L2 SCIENCES ÉCONOMIQUES

ENGLISH FOR ECONOMICS
L2 – Panthéon Assas

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First Semester

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COURSE DESCRIPTION

This course is based on weekly classes. Each class lasts 90 minutes.

The objective of this course is to help you acquire skills necessary for study and work in the field of economics.

The skills targeted in the first semester are:

- Reading, understanding and writing a summary of an economic article,
- Taking notes while listening to an interview or lecture on an economic subject,
- Giving and justifying your opinion in debates.

The texts and audio material used in the course are taken from economics journals, magazines, textbooks and websites. They will allow you to further improve your use of English while widening your knowledge of economic vocabulary.

In the first semester, the course will focus on microeconomics, with two chapters:

- The corporation: business structures, organisation and management.
- The way the Anglo-Saxon press sees the French economy and corporate culture.

You will receive course notes which contain the texts and exercises we will use in class.

It is essential to bring these to EACH class.
CONTINUOUS ASSESSMENT AND EXAMS

Your mark for each semester is independent and it is made up of one grade for the final exam and another for continuous assessment. Both grades are out of 10.

Exams are given in January for the first semester and June for the second.

Continuous assessment is based on at least one grade for the mid-term exam and another based on your spoken English, in-class participation, homework, progress and punctuality.

ATTENDANCE is mandatory for every class. PUNCTUALITY is also required. You may not be admitted to class if you are late. Continual assessment accounts for 50% of your final grade therefore your attendance and punctuality will have a significant influence on it. Oral participation is also taken into account. Each student will have to take part in one oral debate each semester.

MID-TERM EXAMS will be given during each semester. Your instructor will set the date for these exams.

FINAL EXAMS last 90 minutes. You will be asked to use the skills you have learned throughout the preceding semester.

<table>
<thead>
<tr>
<th>Continuous Assessment (50%)</th>
<th>Final exam (50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debate</td>
<td>Mid-term Test (90 minutes. Summary)</td>
</tr>
<tr>
<td>Attendance, punctuality, oral participation, homework, short in-class tests on grammar and vocabulary.</td>
<td>25%</td>
</tr>
</tbody>
</table>

25% | 25% |
Plagiarism is taking another person's words, ideas or statistics and passing them off as your own.

The complete or partial translation of a text written by someone else also constitutes plagiarism if you do not acknowledge your source.

Since one cannot always be original it is entirely acceptable to present another person's ideas in one’s work. However, it must be done properly to avoid plagiarism.

**PRINCIPLES AND RULES**

- When borrowing another person's words, use quotation marks and include complete reference (author's name, date, pages).
- Internet sources must also be acknowledged.
- When borrowing another person's ideas, acknowledge their origin.
- Do not paraphrase another writer's words and pass them off as your own.
- If you use someone else's words, data, etc., use quotation marks and give a complete reference.
- If you borrow someone else's ideas, give a complete reference.

When looking for information online, you may be tempted to copy and paste short segments from Wikipedia.org or other websites. **IT IS PLAGIARISM.** Even though what you find is free and available to anyone, you cannot take it unless you say where (and when) you found it.
OUTSIDE THE CLASSROOM

Learning a language can be fun but it also requires substantial work on a regular basis.

You must participate fully in the classes and do all the reading and exercises required of you for homework. However, you should also seek every occasion to use English outside of the classroom.

In addition to your weekly tutorial, we strongly recommend that you have as much contact as possible with the English language.

- Read books, newspapers and magazines in English. The Economist, The Financial Times and The Wall Street Journal are all available online.


- Surf the Web - look at economics blogs such as those by Greg Mankiw, Paul Krugman or the Freakonomics team.

- Go to the Resource Center on the fourth floor at Vaugirard.

- Listen to music with English lyrics, and watch the original versions of films and TV shows.

- Converse with native speakers of English.

In short, the more practice you have in reading, writing, listening and speaking, the stronger your skills will become. It will become easier and more natural for you to speak English. You will also feel comfortable speaking English. Your teachers can recommend appropriate material for your level — don't hesitate to ask them.
CHAPTER 1 – THE CORPORATION

PART 1: STARTING A BUSINESS

Document 1 (audio): Selling like hotcakes

![Food Consumed versus Food Loss Table]

*Percentages calculated collectively for USA, Canada, Australia, and New Zealand.

Source: [http://www.breadfortheheart.org/](http://www.breadfortheheart.org/)

1. Take a look at the table above and make sentences to describe it, using the following leads:
   - The share of consumed grain products
   - The proportion of wasted meat
   - One fifth of the milk purchased in
   - Only around 80% of
   - The most striking/shocking percentage in the table

2. Can you think of solutions to reduce such costly waste?

3. Do you think it could be possible to make money out of that waste? How?
### LEGAL ENTITIES

1. **Fill in the gaps with the appropriate words or phrases:**

   *A limited company* - *a partnership* - *a private limited company (ltd)* - *a sole trader* - *a public limited company (plc)*

| ... is a business that is owned and operated by a single person. The person is liable for all the debts of the company and has unlimited liability. |
| ... is owned by two or more people. Partners have unlimited liability. |
| ... is owned by the shareholders. It has its own legal identity, so the owners are not personally liable for the firm’s debts. The shareholders themselves have limited liability. |
| ... is usually a large business. It’s a listed company. Such firms are commonly referred to as corporations (Corp. or Inc. for Incorporated in the US), though not all corporations are large or listed. |
| ... is often small. Shares are not traded on the stock exchange. |

2. **Can you think of famous firms whose name includes ltd, plc or corp?**

   ........................................................................................................................................................................
   ........................................................................................................................................................................
   ........................................................................................................................................................................
   ........................................................................................................................................................................
3. Five entrepreneurs have been interviewed; try to guess which type of company each initially founded.

– “It took much longer than I thought it would to get the business off the ground. But if we’d had access to more capital, we would have broken even much sooner.”

– “If I hadn’t already had an experience of working for a start-up, it would have been much harder for me to build the company. In fact, I am not even sure that I would have succeeded on my own.”

– “The main problem we had was that my partner and I didn’t agree on how to position our product. I believe that if we’d followed my plan we would have generated enough sales to keep us in business.”

– “My bank manager told me to improve my financial skills. But even if I had, I don’t think it would have made any difference – nothing would because our shareholders just weren’t ready to go along with us on something so different.”

– “If I had accepted that position as an engineer, I don’t think I would have ended up being an entrepreneur. But I wasn’t interested in robotics. So I went ahead with my own plan and today I’m managing a business which has a turnover of several million euros and provides work for thirty-five people.”

2) Read the five comments again paying attention to the underlined verb forms. They are third conditionals. Decide which of them expresses (a) relief, (b) regret, (c) excuse, (d) accusation.

Adapted from Intelligent Business Coursebook. Pearson Longman 2011
1. Read the document below and choose the correct forms for the underlined passages.

Although / Despite / However the types of business entities vary between countries, the most common forms are sole proprietorships, partnerships and companies. Under most international laws, a company is a person or group of people with its own legal personality.

By far the more / the most / the best popular form of company is the limited liability company. Reasons for the worldwide success of this type of business entity include the limited liability of its members for the company's debts, its separate legal personality and the tax system of the country in which the company is formed.

The official procedure for registering a limited company is known as company formation, incorporation or company registration. In the UK, the firm must file its constitution and other required documents with Companies House (www.companieshouse.gov.uk), that / who / which then issues a certificate of incorporation.

A company's constitution consists by / of / at two important documents. The first of these is the memorandum of association. This states the general commercial objects of the company and its authorized capital (also called nominal capital) - the amount of money that can be put into a public company in the form of shares.

The second document contains the articles of association, which regulate the company's internal management. Some aspects of a company's administrative functions defined in the articles of association include the rights and duties of the shareholders and the board of directors. Details of the timing of the company's annual general meeting (AGM) are also provided for / with / Ø in the company's articles.
2. **Match the underlined words and their definitions.**

- **Pages 8 and 9**
  a) __________________________: or share – one of the many equal parts a company’s capital is divided into.
  b) __________________________: investors who own shares in a company.
  c) __________________________: how much money a business yields (for a store: total sales).
  d) __________________________: a company whose shares are traded on a major stock exchange.
  e) __________________________: a company in its earliest stage of development.
  f) __________________________: a legal entity that is separate from its owners, a form of business organization. A large company.

- **Page 10**
  g) __________________________: (also known as **Registrar of Companies**), authority for incorporation of companies and the registration of business names.
  h) __________________________: obligation to pay for a company’s, or a person’s, losses.
  i) __________________________ and __________________________: legal information concerning the company as an official business entity.
  j) __________________________: also known as start-up capital or initial money input.
  k) __________________________: to produce an official document, currency etc.
  l) __________________________: individuals selected by a company’s shareholders to oversee the management of the corporation. They meet several times a year and assume responsibility for corporate activities.
3. **GRAMMAR FOCUS: Expressing alternatives.**

- Complete with both / either... (or) / neither... (nor) / none / all / each / some... others, using each only once.

