 ' _____ AFG is moving to Eastern Europe because of the higher availability of labour there,' said Frederick Larsen.
- 3 Carolyn Martin thinks that AFG _____ moving to Eastern Europe because of the availability of raw materials.
- 4 Lukacs and Larsen both think that other European firms _____ won't move to Eastern Europe.

- 5 The workers in Liverpool and Lyons _____ go on strike as a protest.
- 6 This move to Eastern Europe will _____ make AFG more profitable.
- 7 _____ higher taxes will damage the economy.
- 8 There _____ a recession in the Western European economy soon.
- 9 AFG products _____ become less popular in Western Europe after the company moves to Eastern Europe.

1 probably

2 Perhaps

3 might be

4 probably

5 may

6 probably

7 Perhaps

8 might be

9 may

I TRANSLATE THE FOLLOWING SENTENCES:

Niko ne želi da ulaže u sjever jer se investitori plaše visokih poreza.

Vjerovatno će svi radnici stupiti u štrajk.

Rukovodioci nemaju dobar odnos sa zaposlenima.


Možda nije ekonomično zadržati fabrike u Aziji.

Troškovi radne snage u Aziji su mali i možda se zato sva preduzeća sele tamo.

Kompanije zapošljavaju samo obučene radnike i zbog toga je nezaposlenost visoka.



I TRANSLATE THE FOLLOWING SENTENCES:

1. No one invests in the North because investors are afraid of high taxes.
 2. Probably all the workers will go on strike.
 3. Managers don't have good relations with their employees.
 4. Maybe it is not economical to keep the factories in Asia.
 5. Labour costs in Asia are low and perhaps that is why all the businesses are moving there/have moved there.
 6. Companies employ only skilled workers and that is why unemployment is high.
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That's all Folks!

**THAT'S ALL FOLKS.
THANK YOU FOR COMING!
SEE YOU NEXT WEEK.**

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THANK YOU FOR COMING!
THAT'S ALL FOLKS.