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المدرسة العليا للتكنولوجيا الدار البيضاء
Université Hassan II de Casablanca
جامعة الحسن الثاني بالدار البيضاء

Major: Diplôme Universitaire de Technologie (DUT)

Department of Management Management Stream (Semester 2)

Business English for Management

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Company structure

Before you read

Discuss these questions.

- 1 How many different ways of organising or structuring a company can you think of? Think about departments, products and markets.
- 2 If you work for a company or organisation, how would you describe the company structure?

Reading tasks

A Understanding main points

Read the text on the opposite page about the different ways in which companies are organised and answer these questions.

- 1 Four main kinds of organisational structure are described in the article. What are they?
- 2 Is one kind of organisational structure more common than the others?
- 3 When did 'delayering' take place?
- 4 What were the reasons for delayering and what were the results?
- 5 How does Julia MacLauchlan describe Microsoft's organisational structure?

B Understanding details

Match these definitions with the four organisational structures described in the text.

- 1 A cross-functional structure where people are organised into project teams.
- 2 A structure rather like the army, where each person has their place in a fixed hierarchy.
- 3 A structure that enables a company to operate internationally, country by country.
- 4 A structure organised around different products.

C Understanding expressions

These words and expressions are used in the text to describe different aspects of organisational structure. Which are positive and which are negative?

- 1 clear lines of communication (line 32) *positive*
- 2 bureaucratic set up (line 35)
- 3 speedy decision-making (line 36)
- 4 traditional hierarchical structure (line 77)
- 5 customercentric approach (line 91)
- 6 freedom to innovate (line 101)
- 7 flat organisational structure (line 107)

Doing the business

Róisín Ingle hears how efficient management structures are vital for success

The need for a solid structure within all business entities is 'absolutely fundamental', according to Ms Angela Tripoli, a lecturer in Business Administration at University College Dublin. 'Organisational structure concerns who reports to whom in the company and how different elements are grouped together. A new company cannot go forward without this and established companies must ensure their structure reflects their target markets, goals and available technology.'

Depending on their size and needs there are several organisational structures companies can choose from. Increasingly though, in the constantly evolving business environment, 'many firms are opting for a kind of hybrid of all of them'.

The most recognisable set up is called the *functional* structure where a fairly traditional chain of command (incorporating senior management, middle management and junior management) is put in place. The main benefit of this system is clear lines of communication from top to bottom but it is generally accepted that it can also be a bureaucratic set up which does not favour speedy decision-making.

More and more companies are organising themselves along *product* lines where companies have separate divisions according to the product that is being worked on. 'In this case the focus is always on the product and how it can be improved.'

The importance for multinational companies of a good *geographic* structure, said Ms Tripoli, could be seen when one electrical products manufacturer produced an innovative rice cooker which made perfect rice – according to western standards. When they tried to sell it on the Asian market the product flopped because there were no country managers informing them of the changes that would need to be made in order to satisfy this more demanding market.

The *matrix* structure first evolved during a project developed by NASA when they needed to pool together different skills from a variety of functional areas. Essentially the matrix structure organises a business into project teams, led by project leaders, to carry out certain objectives. Training is vitally important here in order to avoid conflict between the various members of the teams.

During the 1980s a wave of restructuring went through industry around the globe. This process, known as *delayering*, saw a change in the traditional hierarchical structures with layers of middle management being removed. This development was driven by new technology and by the need to reduce costs. The overall result was organisations that were less bureaucratic.

The delayering process has run its course now. Among the trends that currently influence how a company organises itself is the move towards centralisation and outsourcing. Restructuring has

evolved along with a more 'customercentric' approach that can be seen to good effect in the banks. They now categorise their customers and their complex borrowing needs into groups instead of along rigid product lines.

Another development can be seen in larger companies, which are giving their employees more freedom to innovate in order to maintain a competitive edge.

Ms Julia MacLauchlan, Director of Microsoft's European Product Development Centre in Dublin, said the leading software company had a very flat organisational structure. 'There would not be more than around seven levels between the average software tester and Bill Gates,' she said.

Microsoft is a good example of a company that is structured along product lines. In Ireland, where 1,000 employees work on localisation of the software for all Microsoft's markets, the company is split up into seven business units. Each unit controls the localisation of their specific products while working closely with the designers in Microsoft's Seattle Headquarters.

It works, said Ms MacLauchlan, because everyone who works in the unit is 'incredibly empowered'.

'Without a huge bureaucratic infrastructure people can react a lot more quickly to any challenges and work towards the company's objectives.'

From *The Irish Times*

Vocabulary tasks

A Collocations

Match these nouns as they occur together in the text.

- | | |
|--------------|---------------|
| 1 product | a) teams |
| 2 target | b) objectives |
| 3 borrowing | c) lines |
| 4 project | d) units |
| 5 delayering | e) company |
| 6 country | f) process |
| 7 business | g) markets |
| 8 software | h) needs |
| 9 company | i) managers |

B Complete the sentence

Use an appropriate phrase from Exercise A to complete each sentence.