_________________ type of firms has advantages and drawbacks but ___________ may be preferable if you are planning to expand and grow, whereas ___________ are more suitable to small business operations. For Small and Medium Enterprises (SMEs), you can ___________ opt for sole proprietorship ________ choose to start a partnership. But bear in mind that ________________ of these two options will allow you to open your capital to shareholders. ___________ public limited companies and private companies belong to the same category of firms. The most significant advantage is that ___________ of them limit your liability if the company goes bankrupt and creditors want their money back.

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**Document 4**

**Au Revoir, Entrepreneurs**

*International New York Times, 22/03/2014*

§1 Guillaume Santacruz, an aspiring French entrepreneur, brushed the rain from his black sweater and skinny jeans and headed down to a cavernous basement inside Campus London, a seven-story hive run by Google in the city’s East End. It was late on a September morning, and the space was crowded with people hunched over laptops at wooden cafe tables or sprawled on low blue couches, working on plans to create the next Facebook or LinkedIn. A year earlier, Mr. Santacruz, who has two degrees in finance, was living in Paris near the Place de la Madeleine, working in a boutique finance firm. He had taken that job after his attempt to start a business in Marseille foundered under a pile of government regulations and a seemingly endless parade of taxes. The episode left him wary of starting any new projects in France. Yet he still hungered to be his own boss. He decided that he would try again. Just not in his own country. **London is a favorite destination for tech entrepreneurs, but other cities have attracted the French as well.** Need we say more? The technology hub is now home to 50,000 French nationals and companies like Facebook.

§2 From 80 to 90% of all start-ups fail, “but that’s O.K.,” said Eze Vidra, the head of Google for Entrepreneurs Europe and of Campus London, a free work space in the city’s booming technology hub. In Britain and the United States, “it’s not considered bad if you have failed,” Mr. Vidra said. “**You learn from failure in order to maximize success.**” That is the kind of thinking that drew Mr. Santacruz to London. “Things are different in France,” he said. “There is a fear of failure. If you fail,

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¹ A hive: place where bees make honey
it’s like the ultimate shame. In London, there’s this can-do attitude, and a sense that anything’s possible. If you make an error, you can get up again.”

§3 France has been losing talented citizens to other countries for decades, but the current exodus of entrepreneurs and young people is happening at a moment when France can ill afford it. The nation has had low-to-stagnant economic growth for the last five years and a generally climbing unemployment rate — now about 11% — and analysts warn that it risks sliding into economic sclerosis. Some wealthy businesspeople have also been packing their bags. While entrepreneurs fret about the difficulties of getting a business off the ground, those who have succeeded in doing so say that society stigmatizes financial success.

§4 Today, around 1.6 million of France’s 63 million citizens live outside the country. That is not a huge share, but it is up 60% from 2000, according to the Ministry of Foreign Affairs. Thousands are heading to Hong Kong, Mexico City, New York, Shanghai and other cities. About 50,000 French nationals live in Silicon Valley alone. But for the most part, they have fled across the English Channel, just a two-hour Eurostar ride from Paris. Around 350,000 French nationals are now rooted in Britain, about the same population as Nice, France’s fifth-largest city. So many French citizens are in London that locals have taken to calling it “Paris on the Thames.”

§5 French officials have sought to play down such stories. Their takeaway is that migration — which has grown 4% a year since 2000 — is hardly new, so the outflow is nothing to lose sleep over. Bernard Emié, France’s ambassador to Britain, even argued that it was something to celebrate. “The French are expatriating themselves more and more, but this is encouraging,” Mr. Emié told me. “They get experience, create wealth, and then they will bring that back to France.” Mr. Hollande’s government is now trying to re-brand itself as business-friendly, especially for start-ups. Ms. Pellerin recently cut the ribbon on a large-scale technology incubator in Paris. She unveiled initiatives to free up venture capital and encourage digital entrepreneurship, including a “second chance” program intended to remove the cultural stigma attached to failure. Defeat is seen as so ignominious that France’s central bank alerts lenders to entrepreneurs who have filed for bankruptcy, effectively preventing them from obtaining money for new projects — a practice that Ms. Pellerin would halt. A pledge that Mr. Hollande made in January included a “responsibility pact” — a promise to relieve businesses of some of the burden to finance France’s welfare state.

§6 Back in France, Mr. Santacruz’s parents were still trying to grasp their son’s decision. Having spent her career at the state telecom company, his mother, like many others in her generation, assumed that her children’s main aspiration would also be lifelong job security. “It’s 35 hours a week, good vacation, a pension and protections,” she told me. “O.K., it’s not very interesting, and I don’t get paid much. But it’s stable. I thought that’s a dream that our young people would want, too.” The elder Mr. Santacruz had grown up poor, but eventually got a job as a government customs official. “France gave me an opportunity to make a life,” he said. “The French Republic trained me, and it also trained Guillaume. When I hear young people disparage the country as they leave, I don’t like that. The children of France should not forget that the state has given them a lot.”
I. Reading Comprehension

1. Look up all underlined words in an all-English dictionary and find a synonym for each.
2. Do some research on Campus London (line 2) and use the information to clarify what is described at the beginning of §1.
3. According to the journalist and the people interviewed, why is London the favorite destination of young entrepreneurs?
4. According to the journalist and the people interviewed, why is France threatened by economic sclerosis?
5. What can be said to defend the French system and the role of the French State in society? (Use the second part of the article and personal ideas for this question).

II. Discussion & further use of conditional forms:

➔ If you were given an opportunity to go and work on Campus London for one year and start your own company there, would you go or would you prefer to stay in France and spend a year in HEC business school? Explain your preference.

III. Follow-up:

1. What it takes to be an entrepreneur:
David S. Rose, a serial entrepreneur and angel investor, author of the new book “Angel Investing” wrote “You have to have an unreasonable level of confidence as an entrepreneur, or you'll never get started. Starting a company is extraordinarily difficult, even agonizing. You need self-confidence and ego to get through it.”

Using either/or ; both/and ; whether/or; not only/but also; neither/nor, make five sentences about the qualities in the box below and give your views about what it takes to be a successful entrepreneur today:

<table>
<thead>
<tr>
<th>risk-taking</th>
<th>well-organized</th>
<th>self-belief</th>
<th>endurance</th>
<th>workaholic</th>
<th>strong work ethics</th>
<th>need for autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td>will to succeed</td>
<td>business acumen</td>
<td>market awareness</td>
<td>need for power</td>
<td>creative &amp; innovative</td>
<td>cool-headed</td>
<td>Flexible</td>
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Failure: is it educative or dangerous?
A 2009 study found that entrepreneurs who had failed in the past were not much more likely to succeed in new ventures than first-time entrepreneurs were—some 80% of those who had failed before failed again. A later study of more than eight thousand German ventures came to an even more pessimistic conclusion: founders who had previously failed were more likely to fail than novices.

*The New Yorker*, May 19, 2014  James Surowiecki

**Brainstorming:**

→ What can you learn from failing an exam, a sports competition or as an entrepreneur? Find notable examples of people who have failed in business and discuss them.

→ List the consequences of going bankrupt both for an entrepreneur and for his business, employees, creditors etc.
How to write a summary

In the business world, managers frequently do not have the time to read long, complicated documents. It is therefore important to be able to summarize the main ideas of a text. Summarizing is more than reducing the length of an article. It requires rewriting and the ability to decide what to keep and what to leave out. To do this you must identify key words and sentences. In this section we will review the skills needed to write linear summaries.

Key features of a summary

1 - A summary is shorter than the source. For our purposes, the text should usually be shortened to approximately a third of its original length.
2 - Keep only the main ideas. Repetitions and superfluous details distract the reader from the main points.
3 - It is NOT a reorganisation of the original sentences. This would be plagiarism. A summary presents the main ideas of the source text using different words and sentence structures. Direct speech should be changed into indirect speech, and direct quotations of the text should be avoided, unless they are essential to the summary.

Writing a linear summary

A linear summary respects the chronology and structure of the original text. The first sentence expresses the main idea of the text, and then the supporting arguments are summed up and presented in the same order as they appear in the original. So you don't need to write your own introduction to the text, nor do you have to mention its source and author. Linking words (first, next, finally, etc.) are used to indicate the order in which the author expresses his or her ideas. Examples may be taken from the original if necessary, but you should never add your own.

The first step is to determine the structure of the text. The main idea is usually expressed toward the beginning and is often repeated at the end, and the topic sentences can help you find the supporting arguments. The order in which the author presents his or her ideas constitutes the logical structure of the text, that is, the way in which the ideas flow from one to another in a logical and intelligible manner. Understanding the text’s structure will then allow you to arrange the ideas into a hierarchy by determining the main idea of the text, the supporting ideas, and the way in which they are presented.

Please note that it is common for journalists to begin with an anecdote in order to attract the reader’s attention, and then to write the more substantial content in the second paragraph. Having obtained the reader’s attention, the journalist may also choose to write headings to encourage the reader to continue to the end of the article. These headings can help you find the structure and main points of the text.

➔ Read again “Does Big Business Mix With Families?” with the following questions in mind:
1. How is the text structured?
2. How does the author introduce the main idea? What is the topic?
3. How does the author develop his or her argument?
4. Identify transitional, time-based expressions and other link words.
5. How does the author close his or her argument?

➔ Then write your own summary of the article in about 300 words. Make sure you use your own English; avoid borrowing more than three-word sequences from the article.
**DEBATE TOPIC 1**

Would young entrepreneurs find a better environment abroad or is France business-friendly enough?

**DEBATE TOPIC 2**

To start a successful business, you do not need to be a great manager. You just need to find the right idea, at the right time in the right place!

Choose your side and prepare your arguments. Try to find relevant examples to back up your point! Also emphasize the consequences of education / globalization / consumption / politics on the economy, consumer behavior and entrepreneurs. Use vocabulary from page 20.

### Debating rules

- 4 students debate: 2 pro and 2 con.
- The rest of the class will be appointed as judges:
  - *some will have to score each point made and each point successfully rebutted.
  - *some will be time keepers.
  - *some give an overall score for the debaters’ English and ability to convince an audience.
  - *some will focus on the debaters’ body language.

**Week 1** – Students choose a partner and their role for the next debate. Both pairs then prepare their arguments and will have to do a little research at home (statistics, concrete and/or topical examples to illustrate their point). They will have to check the list of useful vocabulary on page 26.

**Week 2** – Debate takes place:

#### Timing

**First phase.** The Pro team opens the debate. They have 4 minutes to introduce their position and present their arguments. There is a 30-second pause after which the con team has 4 minutes to make their rebuttal of the pro team’s positions. They may only comment on points that were raised by the pro team. At this phase they do NOT introduce their own ideas. There is a 30-second pause for the judges to add up the points and note down the provisional score. Teams get 1 point for each proposition and 2 points for each proposition successfully rebutted.

**Second phase.** The Con team has 4 minutes to present their arguments. After a 30-second pause the pro team presents their rebuttal in 4 min.
Useful **Debate** Vocabulary

**Stating an opinion**

- In our opinion...
- We (don’t) think that...
- The way we see it...
- If you want our honest opinion....
- According to me... → According to the other side/ our opponents...
- As far as I’m concerned...
- Our position is the following...

**Sequencing:**

- Firstly..., secondly..., our third point is that...
- The first good reason to... is that...; next; what’s more; moreover....
- To begin, we think that... ; in addition, you have to know that... ; last but not least....
- The first point I would like to raise is this...
- Here’s the main point I want to raise...
- I’d like to deal with two points here. The first is...

**“I’m listening to the other side.”**

- I see your point, but I think...
- Yes, I understand, but my opinion is that...
- That’s all very interesting, but the problem is that...
- I’m afraid I can’t quite agree with your point.
- I think I’ve got your point, now let me respond to it.
- We can see what you’re saying. Here’s my reply...

**Disagreeing:**

- Excuse me, but that’s not quite correct.
- Sorry, I just have to disagree with your point.
- Let me just respond to that, please.
- I’d like to take issue with what you just said.
- We said that... but the other side has not replied to our point.
- I’d like to focus on two points that the other side has failed to address.
- There are two issues our opponents have failed to dispute, namely...
- We pointed out that...
- Our opponents have claimed that...
- We have data showing that...
- Let’s take a case in point...
- The example of... clearly shows/proves that...
Case Study

Imagine you are planning to set up a small family business: a luxury French delicatessen. The Frog & Snail will import premium food products directly from France and retail them in a small boutique. Your customers will also be able to choose from a selection of typically French homemade dishes to eat in or take away.

➢ Decide on the most adequate legal structure, knowing that you wish to keep the business in the family and that you and some relatives have enough funds for the start-up capital.

➢ Decide in which European country you would start such a business: would it have a market and a future in France? Where else could you start up and why? Do some research on your preferred destination and describe in about 7 sentences the things you would need to do before your business has a legal existence and can start operating.

______________________________________________  ____________
______________________________________________  ____________
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_________________________________________________________________________________
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_________________________________________________________________________________

➢ This Case study can be turned into a role play with two teams of two students trying to convince a banker to lend them money to start the business in two different countries.
The list of famous companies founded during economic downturns is long and varied. It includes General Motors, AT&T, Disney and MTV, all founded during recessions. A 2009 study found that over half of Fortune 500 companies got their start during a downturn or a bear market.

A recession, it seems, may not be an entirely bad time to start a company. Indeed, busts (and booms) cast a longer shadow on the business landscape than is commonly realised, because they influence both the rate of business formation and how existing firms are run.

Some argue that recessions speed up the process of productive economic churn — what Joseph Schumpeter called “creative destruction”. The destruction part is easy to see: downturns kill businesses, leaving boarded-up windows on the high street as their gravestones. But recessions may also spur the creation of new businesses.

When people suddenly have less money to spend, clever entrepreneurs may see an opportunity to set up businesses that give them what they want more cheaply or efficiently. Downturns may also swell the ranks of potential firm creators, because many who might otherwise have sought a stable salary will reinvent themselves as entrepreneurs. (…)

A recession is a difficult time to start a company, of course. Credit is scarce. Would-be entrepreneurs are further handicapped by falling asset prices, since they might want to use their homes as collateral for a start-up loan. (…)

Mr Fairlie finds evidence that the spur to enterprise during the most recent recession in America from a drying-up of other employment opportunities outweighed the drag on business formation from a collapsing housing market. That said, a shrinking economy also makes it hard for young firms to take root and grow. A study commissioned by the Kaufmann Foundation, an organisation devoted to entrepreneurs, suggests that young companies, typically responsible for the bulk of US job creation, added only 2.3m jobs in 2009, down from about 3m a year earlier.

Tough times do not suddenly prompt everyone to start a business. (…) But research also suggests that recessions have lasting effects on how executives manage businesses. John Graham of Duke University and Krishnamoorthy Narasimhan of PIMCO have found that chief executives who lived through the Depression tended to run companies with lower debt levels (…). In a new study, Antoinette Schoar and Luo Zuo of the Massachusetts Institute of Technology show that companies run many years later by people who cut their teeth during bleak times, when money was tight and
customers harder to find, are systematically different from those run by managers whose formative experiences date back to expansionary times, when credit and optimism were in ample supply.

By carefully dissecting the careers of over 5,700 bosses of companies that have been on the S&P 1500 list, Ms Schoar and Mr Zuo found that those who began their management careers during a bust were substantially more risk-averse, took on less debt and generally were more conservative managers than the rest of the sample. (…)

Bosses whose careers began in a recession also tend to be so concerned about cost-effectiveness that the companies they go on to run spend less on research and development. They may thus be too conservative: firms with bosses whose professional baptism came in a weak economy have lower returns on assets than those run by other managers.

Why should this be? One plausible explanation is that recessions affect the way people take decisions. Management styles are surely in part the result of the kinds of problems a person has had to grapple with. Even a risk-lover may end up taking more conservative financial decisions in a weak economy. If these decisions serve him well in lean times, then he may conclude that fiscal prudence is a stance worth sticking with in years of plenty.

Recessionary genes

Downturns also funnel people into different jobs from those they might otherwise have entered. A 2008 study (…) found that Stanford MBAs disproportionately shunned Wall Street during a bear market. This may seem unsurprising— who wants a job in finance when the market is tanking? But there are reasons to believe that these choices make a difference well into the future. Those who begin their careers in a bust are less footloose than their boom-time equivalents. Ms Schoar and Mr Zuo find that the average recession-scarred chief executive is more likely to have risen through the ranks of a firm than the norm, and is less likely to have switched employers or jumped from one industry to another.

The pool of candidates for top jobs in a particular industry reflects the choices that people make early on in their working lives. Yet these choices are the result not only of managers’ preferences and abilities (…) but also of the economic circumstances that prevailed at the time they began working. Whether they were set up during a boom or a bust, today’s firms are deeply affected by the economic fluctuations of the past. (835 words)

1. Vocabulary homework:

Look up all the underlined words and make sure you have a written synonym or a short definition in English for all items. → Those listed below must be learned for next week and revised for the mid-term test:

- a bear market
- the high street
- to spur
- scarce
2. **General Understanding:**

Read the article carefully. Did the journalist organise the ideas according to a specific outline? Which sentence from the first paragraph hints at a two-part general outline? Try to find a short title for each of these parts.