- 1 Banks need to be fully aware of their customers' *borrowing needs*.....
- 2 Silicon Valley is full of
- 3 Many companies are now organised along, in which each division is responsible for a group of products
- 4 A matrix organisation groups people into
- 5 Some companies are divided into different, often also called profit centres.
- 6 A multinational company will often have a number of, in charge of activities in different parts of the world.

C Definitions

Match these terms with their definitions.

- | | |
|-------------------------------|---|
| 1 business entities (line 2) | a) focusing on the customer rather than the product |
| 2 set up (line 25) | b) new, original |
| 3 innovative (line 51) | c) companies |
| 4 flopped (line 55) | d) something that makes you better than other companies |
| 5 outsourcing (line 90) | e) did not succeed, failed |
| 6 customercentric (line 91) | f) structure |
| 7 competitive edge (line 102) | g) getting external companies to do work for your company |

D Prepositions

Complete these sentences with an appropriate preposition.

- 1 Organisational structure concerns who reports^{to}..... whom.
- 2 Depending its size, there are several organisational structures a company can choose from.
- 3 Many companies are organising themselves product lines.
- 4 In the 1980s a wave of restructuring went industry.
- 5 Delaying was driven the need to reduce costs.
- 6 Microsoft in Ireland is split seven business units.

E Using a dictionary

A dictionary such as the *Longman Business English Dictionary* can help you to expand your vocabulary. Try these two exercises.



- 1 The word *business* is used several times in the article combined with another word which comes after it, e.g. *business environment* (line 21). It can also be combined with words that come before it, e.g. *big business*. Try to think of as many word combinations using *business* as you can, then look at the entry for *business* in the *Longman Business English Dictionary*.
- 2 Do the same exercise with the words *company*, *management*, *manager* and *product*.

Over to you

- 1 The functional organisational structure has clear lines of communication. In contrast, where things are organised along product lines or with a matrix structure, people often report to two people at the same time – their boss in the functional structure and their manager or team leader in the other structure. What, if any, problems could you imagine in the second case?
- 2 Do you think people from certain cultures would favour one kind of organisational structure over another? Can you think of some examples and give some reasons.
- 3 Either use your own company's organisational structure, or select one from a company's annual report, and give a presentation of it to your colleagues.

The global company

Before you read

Discuss these questions.

- 1 Can there be such a thing as a 'world car'? Or should cars be designed to suit the tastes of different markets? What are the financial and marketing implications?
- 2 Which do you think is better for an international company – strong central control of international operations or decentralised decision-making? Does it depend on the business the company is in?

Reading tasks

A Understanding main points

- 1 Read the text on the opposite page about two car companies' global strategies and say which of these statements apply to Ford and which to Honda.
 - a) now has a strategy of decentralisation *Honda*
 - b) now works in multi-disciplinary teams for car design and development
 - c) has always worked in multi-disciplinary teams
 - d) produces more cars abroad than in its home country
 - e) used to be very decentralised
 - f) used to be very centralised
 - g) has divided the world into four regions
 - h) designs and develops all its small cars in Europe
 - i) has always been flexible and able to respond to change
- 2 According to the ideas in the text, why do car companies now need to have a global strategy?
- 3 How did the two companies change their strategies?

B How the text is organised

These phrases summarise the main idea of each paragraph of the text. Match each phrase with the correct paragraph.

- a) one reason for changes in Honda's strategy
- b) Honda's original strategy
- c) Ford's new strategy
- d) conclusion
- e) Honda's new strategy
- f) Ford's original strategy
- g) the advantage of Honda's original strategy
- h) introduction *paragraph 1*
- i) Ford's new strategy in detail
- j) another reason for Honda's new strategy

FINANCIAL TIMES WEDNESDAY OCTOBER 15

Case study: Ford and Honda

Haig Simonian on two car groups' different routes to the global market

Rising costs and the worldwide spread of shared tastes in car styling have prompted the industry's giants to exploit global economies of scale. But rivals such as Ford and Honda have approached the task very differently.

Ford is one of the world's earliest multinationals. Its first foreign production unit was set up in Canada in 1904 – just a year after the creation of the US parent. For years Ford operated on a regional basis. Individual countries or areas had a large degree of autonomy from the US headquarters. That meant products differed sharply, depending on local executives' views of regional requirements. In Europe the company built different cars in the UK and Germany until the late 1960s.

Honda, by contrast, is a much younger company, which grew rapidly from making motorcycles in the 1950s. In contrast to Ford, Honda was run very firmly out of Japan. Until well into the 1980s, its vehicles were designed, engineered and built in Japan for sale around the world.

Significantly, however, Honda tended to be more flexible than Ford in developing new products. Rather than having a structure

based on independent functional departments, such as bodywork or engines, all Japan's car makers preferred multi-disciplinary teams. That allowed development work to take place simultaneously, rather than being passed between departments. It also allowed much greater responsiveness to change.