- Can you think of examples to illustrate the following statement? “When people suddenly have less money to spend, clever entrepreneurs may see an opportunity to set up businesses that give them what they want more cheaply or efficiently.”
- Explain and discuss the following statement from the article:
  - “Those who begin their careers in a bust are less footloose than their boom-time equivalents.”
  - “Whether they were set up during a boom or a bust, today’s firms are deeply affected by the economic fluctuations of the past.”

⇒ **DEBATE TOPIC 3**

Is a good manager more of a visionary strategic planner or more of a charismatic leader?

3. **Summary Writing:**

Use the advice provided page 23 to write a synoptic summary of ‘Downturn, Start-up’ in about 275 words. Make sure you use your own English: avoid borrowing more than three-word sequences from the article.
Writing a synoptic summary

A synoptic summary is shorter than a linear summary. You do not need to respect the chronology of the author’s ideas in a synoptic summary. You are able to reorganize the original format. You do NOT however, modify the author’s ideas or perspective on an issue (pay careful attention to giving a similar balance of weight to the ideas in the text in your synoptic summary or you will bias your summary).

Once you have presented the main ideas, the synoptic summary is complete – you DO NOT add your own opinion in a summary. To start, you may begin with one sentence that sums up the main point of the text. The author and the source of the text can then be named in the introduction. You are then required to design a structure for the summary that is rational in relation to the content. It is helpful to look at the original structure. Identify the parts of the article. After that, reconstruct your text according to the main idea, which should be stated at the beginning of your summary.

Bear in mind that texts have different purposes — consider the following documents
a) Persuade = sales letters, an advertisement, some newspaper articles
b) Explain = a dictionary, an encyclopaedia article, magazine
c) Describe = a leaflet, a holiday brochure, a book review
d) Instruct = a school textbook, a computer manual
e) Inform = a weather forecast, a newsletter, a tourist information leaflet, the telephone book, some newspaper articles…
→ of course, some texts may combine several purposes.

When writing a synoptic summary, use the 5 steps from page 18 to guide you.
Try to present the ideas in the text using your own logical structure. Try to write this summary in less than 300 words. Use appropriate transition words. Please avoid expressions such as ‘to my mind’.

More advanced work

For exams or articles, students or authors must limit the number of characters they use. For publishable works this can include spaces and punctuation marks as well as words. Thus it is imperative to get ideas across in fewer words and spaces. In English, shorter is better. To do this your writing has to have an impact – yet remain intelligible.
→ To shorten a text you may:
  ▪ Use the active rather than passive voice
  ▪ Change the structure to present the same ideas using less space
  ▪ Change the sentence structure to ensure you say only what needs to be said
  ▪ Whenever possible use a pronoun for a noun group….he, she, it etc.
  ▪ Cut adverbs and adjectives if necessary.

By the end of the term, you’ll need to write either a linear or a synoptic summary of at least two of the texts in the brochure.
PART 2: MANAGEMENT ISSUES

Family businesses

Document 6: video

Seeds, spices and rare family business success
https://www.youtube.com/watch?v=eABzmtme5n0

Listening Comprehension

1. When was Sahadi’s Importing Co created? What does the company sell?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

2. Why is the business said to be “recession-proof”?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

3. How many family-owned companies make it to the fourth generation?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

4. What is the main asset of family businesses, according to Charlie?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

5. What do customers think?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
Feuds threaten Asia's family businesses
8 March 2012, by Katie Hunt Business reporter, BBC News, Hong Kong

From Samsung in South Korea and India's Reliance Industries to Hon Hai, the Taiwanese maker of the iPad, family businesses dominate Asia's, and increasingly the world's, corporate landscape. They account ……………… 1/2 of Asia's publicly listed companies, 1/3 of the region's stock market value and employ millions of people, according to investment house Credit Suisse, making their success key to Asia's emerging economies.

But these corporate dynasties, most founded in the aftermath of World War II, are facing …………… new challenges as their elderly founders hand ………... the reins to the next generation.
[...] "Many Asian entrepreneurs are very successful businessmen but they fail ……………… this simple question," says Joseph Fan, a finance and accounting professor at the Chinese University of Hong Kong, who has enquired ……………... the succession of family-run companies in Taiwan, Hong Kong and Singapore.

The business - and gossip - pages of Asia's magazines and newspapers are rife with examples of corporate families locked in bitter court battles over the family fortune: Last month, Lee Kun-hee, the 70-year-old chairman of electronics giant Samsung, was sued by both his brother and sister over company shares left by their late father.
[...] And in Hong Kong last year, a bizarre row erupted over the future of billionaire Stanley Ho's Macau casino business, which pitted Mr Ho ……………... some of his own children. Given that many of Asia's tycoons are now in their 80s and 90s, the next decade will probably see a number of leadership successions.
"It could be a systemic risk," says Prof Fan. "They are very significant components in their respective economies." For example, the Ho family is said to account for 40% of Macau's economy.

Prof Fan says that while not all family businesses experience bitter power struggles, the generational shift still has a profound impact on a company's stock market performance.

In a recent study, he tracked the market performance of 250 family companies that underwent a succession.

The sample showed that, on average, these companies' stock values declined almost 60% during the period starting five years before the succession up until three years afterwards.

Prof Fan says that the success of a family firm is often down to the skills, charisma and connections of the founder, something that subsequent generations may find hard to replicate.

"The most challenging task is passing to the next generation these intangible assets," he says.

"For example, anyone could build a house or construct a building like Li Ka-shing, but not everyone has his reputation or political connections," he adds, referring to Asia's richest man, who runs Hong Kong conglomerates Hutchison Whampoa and Cheung Kong.

Li & Fung, a Hong Kong-listed trading company that manages the supply chains of companies like Wal-Mart, is often cited as an example of a company that has handled the pressures of running a family business well.

It is run by brothers William and Victor Fung. They are the third generation of their family to manage the firm, taking over the company in 1972 after attending Harvard Business School.

"One of the first challenges that Victor and I had when we came back was how to expand if you outgrow the family resources in terms of management skill and financial resources," William Fung said. [...] The Fungs found the solution was to list the company on the Hong Kong stock exchange.

"The idea is if you go public you bring in public scrutiny, bring in outside directors, bring in a regular dividend policy and you bring in value for your shares," he says.

[...] "In the old days, perhaps you always had to guarantee a relative a job but (once you list) that no longer needs to be the case because you can benefit from ownership and not work."

More recently, Li & Fung appointed an outside chief executive. Observers say that this regrouping will give the company time to see if the brothers' children, who are still relatively young, have the interest and ability to run the firm.

William also jokes that the company benefited their grandfather being a Catholic, meaning that unlike many traditional patriarchs of that era in South East Asia, he only had one wife. Many of the most bitter family feuds, such as the Ho family in Hong Kong and Macau and the Wang family in Taiwan, result from infighting between multiple wives and children.

Further problems stem from the different attitudes of a younger generation, who have often been educated abroad, and may not share the grit and determination of their forefathers.

"These families play a very important part in explaining the Asia economic miracle," says Prof Fan. "They were highly motivated and willing to sacrifice their personal interest in favour of family and business interests. "The question now is whether the same values can be passed to the next generation."
I. Reading the article in order to summarize it

1. Vocabulary

a) As a student in economics, you need to understand and remember all the highlighted words in the text.

→ Insert them in the sentences below, paying attention to tenses and plural or singular forms.

- A ___________________ is the person who first started a company.
- _______________________ are members of the board that meets regularly at the firm’s headquarters. They appoint the ________ ________________ Officer.
- Arguments and disagreements between people in the same group who are competing for power are called ___________________.
- When a private company decides to open its capital to anyone interested in investing in it, it ___________________ ____________ .
- A ___________________ is any of the units of equal value into which a company is divided and sold to raise money. People who own shares receive part of the company's profits.
- A survey is an assessment of public opinion by questioning a representative ___________ of the population.
- A ___________________ ____________ is the policy a company uses to decide how much it will pay out to shareholders in dividends.
- The ____________ or chairperson of the board is the highest-ranking member of a Board of Directors, who presides over its meetings and who is often the most powerful officer of a corporation.
- After 25 years running the company, his father retired and he had to ___________ _______ the job.
- The courage and determination that makes it possible for somebody to continue doing something difficult or unpleasant can be defined as ____________.
- When a company’s shares is on the official list of shares which can be bought or sold on the Stock Exchange, the company has been ___________________ ____________ ____________ _________________.
- A ___________________ is an angry and bitter argument between two people or groups of people that continues over a long period of time.

b) When you read an article to summarize it, you also need to be able to use the context to guess the meaning of the words you don’t know and find synonyms that will be useful in your summary.

→ Practise on the underlined words.
c) **Fill in the gaps with the appropriate preposition:**


d) **FOLLOW-UP:** Write out the numbers below in full.

1/2 of ……………………………

1/3 of ……………………………

70 ……………………………

80s ……………………………

90s ……………………………

40% ……………………………

1972 ……………………………

250 ……………………………

60% ……………………………

### 2. Comprehension

a) Look at the family business tree that illustrates this article. Which words in the tree relate to the ideas discussed by the journalist?

b) How does the journalist use examples and anecdotes?

c) Would you say this article emphasizes the strengths or the downsides of family businesses?

d) Which supporting ideas are used to highlight the journalist’s key point?

---

Using the guidelines page 16 or page 23 write a linear (p.16) or synoptic (p.23) summary of approximately 350 words (+/- 10%) Put a slash (/) after each 50-word section and write the summary in your own English (sequences with more than 3 consecutive words from the source will NOT be considered to be your own English).
FOLLOW-UP: Food for thought

Describe one of the documents below in five sentences, using at least one comparative and one superlative.

Source: *Dusk for the Patriarchs*, The Economist, 03/02/2011.


Family businesses are a thing of the past, just like State-controlled businesses.
**Document 8**

**Women at work**

*Fill in the blanks with the appropriate phrases from the list*

glass cliff - pink collar worker - gender gap - double day - sticky floor - glass ceiling

When economists speak of the ……………………………………… these days, they usually are referring to systematic differences in the outcomes that men and women achieve in the labor market. These differences are seen in the percentages of men and women in the labor force, the types of occupations they choose, and their relative incomes or hourly wages.

The term …………………………… is used to describe a discriminatory employment pattern that keeps a certain group of people at the bottom of the job scale. Most of the workers who experience this are ……………………………., such as secretaries, nurses, or waitresses.

By comparison, the term ……………………………… is used to describe an artificial discriminatory barrier which blocks the advancement of women or people of color who already hold fairly good jobs, usually in middle management.

Once women have managed to break through this barrier, they are actually more likely than men to find themselves on a …………………………………., meaning their position of leadership are risky or precarious — either because they have been appointed to lead organizations (or organizational units) that are in crisis or because they are not given the resources and support needed for success.

Most working women are expected to work a …………………………………., where they are expected to do household work in addition to their wage labor.

**Document 9**

**Women in a Man’s World**

Adapted from ANDREW ROSS SORKIN, The New York Times, APRIL 2, 2013

Irene Dorner blames herself — and her female colleagues — for the lack of women on Wall Street.

As the chief executive of HSBC USA, Ms. Dorner, 58, is one of the few women to have breached the upper levels of finance. But along the way, Ms. Dorner said, she didn’t push hard enough to change the “status quo” on male-dominated trading floors and executive suites. Rather, she said, she kept her head down, focusing on her own career.

“The women at the top of organizations that I know will tell you that we think that we’ve made it because we can play by these rules without feeling damaged by them,” Ms. Dorner said. “Or, we’ve learned how to play by these rules and use them to our own advantage.”

“I suspect that we were simply not very good role models. And there aren’t enough of us to be visible so that people can work out how to do what we did.”

Ms. Dorner and her peers in the upper echelons are the latest generation of women making it in a man’s world.
Isabel Benham, who started her career as a bond analyst in 1934, was so worried about being taken seriously that she initially signed her reports using her first initial and middle name, “I. Hamilton Benham.”

When Muriel Siebert became the first woman to own a seat on the New York Exchange in 1967, the Big Board had only men’s bathrooms. “Not since I was a baby had so many people been so interested in my bathroom habits,” she declared in her memoir.

Ms. Dorner, who started her career in 1982 as an in-house lawyer at the merchant banking arm of Midland Bank, recounted a gathering several years later at a bar with a group of male colleagues, who she said made misogynistic comments.

The challenges are not unique to Wall Street. While women and men appear in the broad work force in equal numbers, few women make it to the executive suite, regardless of industry. And female chief executives are even rarer.

Many companies are trying to close the gender gap, with varying degrees of success.

Big banks have created networking and mentorship programs to cultivate talented women. As a way to boost the number of women with computer science and engineering degrees, nonprofit groups are focusing on teaching high school girls to code. Norway requires 40 percent of the board members of public companies to be women, a model that the rest of Europe is considering.

Sheryl K. Sandberg, the chief operating officer of Facebook, has helped start a national conversation over the issue with her best-selling book, “Lean In.” In it, Ms. Sandberg argues that women may be holding themselves back in the workplace “by lacking self-confidence, by not raising our hands and by pulling back when we should be leaning in.” Her position has prompted an angry response from some, who say Ms. Sandberg is blaming the victim.

But Ms. Dorner, too, says women on Wall Street need to advocate more forcefully for themselves. In many cases, she says, the problem of the glass ceiling is matched by what she calls the “sticky floor” — that is, women who remain in lower-tier jobs because they don’t proactively try to climb the corporate ladder.

“Women do funny things,” Ms. Dorner said. “They do things like work very hard and expect to be noticed for it — and they’re not, because it doesn’t work like that.”

Instead, Ms. Dorner argues that women need to take a page from their counterparts in pushing their own agenda and advancement. “I don’t think we need to suddenly flip and all be acting in a male way,” Ms. Dorner said, “but you can learn something from male behavior.”

“If you offer a woman a professional management opportunity or promotion — and I’ve had this happen to me — the first thing they do is produce a long list of pros and cons: ‘Oh, dear, what do I have to do with child care? I must and go tell my husband,’ ” she said. “If you offer it to a guy, he’ll just say: ‘Well, thank you very much. I’ll do the best I can.’ ”

Ms. Dorner says she wishes she had spoken up earlier, by trying to reform practices and pushing for diversity programs. In her position, she said, she could have helped change the underlying cultural bias against women.

“I only realized what was happening when I was 50, because there I was, making my way in the unconscious rules,” Ms. Dorner said. “I really do think the next push has got to come from the senior middle-management women who must stand up and be counted on this earlier than I did.”
As she sees it, diversity is not just a moral issue, but also a good business decision. “I think that you are insane commercially if you run any corporation and you turn down the opportunity for different views, innovation and a different way of thinking.”

I. Reading comprehension:
1. Look up all underlined words in an all-English dictionary and find a synonym for each.
2. What rules does Irene Dorner refer to in paragraph 3 and why does she regret not being a “better role model”?
3. Which of the anecdotes related by successful Wall Street female executives do you find most shocking? Have you ever witnessed any examples of discrimination at work?
4. Which reasons are given in the text for women not breaking through the glass ceiling?
5. Do you agree with Sheryl Sandberg and Irene Dorner that women are partly responsible for not achieving higher positions at work? Do you agree with the solutions they propose?

II. Grammar focus:
1. Check out the structures in bold.
2. What are the modals used and why?

3. What is the form of the verb used after the modal? Why?

Using the guidelines page 16 or page 23 write a linear (p.16) or synoptic (p.23) summary of approximately 350 words (+/- 10%) Put a slash (/) after each 50-word section and write the summary in your own English (sequences with more than 3 consecutive words from the source will NOT be considered to be your own English).
Document 10: Video


Comprehension:

1. According to Sallie Krawcheck what are the factors responsible for the financial crash of 2008?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

2. What are the characteristics of Krawcheck’s stock mutual fund*?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

3. Why is the example of Xerox relevant to Krawcheck’s ideas?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

4. How does women’s relation to risk influence their business-savviness?

_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________

* A stock mutual fund is an investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in stocks. They are operated by money managers who invest the fund’s capital and attempt to produce capital gains and income for the fund’s investors. Mutual funds give small investors access to professionally managed, diversified portfolios which would be quite difficult to create with a small amount of capital.
FOOD FOR THOUGHT ➔

Source:
http://www.pinterest.com/womenpowerbiz/infographics/

➔ DEBATE TOPIC 5

Should women ‘lean in’ as Sheryl Sandberg wrote, or is a systemic change needed for them to break the glass ceiling?
PART 1: EMPLOYMENT

Document 11: (audio) US Boss vs. French Workers

U.S. Boss Offers Blunt Critique; French Workers Give Fiery Response

by ELEANOR BEARDSLEY, NPR.org, February 28, 2013


1. The following words will help you to understand the document. Try to memorize them.

to prompt chuckles to cause to laugh
a tyre (UK) / tire (US)
ailing unsuccessful
a plant a factory
to strike a nerve to upset
a (trade) union an association of employees formed to improve their incomes and working conditions by collective bargaining with the employer or employer organizations.
to fit the bill to be suitable for a particular purpose
a town hall a building in which local government officials and employees work and have meetings
to leak information to allow secret information to be generally known
layoffs  dismissals / redundancies / sackings

to hold off  to delay / to postpone

firebrand  troublemaking

to hammer out  to produce an agreement after much discussion or dispute

to hum along  to be active / busy

a shift  a working period

2.  **Warm up: Stereotypes**

➔ *With your partner, discuss the following questions:*

   a.  What stereotypes do the French have about the American business culture?

   b.  What stereotypes do Americans have about the French business culture?