In the 1990s both companies started to amend their organisational structures to exploit the perceived strengths of the other. At Ford, Alex Trotman, the newly appointed chairman, tore up the company's rulebook in 1993 to create a new organisation. The Ford 2000 restructuring programme threw out the old functional departments and replaced them with multi-disciplinary product teams.

The teams were based on five (now three) vehicle centres, responsible for different types of vehicles. Small and medium-sized cars, for example, are handled by a European team split between the UK and Germany. The development teams comprise staff from many backgrounds. Each takes charge of one area of the process, whether technical, financial or marketing-based.

Honda, by contrast, has decentralised in recent years. While its cars have much the same names around the world, they are becoming less, rather than more, standardised. 'Glocalisation' – a global strategy with local management –

is the watchword. Eventually the group expects its structure will comprise four regions – Japan, the US, Europe and Asia-Pacific – which will become increasingly self-sufficient.

Two reasons explain Honda's new approach. Shifting to production overseas in the past decade has made the company more attuned to regional tastes. About 1m of Honda's 2.1m worldwide car sales last year were produced in the US. A further 104,000 were made in the UK. No other manufacturer has such a high proportion of foreign output.

Honda engineers also reckon they can now devise basic engineering structures which are common enough to allow significant economies of scale, but sufficiently flexible to be altered to suit regional variations. The US Accord, for example, is longer and wider than the Japanese version. The European one may have the same dimensions as the Japanese model, but has different styling and suspension settings.

Both Ford and Honda argue their new structures represent a correct response to the demands of the global market. Much of what they have done is similar, but intriguingly, a lot remains different.

FINANCIAL TIMES
World business newspaper.



HONDA

Vocabulary tasks

A Synonyms

- 1 The word 'headquarters' (line 17) is used to describe the central, controlling part of a large, international company. What other word is used in the same paragraph with a similar meaning?
- 2 Honda and Ford manufacture cars. What other phrase is used to describe what they do?
- 3 Honda produces both cars and motorcycles. What is a general word for both of these?

B Word search

Find a word or phrase in the text that has a similar meaning.

- 1 when a company makes a product in big volumes to reduce costs (paras 1 and 9)
e. *economies* of *scale*
- 2 factory in which cars are produced (para 2)
p..... u.....
- 3 independence (para 2)
a.....
- 4 needs or demands (para 2)
r.....
- 5 head of a company responsible for strategy rather than day-to-day management (para 5)
c.....
- 6 consist of or be made up of (paras 6 and 7)
c.....
- 7 financially independent (para 7)
s.....-s.....
- 8 total of a company's production (para 8)
o.....

C Complete the sentence

Use an appropriate word or phrase from Exercise B to complete each sentence.

- 1 The company ... *comprises* ... three divisions – cars, trucks and commercial vehicles.
- 2 Each division has a lot of to decide its own strategy.
- 3 Companies seem to change their every few years in response to changing economic and market conditions.
- 4 Our total of cars from all our factories in Europe went down last year.
- 5 We need to develop products that meet the of the market.
- 6 Big car makers now produce different models based on the same platform in order to achieve
- 7 All the main Japanese car makers have in Europe.

D Expressing degrees of meaning

Complete these sentences with the adverb or phrase used in the text.

- 1 For many years Ford's products differed *sharply*..... from region to region.
- 2 Individual countries had of autonomy.
- 3 Honda grew from its early days as a motorcycle manufacturer.
- 4 For many years Honda was run very out of Japan.
- 5 The use of multi-disciplinary teams allowed development work at Honda to take place in different parts of the company.
- 6 Honda expects its four regions to become self-sufficient.
- 7 No other car maker has of foreign output as Honda.

Over to you

- 1 You have been asked by the board of a multinational car maker to present the case for a 'glocalisation' strategy, as described in the article. Prepare a presentation or write a report to give your arguments in favour of this.
- 2 You are members of the global strategy team of US Motors, an American multinational car maker. The company currently has production units in the UK, Germany, France and Spain for the European market. But with the opening up of the markets in Central and Eastern Europe, you are considering whether to set up a production unit in Poland. Hold a meeting to discuss the advantages and disadvantages of this strategy, and try to come to a decision.



Global production

Before you read

Discuss these questions.

- 1 What criteria do you think global companies use when they choose the location of their manufacturing operations around the world? Some examples are labour costs, education level of the local workforce, and political stability. Can you think of others?
- 2 It has become increasingly common for organisations to subcontract some aspects of their activity to outside companies. Typical examples are catering (the company restaurant) or security (protecting the buildings). What, in your opinion, are the advantages and disadvantages of subcontracting work in this way?

Reading tasks

A Understanding main points

Read the text on the opposite page about how global companies organise their production and answer these questions.