3.  **Listen to the news report and answer the questions below:**

   a)  Who is Morry Taylor?

   __________________________________________________________

   b)  Who is Arnaud Montebourg?

   __________________________________________________________

   c)  What was the content of Morry Taylor’s letter?

   __________________________________________________________

   d)  What was Arnaud Montebourg’s response?

   __________________________________________________________

   e)  What was the workers’ response?

   __________________________________________________________

   __________________________________________________________

   __________________________________________________________
f) What information do we get about the Amiens Goodyear plant workers’ current situation? What led to it?
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________


g) How does the head of the plant’s union portray Morry Taylor? Comment.
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________


h) What challenges does France face in a globalized world? Comment.
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________


i) Compare the Goodyear and the Dunlop methods.
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
_________________________________________________________________________________
FOLLOW-UP: Indirect speech

Some words may be changed in indirect speech because the original speaker’s `here’ and ‘now’ are not the same as the reporter’s, so do not forget to change pronouns, tenses and word order when necessary.

Transform the sentences below into direct or indirect speech

a) Taylor told the workers: “When you get to a machine, you work really well, but half of the time you are having discussions, as if you were in a beauty parlor.”

b) Taylor said he'd open a factory in China, pay workers a fraction of French salaries, and export those tires back to France.

c) “If Titan's tires are imported to France,” threatened Montebourg, “I'll make sure they're inspected with particular zeal.”

d) The journalist can't help wondering: Can the protective French employment model survive in a globalized world?

e) Workers asked why they should lose their jobs when the company is hugely profitable.
PART 2: THE FRENCH LABOUR MARKET

Document 12
French businesses push Hollande to ease labour costs
Adapted from Hugh Carnegy, Financial Times, February 2, 2014

To understand the task facing President François Hollande as he battles to reverse record unemployment in France, look no further than Kwanko, a growing online advertising agency.

In 2010, the Paris-based business employed 100 people, all in France. Today it employs 160 – but all of the new jobs have been added abroad. The headcount in France has stood still.

François Bieber, co-founder of Kwanko and an activist with the business lobby group CroissancePlus [GrowthPlus], spells out one of the issues Mr Hollande has promised to tackle in a bid to wrestle down the near 11 per cent jobless rate: high labour costs.

“To hire a good graphic artist in France I need to pay a gross salary of ………………… a month,” Mr Bieber says. “But the business has to make ………………… to cover all the social charges, taxes and our running costs – and have some margin left over.”
By contrast, he says, he can hire someone in Portugal with the same skills for …………………, on a …………………-hour week, compared to the statutory 35-hour week in France. He says the business then only needs to make €5,000 to cover all the costs and make a good profit margin.

“When I want to launch a new product, it is easier to take the risk in a place like Portugal,” Mr Bieber adds.

Mr Hollande has plotted a marked swing in policy aimed at boosting private sector employment. A cut in labour costs features in his proposed “responsibility pact” with business.

His initiative, now being hammered out with employer and trade union organisations, has been greeted with scepticism by business leaders after almost two years of heavy tax increases by the Socialist government.

But underlying business frustration is a belief that potential for growth is strong, if only the government would finally deliver on promises to lighten the load on employers.

“France is a racehorse ridden by an obese jockey,” says Alexandre Gérard, the boss of Chrono Flexx, a company based in Nantes in western France that supplies hydraulic hoses to the transport industry.

The French think-tank Coe-Rexecode, using Eurostat figures, says French hourly manufacturing labour costs in the third quarter of 2013 were €37, compared with a eurozone average of €31 – and €22 in the UK – with a similar gap in the commercial and service sectors. Germany shaded above France in manufacturing, but was significantly lower in other sectors.

Big charges on employers to help fund France’s generous social welfare system make up a large chunk of these costs. The OECD calculates the “tax wedge” – the burden of taxes on labour income – in France at just over ……………………… for the average worker, the second highest level among the organisation’s ………………… members.
“This heavy taxation of labour has an adverse impact on employment and, combined with a
minimum wage that is relatively high by international standards...imposes a heavy penalty on
unskilled workers of low productivity by reducing their employability,” the OECD said in a recent
report on France.

Mr Hollande has promised to cut labour charges by ...................... by lifting the charge on
employers that funds family welfare benefits. Business wants more.
Medef, the employers’ federation, says a €50bn cut in employer charges and a further €50bn cut in
other taxes are needed to restore the competitiveness gap with Germany. It says this would trigger
...................... new jobs.
In the meantime, many companies say their first priority given a relief in taxes will be to boost profit
margins, which in France are running at record low levels.
“I want to employ more, but my priority is to guard what I’ve got,” says Pascal Barré, who runs a
family haulage business in Meaux, northeast of Paris, with more than 100 employees and 50 trucks.
“If they lower the charges, the first thing people will do is fill the hole in their margins, rather than
employ.”

Nor are taxes the only issue. For company bosses, the 3,000-page labour code that governs the terms
and conditions of employment in France is as big a deal. “Labour costs and the labour code – they are
primordial,” says Mr Barré.
Mr Hollande has already achieved a labour market reform agreed by most unions that introduced a
degree of increased flexibility in hiring and firing. But companies say he needs to go further.
Mr Gérard at Chrono Flex is hiring this year, adding 65 to his 260-strong workforce after a successful
post-crisis restructuring. But, he cautions: “The lack of flexibility in the labour market is a big risk
area for employers. The problem is not being able to easily reduce headcount if the business is not
there.”
For Mr Barré the onus is now on Mr Hollande to deliver on his promised changes. But he is far from
convinced by the president’s newfound reformist credentials. “If my aunt had balls, I’d call her
uncle,” he declares with a bawdy guffaw

Labour costs and unemployment

<table>
<thead>
<tr>
<th>Country</th>
<th>Labour tax wedge (as % of labour costs, 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>40</td>
</tr>
<tr>
<td>Germany</td>
<td>20</td>
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<tr>
<td>Italy</td>
<td>20</td>
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<td>Spain</td>
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<td>Portugal</td>
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<td>UK</td>
<td>10</td>
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<tr>
<td>Ireland</td>
<td>5</td>
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<table>
<thead>
<tr>
<th>Country</th>
<th>Unit labour cost indices (rebased)</th>
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<tbody>
<tr>
<td>France</td>
<td>125</td>
</tr>
<tr>
<td>Germany</td>
<td>120</td>
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<tr>
<td>Spain</td>
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<td>110</td>
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<td>UK</td>
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<td>Ireland</td>
<td>100</td>
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</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Unemployment rate (%)</th>
</tr>
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<tbody>
<tr>
<td>France</td>
<td>11</td>
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Sources: OECD; Thomson Reuters Eikon

(810 words)
I. Vocabulary
1. Find a synonym or definition for the underlined words.

2. Fill in the gaps in the text with the appropriate figures:
30 bn - 34 – 10,000 – 1 million – 40 – 3,000 – 50 % - 1 ,500

3. Fill in the gaps below with the words in italics in the text:
a) The number of people at an event, employed by an organization, etc; that have been counted is called ……………………………
b) A ratio of profitability calculated as net income divided by revenues, or net profits divided by sales, ………………………………… measures how much out of every dollar of sales a company actually keeps in earnings.
c) ………………………………… is the difference between before-tax and after-tax wages. It measures how much the government receives as a result of taxing the labor force.
d) A ………………………………… is a fairly large amount of something.
e) The amount regularly spent to operate an organization, used for things such as salaries, utilities, and rent is called ……………………………
f) Something ………………………………… is fixed by law; something that must be done by law.
g) A ………………………………… is a program that provides assistance to needy individuals and families. Examples include programs such as health care, food stamps, unemployment compensation, housing assistance and child care assistance.

II. Reading comprehension
1. What are the main two issues raised in this article, regarding the French labour market?
2. Why are labour costs so high in France?
3. How does France compare with other countries?
4. What are Mr Hollande’s plans? How do company representatives react?
5. What are the main points made in the graphs “Labour cost and unemployment”?