- 1 Where are most simple toys manufactured and why?
- 2 Why does Lego do things differently?
- 3 What is the reason for a global company to have a 'part configuration' model?
- 4 According to the text, what are the advantages and disadvantages of 'low-cost assembly plants'?
- 5 What are the operational advantages of outsourcing?

B Understanding details

Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.

- 1 The main reason to have overseas plants is to be close to local markets. *F*
- 2 A lot of plants are now being located in Eastern Europe.
- 3 Imports to many markets are now cheaper.
- 4 The number of overseas plants is increasing.
- 5 Cost is the main factor in choosing the location of a foreign plant.
- 6 Outsourcing production to subcontractors gives a company more flexibility.

C How the text is organised

What do these words refer to in the text?

- | | |
|---|------------------|
| 1 its (line 12) <i>a global company</i> | 4 this (line 36) |
| 2 its (line 17) | 5 this (line 59) |
| 3 this (line 19) | 6 it (line 93) |

THE GLOBAL COMPANY

Lowest cost isn't always the answer

Lower tariffs and new markets opening to foreign investment have complicated the decision about how manufacturing should be organised, says **Nikki Tait**

Visit any western toy superstore, and most of the basic products will say 'Made in China' or, perhaps, Malaysia or Indonesia. Until, that is, you reach the Lego section. Suddenly, the boxes are more likely to identify Denmark, Switzerland or the US as the country of origin.

It might seem logical that a global company, selling into a multitude of country markets and measuring its market share in global terms, should place production facilities wherever costs are lowest. But Lego, the privately-owned Danish company, has for years concentrated its manufacturing in Europe and the US, arguing that this best satisfies design and quality requirements. For Lego the notion of cost is only a small part of the production picture.

So how does a global company go about organising its manufacturing network? The decision has become more complicated over the past two decades due to a number of factors. On the one hand, trade barriers across much of the world have declined sharply. Simultaneously, a range of new markets – notably in Asia and Eastern Europe – has opened to foreign investment.

This has made global production much more possible. But it has also reduced the need for many overseas plants. Markets that previously demanded local

production facilities – because tariff levels made importing far too expensive – can now be supplied from other countries

Plainly, in this newly-liberalised environment, basic manufacturing costs do become more significant. But there are limits to a purely cost-driven approach. Many companies have built their current production structure through acquisitions over a number of years, rather than in a planned way.

Another problem is that costs themselves can be subject to rapid change, making today's Indonesia, for example, tomorrow's Hong Kong. This adds a further dimension to any global company's investment decision-making. The reality is that manufacturing businesses also need to think: how quickly can we pull the plug?

Some companies have addressed this issue through what is called the 'part configuration' model. This involves selecting a number of regional manufacturing bases which are viewed as longer-term investments, and augmenting them with lower-skilled assembly plants, which can more easily be moved between markets.

The availability of suitable employees also needs to be examined when investment decisions are being made. There may be close links between manufacturing and product innovation and if

too much focus is put on low-cost assembly operations, product innovation tends to suffer.

Perhaps the hottest topic is whether a global company needs to be a producer at all. Outsourcing of production to other suppliers gives a company more flexibility, and fits well with a global strategy. A business may be better placed to supply differentiated products into different regional markets, and it can probably adjust more swiftly to changing cost considerations. These operational advantages come in addition to the financial benefits of outsourcing, such as lower capital employed.

But there can be pitfalls. Perhaps no company exemplifies the outsourcing trend better than Nike, the sports shoe group. On paper, its strategy of subcontracting the production of its shoes to local factories looks eminently sensible. But these arrangements have turned into a public relations disaster in recent years, as human rights campaigners have complained of 'sweatshop' conditions in many of the Asian plants producing Nike products. Lack of ownership, it seems, does not bring freedom from responsibility.

FINANCIAL TIMES
World business newspaper.

Vocabulary tasks

A Synonyms

- The article deals with the question about where to locate 'production facilities'. Three other words are used in the article with a similar meaning to 'facilities'. What are they?
- What other word is used in the article with the same meaning as 'production'?

B Word search

Find a word or phrase in the text that has a similar meaning.

- amount in percentage terms of a company's sales compared to its competitors (para 2)
m. *arket* s. *hare*
- organisation of a company's production facilities around the world (para 3)
m. n.
- legal or financial regulations to protect a country's domestic producers (para 3)
t. b.
- amount of taxes on imports (para 4)
t. l.
- strategy based mainly on keeping costs low (para 5)
c. d. a.
- companies bought as part of a strategy of expansion (para 5)
a.
- factory which puts together parts of a machine manufactured elsewhere (para 7)
a. p.
- products that are specially prepared for different market needs (para 9)
d. p.
- getting other companies to make products to your specification (para 9)
o.
- money invested in the business operations of a company (para 9)
c. e.
- extremely bad working conditions, with low pay (para 10)
s. c.

C Definitions

Match these terms with their definitions.