III. Discussion
1. What do you know about the French “responsibility pact”?
2. Comment on the following sentence :
“France is a racehorse ridden by an obese jockey,” says Alexandre Gérard, the boss of Chrono Flexx, a company based in Nantes in western France that supplies hydraulic hoses to the transport industry.
Doc 13 (video):
Are laws protecting French workers stalling the economy?
https://www.youtube.com/watch?v=AGN4rDteWF8

I. Vocabulary: What do the following words or phrases mean?
Unsustainable
Instigate
Arguably
Hold back
Subsidies
recovery
A clothing retailer
Compulsory
Landmark
Follow the letter of the law

II. Comprehension
Why is state deficit described as « unsustainable »?
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

Which French politician is alluded to? Why?
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

Why is it impossible to create new jobs?
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

What is said about opening hours?
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
III. Grammar / Reading

- Spot and correct the mistakes in the following sentences:

*The president had change his wife but not the economy!*

We must make an effort today. *In Spain, they cut the cost and we have not.*

- Read the sentences, paying attention to word stress and intonation

IV. Discussion

- Do you agree with the French people interviewed in this video?

- Are French labour laws too protective in a globalized world?

Additional debate topics

⇒ DEBATE TOPIC 6

Communication is everything in today’s business world.

⇒ DEBATE TOPIC 7

Do junior workers fresh from college learn more by working for large companies or in small business ventures?
FOLLOW-UP:  Make or Do?

Complete:

…………………………. a decision  ......................... a change, a success
…………………………. business with  ....................... concessions
…………………………. good  .......................... friends / enemies
…………………………. a difference  ......................... a difference
…………………………. something for  ....................... progress
…………………………. a roaring trade  ....................... nothing
…………………………. a phone call  ......................... a purchase
…………………………. a mistake  ......................... someone redundant
…………………………. a profit  .......................... overtime / extra hours
Does Big Business Mix With Families?
Adapted from *The New York Times*, May 7, 2005 (801 words)

L. Roberts attracted attention on his very first day at Comcast, and not just because he was 12 years old. His father, Ralph J. Roberts, who founded the company, took him along to a meeting nearly four decades ago, when Comcast was planning to go public. Around midnight, executives produced a new draft of the offering document and studied it for accuracy. It was the boy, however, who noticed that one of the charts read backward, and excitedly told his father. "That's a good point. Let's change it," Brian Roberts recalled his father saying. "Right from the start, he gave me confidence," he added. "There are a million fathers who would say, 'Sit still and don't open your mouth.'"

The younger Mr. Roberts, of course, went on to become chief executive and chairman of Comcast, which he and his father, who remains a director, have turned into the largest cable company in the United States. But while theirs is an example of a corporate dynasty that seems to be working, the headlines these days show that the relationship between fathers and their offspring at other family-dominated companies can be fraught with peril.

At Cablevision, James L. Dolan has clashed publicly with his father, Charles F. Dolan, over the father's desire to start a satellite TV business. At Adelphia, the cable company that is now bankrupt, a son of the founder, John J. Reigas, (…) used the company funds as a personal bank. And at A.I.G., which is being investigated for accounting irregularities, the former chief executive, Maurice R. Greenberg, had a tough relationship with his two sons during their time at the insurer. So is keeping control in the family good for business, not to mention good for the families, who, after all, have to talk about something over holiday dinner?

The short answer, most experts agree, is that even the best-run family companies present a special, often daunting set of challenges. A recent study suggests that the odds are clearly not in favor of corporate dynasties. David M. Reeb, from Temple University in Philadelphia, and Ronald C. Anderson, from the
American University in Washington, examined the performance of 403 family-controlled companies from 1992 to 1999. They found that in the first generation, when the founder is in control, these companies tend to outshine their peers. Companies where families bring in professional managers also do well.

The problems start when the company job is passed from one generation to the next. "When the company is turned over to a family member," Mr. Anderson said, "it is likely to underperform family firms run by the other two groups." The explanation, he said, is simple: family-first companies are selecting from a tiny list of candidates. "There is no reason to think that you can look at one of your three or four kids and think that this is the best you can do," he said. "It is likely you could have found a more talented manager from a larger sample."

Experts on family businesses view inability to step aside, despite advancing age, as the greatest potential pitfall for entrepreneurial founders. Why do some of them stay in place so long? Corporate patriarchs may have an especially tough time separating other life roles from running the business, because their work and personal identities are so intertwined, said Jeffrey A. Sonnenfeld, from the Yale School of Management.

That prevents their children and even professional managers from getting the opportunity to take risks that would help them prepare for larger roles. Leon A. Danco, a consultant to family businesses, says that it is not as hard to get the son to take over the job as it is to get the father to give up control.

Nowhere was that clearer than at A.I.G., where at different points Mr. Greenberg's two sons, Jeffrey and Evan, appeared to be heir apparent to their powerful father, who is known as Hank. "Even though Hank Greenberg did not have a controlling stake in A.I.G., he effectively controlled the firm via management and the board," said Professor Anderson, who wrote the study on family businesses. (…)

According to Professor Sonnenfeld, founders often do not view themselves as mentors grooming ideal successors, but as judges of invariably flawed candidates failing in trial assignments. By the time A.I.G.'s problems arose earlier this year, Hank Greenberg was 79 and had no immediate plans to leave, although A.I.G. had put a nonfamily succession plan in place.

"Not everyone is critical of family members on boards. Because they have a big economic stake in the company and don't want to see it destroyed, they can be useful, said Professor Anderson. "But if there are too many, you lose the oversight of independent professionals."

METHODOLOGY: Reading the article in order to summarize it

2. Vocabulary
   e) As a student in economics, you need to understand and remember all the highlighted words in the text. Insert them in the sentences below.

   - A ________________________ is the person who first started a company.
- A _________________ is a member of the board that meets regularly at the firm’s headquarters and appoints the _________________ Officer.
- When a private company decides to open its capital to anyone interested in investing in it, it _________________.
- A survey is an assessment of public opinion by questioning a representative ___________ of the population.
- The IPO or Initial Public _______________ is the first sale of stock by a company to the public, when a company goes public, i.e. sells shares for the first time.
- A stake is how much of a company one person or institution owns or attempts to buy. For example, the French State used to own a _____________ ____ of France Télécom.
- The word _________________ refers to a person with managerial or administrative responsibility in a business organisation, a senior businessman.
- The _____________ or chairperson of the board is the highest-ranking member of a Board of Directors, who presides over its meetings and who is often the most powerful officer of a corporation.
- After 25 years running the company, his father retired and he _______________ _______.
- The jobs a newly recruited employee is given as a test can be defined as ____________ ________________.
- If something is _________________, or faulty, it is characterized by an inherent defect or imperfection.
- An _________________ may refer either to an omission or to supervision.

f) When you read an article to summarize it for an exam, you also need to be able to use the context to guess the meaning of the words you don’t know and find synonyms that will be useful in your summary. ➔Practise on the underlined words.

3. Comprehension

e) Look at the family business tree that illustrates this article. Which words in the tree relate to the ideas discussed by the journalist?

f) How does the journalist use examples and anecdotes?

g) Would you say this article emphasizes the strengths or the downsides of family businesses?

h) Which supporting ideas are used to highlight the journalist’s key point?
Document 15:

The Alibaba phenomenon

*China’s e-commerce giant could generate enormous wealth—provided the country’s rulers leave it alone*

Mar 23rd 2013 | From The Economist

ON ITS way to becoming the world’s biggest economy, China is passing another landmark. Its e-commerce market is overtaking America’s. And one giant firm dominates the market: Alibaba, by some measures already the world’s largest e-commerce company. Last year two of Alibaba’s portals together handled 1.1 trillion yuan ($170 billion) in sales, more than eBay and Amazon combined. Alibaba is on track to become the world’s first e-commerce firm to handle $1 trillion a year in transactions. Yet despite such extraordinary success, many people outside China have barely noticed the rise of this privately held behemoth.

That is about to change. The firm’s founder, a former English teacher called Jack Ma, has just announced that he will hand over the chief-executive job to a trusted insider, Jonathan Lu, in May. Soon afterwards, the firm is expected to announce details of its initial public offering (IPO), sure to be the most trumpeted since Facebook’s listing last year—and possibly even bigger, too. Facebook’s IPO valued the company at $104 billion (…). Estimates of the likely valuation of Alibaba range from

In this section, you will find two articles that you can read and try to sum up. These provide you with more opportunities to practice either linear or synoptic summary writing.

Your tutor may give you home assignments based on them; if not, when revising for the mid-term test or the final exam, use them to improve your skills.
$55 billion to more than $120 billion.

The IPO will turn global attention to Alibaba’s remarkable rise. And there are other reasons to watch the company closely. One is its future growth potential: if it avoids a Facebook-like fumble, in a few years’ time it could be among the world’s most valuable companies (...). Another is that, as Alibaba expands and moves into new markets, it has the capacity to change China.

Alibaba’s story so far has been one of canny innovation and a clear focus on how to win competitive advantage in China. “EBay may be a shark in the ocean,” Mr Ma once said, “but I am a crocodile in the Yangzi river. If we fight in the ocean, we lose; but if we fight in the river, we win.” The crocodile of the Yangzi, as he became known, started the company in 1999 with Alibaba.com, a business-to-business portal connecting small Chinese manufacturers with buyers overseas. Its next invention, Taobao, a consumer-to-consumer portal not unlike eBay, features nearly a billion products and is one of the 20 most-visited websites globally. Tmall, a newish business-to-consumer portal that is a bit like Amazon, helps global brands such as Disney and Levi’s reach China’s middle classes.