- | | |
|--------------------------|--|
| 1 notably (line 33) | a) is a typical example of something |
| 2 augmenting (line 71) | b) especially, particularly |
| 3 links (line 79) | c) a relationship or connection between two things |
| 4 swiftly (line 94) | d) quickly |
| 5 exemplifies (line 101) | e) very, extremely, completely |
| 6 eminently (line 106) | f) increasing something by adding to it |

Entering a foreign market

Before you read

Discuss these questions.

- 1 What are the main reasons for manufacturing a product in the country or region where you want to sell it?
- 2 A lot of products are increasingly being ordered by phone or through the Internet, assembled to order and delivered from the factory directly to the customer. This is especially the case in the US and Europe. Do you think this approach would work well in South America?

Reading tasks

A Understanding main points

Read the text on the opposite page about Dell's plans to assemble PCs in South America and answer these questions.

- 1 Is the writer generally positive about Dell's chances of success in its South American venture?
- 2 Why has Dell decided to attack the South American market?
- 3 Based on the information in the text, which country is the odd one out, and why?
 a) Colombia b) Argentina c) Brazil d) Paraguay e) Uruguay
- 4 Why has Dell chosen to locate its manufacturing plant in Brazil?
- 5 Which of the following 'challenges' facing Dell are mentioned in the article?

a) unreliable transport networks ✓	e) large distances
b) poor productivity	f) high import tariffs
c) political instability	g) terrorism
d) high inflation	h) well-established competitors

B Understanding details

Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.

- 1 Dell will sell only in the big cities. *F*
- 2 Dell already sells computers in South America.
- 3 The company also produces PCs in Mexico.
- 4 It plans to import all the components it needs.
- 5 Ford and Volkswagen have been operating in South America for some years.
- 6 Considering South America as a single market is not an easy strategy.
- 7 To meet 'local content criteria' Dell must use a certain percentage of components produced locally.
- 8 Dell hopes to sell its computers duty-free in many countries.
- 9 Delivery systems in Brazil are better than in other parts of South America.

INFORMATION TECHNOLOGY LOGISTICS

Dell tries to crack South America

John Barham examines the US computermaker's strategy for expansion using a Brazilian base

Dell Computers, the Texas-based computer-maker that was among the pioneers of online ordering, is preparing to attack the difficult Latin American market.

Soon, Dell will start making computers at a new factory in the small, southern Brazilian city of Eldorado in its first manufacturing venture in South America. Within a few hours' flying time of Eldorado lie four of the continent's main metropolitan regions - Buenos Aires, Rio de Janeiro, Sao Paulo and Santiago - which generate about half the region's wealth and where most of the computer-using populace is concentrated. Dell hopes to serve all these markets - including more distant regions in northern Brazil and the Andean countries - from Eldorado.

According to Dell's plan, aircraft from Miami will land at a nearby international airport carrying computer components that will be sent straight to Dell's factory. Together with parts delivered from suppliers in Brazil, they will be assembled to order, packed and delivered to consumers across the continent.

The challenge for Dell is not only to mount an effective market-

ing campaign to educate customers about online ordering, it must also manage a complex logistics system and deal with the problems of unreliable road and air transport networks. And it must operate in half a dozen volatile Latin countries, with unpredictable governments and consumers as well as well-established competitors.

Dell could not afford to ignore the South American market much longer. It currently exports computers to a few Latin American countries such as Mexico and Colombia, but has never sold to markets in Argentina or Brazil. Latin American consumers last year bought 5 million PCs and demand is growing at 15 per cent a year. Growth is likely to remain strong for some time to come: in Brazil, the region's largest market, only 3-4 per cent of the population owns a PC.

Dell is not the first company to view South America as a single market. For a decade, Ford and Volkswagen and many other multinational companies have operated in the region's main countries as if they formed one integrated market. That was a natural reaction to falling import tar-

iffs and consolidation of the Mercosur customs union linking Argentina, Brazil, Paraguay and Uruguay. However, the distances, the red tape and the animosities between national governments often make fulfilment of this strategy difficult.

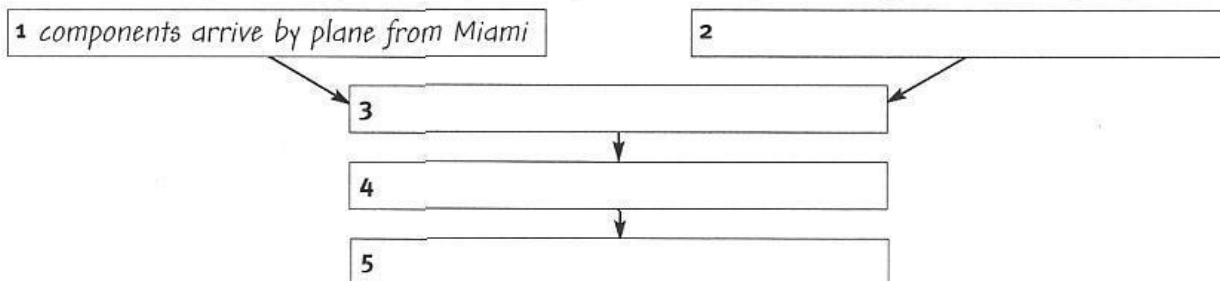
Dell decided to locate in Brazil because it is the region's biggest market and because the government gives computer companies substantial tax incentives as part of its plan to develop local high technology industries. If Dell meets Brazilian local content criteria and attains agreed production volumes, its products are considered to be 100 per cent locally made and automatically gain duty-free access to Mercosur countries.

However, there is little Dell can do about the internal transport networks in Brazil or the bureaucracy in neighbouring countries. Although roads, air transport and delivery systems are tolerably efficient in south eastern Brazil and parts of Uruguay, Chile and Argentina, Dell may still find it is struggling to co-ordinate operations and sales over a vast region.

FINANCIAL TIMES
World business newspaper.

C Understanding details

Complete the sequence of steps in the planned assembly and delivery of Dell's PCs. (para 3)



D How the text is organised

These phrases summarise the main idea of each paragraph. Match each phrase to the correct paragraph.

- a) the challenge for Dell
- b) reason for choosing Brazil
- c) an overview of Dell's intentions *paragraph 1*
- d) reason to enter the South American market.
- e) how Dell's plan will work
- f) other companies' experiences
- g) problems Dell may face in Brazil and elsewhere
- h) advantages of Eldorado's location

Vocabulary tasks

A Word search

Find a word or phrase in the text that has a similar meaning.

- 1 one of the first to do something (para 1)
p. *pioneer*.....
- 2 buying something through the Internet (para 1)
o..... o.....
- 3 business activity with some element of risk (para 2)
v.....
- 4 general population in a country (para 2)
p.....
- 5 a difficult task which needs skill and determination (para 4)
c.....
- 6 describes something or someone that can change quickly and suddenly (para 4)
v.....
- 7 lots of rules and regulations, which often seem to have no purpose (para 6)
r..... t.....
- 8 strong dislike between people or groups (para 6)
a.....
- 9 reach or achieve an objective (para 7)
a.....
- 10 trying very hard to do something under difficult conditions (para 8)
s.....

B Collocations

1 Match these nouns as they occur together in the text.

- | | |
|------------------|------------|
| a) tax | venture |
| b) manufacturing | incentives |
| c) import | system |
| d) customs | tariffs |
| e) production | volumes |
| f) logistics | union |

2 Match these verbs and nouns as they occur in the text.

- | | |
|-------------|------------|
| a) mount | access |
| b) serve | criteria |
| c) generate | a campaign |
| d) gain | a market |
| e) meet | wealth |

C Complete the sentence

Use an appropriate phrase from Exercise B to complete each sentence.

- 1 Many countries offer companies *tax incentives* to encourage inward investment.
- 2 When we launch our new Internet service we will need to a big marketing
- 3 In order to be successful, the new manufacturing plant will have to reach target within six months.
- 4 Assembling to order and delivering direct to each customer means managing a complex
- 5 When importing is expensive due to high, the alternative is to manufacture locally.
- 6 In order to have free access to the EU market, Japanese car manufacturers in the UK need to minimum content
- 7 In some countries the only way to well is to have local production.
- 8 Most countries in Europe are now part of a which allows free movement of goods.

Over to you

- 1 Imagine you work in the marketing department of a European truck manufacturer. Prepare a presentation giving arguments for setting up production in South America.
- 2 You are a consultant specialising in economic and political fields. You have been asked by a client, a European computer manufacturer, to summarise in a report the difficulties and challenges of setting up a production operation in one of the following countries: Colombia, Russia or Indonesia. Choose one and write a report.

International mergers

Before you read

Discuss these questions.

- 1 How would you define a merger? How does it differ from an acquisition?
- 2 Think of three or four big international mergers in recent years. Have they been successful?
- 3 What kind of things do you think can lead to problems or even failure in international mergers and acquisitions?

Reading tasks

A Understanding main points

Mark these statements T (true) or F (false) according to the information in the text on the opposite page. Find the part of the text that gives the correct information.

- 1 The majority of mergers take place in the USA. *F*
- 2 Many international mergers are failures.
- 3 Most attention is concentrated on what to do after the merger is completed.
- 4 Many mergers are done too quickly.
- 5 Connecting different computer systems together is not usually a problem.
- 6 High salaries were given to Chrysler managers as compensation for the merger with Daimler-Benz.
- 7 Chrysler has won many prizes for its production methods.
- 8 Engineers have a high status at Daimler-Benz.

B Understanding expressions

Choose the best explanation for each extract from the text.