Alibaba could grow even faster. By 2020 China’s e-commerce market is forecast to be bigger than the existing markets in America, Britain, Japan, Germany and France combined. And although it is not about to challenge Amazon in America, Alibaba is expanding globally by capturing the spending of Chinese overseas and by moving into emerging economies. In this the firm is helped by Alipay, its novel online-payments system that relies on escrow (releasing money to sellers only once their buyers are happy with the goods received). This builds trust in societies where the rule of law is weak.

Perhaps Alibaba’s greatest untapped resource is its customer data. Its sites account for over 60% of the parcels delivered in China. It knows more than anyone about the spending habits and creditworthiness of the Chinese middle class, plus millions of Chinese merchants. Alifinance is already a big microlender to small firms; it now plans to expand lending to ordinary consumers. In effect, it is helping liberalise Chinese finance. China’s big state banks, which channel cheap capital to state-owned enterprises, have long neglected everyone else. The firm is using its online platforms to deliver insurance products too, and more such innovations are on the way.

Alibaba thus sits at the heart of “bamboo capitalism”—the sprawling tangle of private-sector firms that are more efficient than China’s state-owned enterprises. Some 6m vendors are listed with its sites. The firm’s efforts are boosting productivity in China’s woefully inefficient retail and logistics sectors. And, more than any other company, it is speeding up the country’s much-needed shift away from an investment-heavy model of growth towards one that is driven by consumption.

All very promising but like the Yangzi alligator, which is now endangered, there is nothing inevitable about Alibaba’s future fortunes. Three things could yet throw the firm off-course.

The most obvious is that it could overreach—and stumble. Coping with the stepping aside of a formidable founder is rarely easy. By China’s low standards, Alibaba generally gets good marks for
governance, with one caveat: observers have doubts about the murky way in which Mr Ma spun out Alipay from the parent company a few years ago. It will not be able to get away with that as a public company. The same transparency is needed with its products. By Chinese standards it has done a lot to fight fakes, so much so that the American government recently gave Taobao its official blessing. Yet it is still too easy to find knock-offs on that site.

(…) But the greatest threat to the company’s future will be at home. Like Amazon or eBay, Alibaba needs to be monitored by antitrust regulators. But the politics of China pose a particular risk. Big banks are already lobbying against its financial arm. The Communist Party is bound to be jealous of an outfit that has so much data on Chinese citizens. For the government to clip Alibaba’s wings without a good cause would be wrong. Alibaba has the potential to become the world’s most valuable company, and in the process help create a better China.
A lack of enterprise

France needs more start-ups and Mittelstand firms

Nov 17th 2012 | From The Economist

AULNAY-SOUS-BOIS SOUNDS LIKE an idyllic rural spot, but in reality it consists mostly of ugly industrial estates clustered to the north of Paris, hard by Charles de Gaulle airport. It has been in the news of late because it is the site of a car factory that the owner, PSA Peugeot Citroën, plans to shut down. Earlier this year Mr Hollande described this plan as “unacceptable” and promised that it would not be allowed to go through. In the past Arnaud Montebourg, whom he appointed as minister for productive recovery within the finance ministry, has talked of banning what he calls “stockmarket-driven” redundancies, and even of expropriating companies that close factories.

Yet Peugeot has now confirmed that big losses and continuing overcapacity in the car industry are forcing it to close Aulnay-sous-Bois after all. It has offered the workers new jobs at another of its factories, in Poissy, to the west of Paris, the nearest of Peugeot’s five remaining ones. But most of the disgruntled men leaving work after the morning shift do not want to move. Philippe Julien, the local CGT representative, says his union would much prefer to divide the existing workload among all six factories.

Peugeot is not alone: Renault is also suffering from excess capacity. As if to demonstrate France’s competitiveness problem, this comes at a time when Volkswagen and other German carmakers are expanding. Even Britain, widely derided in France as a country that has almost completely deindustrialised, now has more car factories than France. Other French companies that are laying off workers (…) include ArcelorMittal, which is closing two of its blast furnaces at Florange in northern Lorraine, Air France, Bouygues Telecom, Doux, Hersant Media, Sanofi and SFR.

France still has plenty of successful, world-class multinationals in a wide variety of industries. (…) But lists such as these also reveal some problematic characteristics of corporate France. One is that most French companies have been around for a long time. A second is that their profit margins have become much thinner. Gross operating profits for non-financial firms have fallen by six points over the past decade. In 2011 margins for companies outside the CAC-40 were at the lowest level for 25 years, whereas in Germany margins have been rising. A third is that many of the best French firms make most of their money abroad. That may explain why in the three years to 2010 the members of the CAC-40 increased their global employment by 5% but reduced employment in France by 4%.

Even so, many companies still succeed against the odds. Consider Valeo, one of the world’s biggest car-parts companies. Jacques Aschenbroich, its chief executive, notes that his is a global industry,
although competition is at its most intense at regional level. For Valeo that means Germany, which has gained an edge over France in the past ten years. Unsurprisingly Mr Aschenbroich says one of the biggest problems for companies in France are vertiginous social charges (see chart 3). The labour market is still too rigid, and he complains about the 35-hour week brought in by the Jospin government, not because he is against shorter hours in principle but because it replaced a 39-hour week without pay cuts to match. Yet he welcomes the R&D tax credit brought in by Mr Sarkozy and is optimistic about the chances for Mr Hollande’s labour-market reforms.

Another company boss, Clara Gaymard, who runs the operations of America’s General Electric in France, is also hopeful about labour-market reform. She describes Michel Sapin, the labour minister, as a good listener who approaches the issue without preconceptions. The need is pressing: as she points out, the present rules create legal obstacles that make it all but impossible to restructure a company. But GE has not given up in France, where it makes medical devices, turbines and aero engines.

Corporate France is strikingly short of two things. One is new companies, especially in high-tech and internet businesses. There are some, such as Free, a subsidiary of Iliad, a company that has established a grip on broadband services in France, much to the annoyance of the telecoms incumbents; or vente-priveé, an internet retailer run by Jacques-Antoine Granjon. Yet Mr Granjon is gloomy about the future. He says the French system stifles entrepreneurs. He blames governments of right and left alike for disapproving of profits and wealth, for making clear their dislike of the rich, for favouring consumption over investment, for imposing excessive taxes on businesses and individuals and for pushing public spending too high (…).

If that is what French entrepreneurs think, it is little wonder that their country has proved bad at growing and cultivating new high-tech businesses. But, to be fair, the rest of Europe is little better when compared with America, apart from Scandinavia and a few other northern parts of the continent.

It is the second gap in corporate France that is both more striking and more worrying: the absence of mid-sized companies like Germany’s Mittelstand firms, which form the backbone of the German economy. According to one estimate, France has just over 4,000 medium-sized enterprises, proportionately only half as many as Germany and Britain. And the average French company, with just 14 employees, is a lot smaller than the average German one, which has 41. (…)

**Keeping small businesses down**

One reason is that expansion of a business is vigorously discouraged by rules and taxes. Researchers
at the London School of Economics found that France has a strikingly large number of companies with 49 employees. That is because many of the regulations governing companies kick in when a firm gets to 50. According to a 2008 official commission on growth chaired by Jacques Attali, (…) no fewer than 34 laws and regulations start to apply once an enterprise reaches that number.

Successive governments have tried to simplify the system, but generally without much success. The creation by Mr Sarkozy’s government of pôles d’emploi, modelled on British jobcentres that had impressed his then finance minister, Christine Lagarde, has made it easier to combine drawing benefits with looking for work. Ms Lagarde, who is now managing director of the IMF, was also behind the creation of a system of “auto-entrepreneurs” under which individuals can register a business with a minimum of fuss and formality.

Mr Montebourg thinks these helpful gestures by previous governments are insufficient. Well to the left of his party and with a book attacking globalisation to his name, he challenges the assumption that further deindustrialisation is inevitable. Although he failed to stop Peugeot closing Aulnay-sous-Bois, he insists that “there is no industry that we have to give up.” (…) Manufacturing in France has fallen to only 11% of GDP, about the same as in Britain and far less than in Germany or Italy.

Yet this seems a lost cause. Manufacturing in France has fallen to only 11% of GDP, about the same as in Britain and far less than in Germany or Italy. As governments of every stripe in many different countries have found, politicians who set out to pick winners often end up subsidising losers instead. The future lies in services and smaller companies, to which the government pays rather less attention. (…)

1184 words. Your summary shouldn’t comprise more than 350 words.