- 1 'the merger wave is now sweeping over Europe' (line 1)
 - a) a lot of American companies are merging with European ones
 - b) there has been a big increase in the number of mergers involving European companies
- 2 'success will depend on the merged companies' ability to create added value' (line 18)
 - a) they must try to make sure the share price goes up after the merger
 - b) they must try to reduce costs and increase revenue in the new merged company
- 3 'post-merger integration has become decisive' (line 31)
 - a) the way merged companies work together as one company is extremely important
 - b) it is necessary to take quick decisions after the merger is completed
- 4 'the growing importance of intangible assets' (line 63)
 - a) some assets are carefully protected and cannot be touched
 - b) *people are the most valuable asset in many companies*

HOW TO MERGE

After the deal

Doing deals is easy. As mergers hit record levels, now comes the hard part

The merger wave, which in 1998 was a predominantly American affair, is now sweeping over Europe. Cross-border deals, such as Daimler-Benz's takeover of Chrysler, accounted for a quarter of mergers in 1998; more are expected as firms go global.

In many cases this consolidation makes sense – at least on paper. But just as certain as the flow of deals is that most will be failures. Study after study of past merger waves has shown that two out of every three deals have not worked.

Success in the future will depend more than ever on the merged companies' ability to create added value. And that will depend mainly on what happens after the deal has been done. Yet many deal makers have neglected this side of the business. Once the merger is done, they simply assume that computer programmers, sales managers and engineers will cut costs and boost revenue according to plan.

Yet, just when post-merger integration has become decisive, it has become harder to pull off. Not only

are modern firms complicated global affairs, but executives are putting today's deals together in a hurry. Few give enough thought to the pitfalls.

One set of obstacles is 'hard' things, such as linking distribution or computer systems. In particular, many recent mergers have been undone by the presumption that information technology is easy to mesh together.

More difficult are the 'soft issues'; and here the same word keeps popping up – culture. People never fit together as easily as flow charts. Culture permeates a company, and differences can poison any collaboration. After one large US merger, the two firms had a row over the annual picnic: employees of one company were accustomed to inviting spouses, the others were totally against the idea. The issue was resolved by inviting spouses only in alternate years.

Two new things have made culture clashes harder to manage. The first is the growing importance of intangible assets. In an advertising agency, for instance, most of the value can walk out of

the door if key people leave.

The second new thing is the number of cross-border mergers. In this area DaimlerChrysler may prove to be an interesting case study in differing management cultures. One worry is compensation: Chrysler's pay levels are much higher than the German company's. So a US manager posted to Stuttgart may end up reporting to a German manager who is earning half his salary.

Nor is pay the only difference. Chrysler likes to pride itself on its flexible approach, where speed and ingenuity are prized. When designing new models, teams of engineers, designers and marketing people work on each model. Daimler-Benz has a more traditional structure, in which designers and marketing people mix less and engineers are in charge.

Some recent deals will no doubt prove a stunning success. Nevertheless, there are three ominous signs about the current merger boom. First, much of the attention seems to be on the deal itself rather than the integration that must follow. Second, many deals are rushed. And third, mergers have too often become a strategy in their own right.

So the things that are so impressive about today's mergers – their size, complexity and daring – could count against them if the economy turns down.

From *The Economist*

C How the text is organised

What do these words refer to in the text?

- | | | |
|------------------|--------------------|------------------|
| 1 which (line 1) | <i>merger wave</i> | 5 this (line 25) |
| 2 more (line 8) | | 6 they (line 26) |
| 3 most (line 13) | | 7 it (line 32) |
| 4 that (line 21) | | 8 few (line 37) |

Vocabulary tasks

A Word search

Find a word or phrase in the text that has a similar meaning.

- 1 mergers between companies from two different countries (para 1)
c. *ross* - b. *order* d. *eqals*
- 2 when one company buys another (para 1)
l.
- 3 when a company becomes more international (para 1)
g. g.
- 4 people who negotiate the terms of a merger (para 3)
d. m.
- 5 reduce the amount of money spent (para 3)
c. c.
- 6 increase income from sales (para 3)
b. l.
- 7 work that needs to be done after the merger agreement (para 4)
p. - m. l.
- 8 sent to a job in another country (para 8)
p.

B Understanding expressions

Choose the best explanation for each word or phrase from the text.

- 1 pull off (line 33)
a) stop
b) succeed ✓
- 2 pitfalls (line 38)
a) problems
b) accidents
- 3 mesh together (line 45)
a) combine
b) mix up
- 4 popping up (line 48)
a) exploding
b) coming up
- 5 permeates (line 50)
a) destroys permanently
b) goes into every part

- 6 pride itself (line 83)
 a) be pleased with yourself for something
 b) tell everyone about your good points
- 7 ominous (line 93)
 a) easy to predict
 b) predicting something bad
- 8 in their own right (line 101)
 a) by themselves
 b) in a correct way

C Prepositions

Complete these sentences with an appropriate preposition.

- 1 Cross-border deals accounted *for* a quarter of mergers in 1998.
- 2 Two every three deals have not worked.
- 3 Success will depend the merged companies' ability to create added value.
- 4 They assume sales managers and engineers will cut costs according plan.
- 5 Executives are putting deals together a hurry.
- 6 Employees of one company were accustomed inviting spouses to the annual picnic.
- 7 An American manager may report a German boss.
- 8 In Daimler-Benz, engineers are charge.

Over to you

- 1 The article emphasises that the post-merger integration is the hardest but most important part of the deal. Here is a list of some issues that must be considered to enable things to work well after a merger has taken place. Which are the most important? Can you add others? What factors need to be taken into account when coming to decision?
- who will be the chief executive of the new company?
 - where will the HQ be?
 - if it is a merger between companies from different countries with different languages, what should the company language be?
 - on which stock exchange should the new company be listed?
 - where there is duplication, e.g. two centres for R&D, should one be closed?
 - should key managers be moved to different parts of the merged company to speed up integration?
- 2 Differences in pay levels between the two companies in a merger can cause problems. Imagine you are members of the Human Resources departments of the two companies. Hold a meeting to discuss this problem and try to suggest some solutions.

3 Use the information in the article to discuss

Corporate cultures

Before you read

Discuss these questions.

- 1 Every organisation has its own distinctive culture, and this can vary enormously from company to company. To an outsider, corporate culture differences are usually reflected in external symbols or characteristics, such as advertising and design. Other characteristics of corporate culture are only observable when you get inside the company as an employee or a supplier, such as the kind of dress worn by staff or the use of first names. Try to think of some other characteristics of corporate culture based on companies that you know.
- 2 Think of some large supermarket groups you know. What kind of image do they project to their customers, e.g. friendly, giving best value?

Reading tasks

A Understanding main points

Read the text on the opposite page about the merger of two companies and their corporate cultures and answer these questions.

- 1 Which company is bigger – Asda or Wal-Mart?
- 2 What are employees at Asda called?
- 3 Which two countries are Asda and Wal-Mart from?
- 4 Which of these statements best summarises the corporate cultures of Asda and Wal-Mart?
 - a) We must keep costs as low as possible.
 - b) We value the contribution of every employee to the success of the company.
 - c) Everyone in the company is considered equal.
- 5 What extra financial benefit do Wal-Mart employees have?
- 6 Allan Leighton mentions three things needed to get the deal 'to work culturally'. What are they?

B Understanding details

Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.

- 1 Asda and Wal-Mart have very similar corporate cultures. *T*
- 2 Asda is the biggest supermarket group in the UK.
- 3 Wal-Mart is the biggest retailing group in the US.
- 4 Asda had financial problems in the 1980s.
- 5 Many of Asda's employees are over 65.
- 6 Allan Leighton is sure the merger of Asda with Wal-Mart will succeed.
- 7 Wal-Mart plans to impose its corporate culture on Asda.
- 8 Creating a corporate culture cannot be planned in theory only.

TRANSPOSING A CULTURE by Peggy Hollinger

Not to be taken for granted

Asda and Wal-Mart should be the perfect merger, given that the former has deliberately set out to copy the US retailing giant's style. But Asda is keenly aware of the pitfalls.

You could not hope to find a neater fit, said the commentators when Wal-Mart, the world's biggest retailer, agreed a £6.7bn takeover deal with Asda, the UK's number three supermarket group.

It had long been known that the team which was brought in to rescue Asda from collapse in the mid-1980s had deliberately set out to copy virtually every aspect of the giant US discount group that could be replicated in the UK.

So Asda stores have 'colleagues', not employees. They have people in the parking lots to help drivers to park. They have old-age pensioners wearing colourful name badges, standing at the door to say hello and ask customers if they need help. In the Leeds headquarters no one has an individual office, not even the chairman. Finally, store staff get actively involved in promoting individual product lines, and are rewarded when their efforts lead to tangible sales improvements.

Most of these ideas came straight from Bentonville, Arkansas, home to one of the world's most unusual retailers. For Wal-Mart's corporate culture has become a legend in retailing.

The company's employees chant the Wal-Mart cheer before store meetings. They benefit from a

share ownership scheme which is one of the most widespread in the industry. Top executives share rooms when on business trips, and pay for their coffee and tea from vending machines like the lowliest sales assistant.

Given the similarities, there are few who really believe putting Asda into the Wal-Mart network will result in anything but success. But, says Asda's Chief Executive, Allan Leighton, this is no reason to be complacent. Failing to bring together corporate cultures, even those as similar as Asda's and Wal-Mart's, could lead to the downfall of the most logical mergers. 'When acquiring or merging with a business, getting the cultures to fit is fundamentally important,' he says. Half-way houses, where compromises are made, never work, he believes, and nor does imposing one culture on another. 'A company calling their colleagues colleagues and treating them like staff is not the answer,' he says.

The key to getting the deal to work culturally rests on a few fundamental issues, he believes. The first and most important is terminology, he says. 'Businesses have their own language. You have to get everyone aligned so that when someone uses a word it means the same thing to everyone.'

Middle management comes next. 'Initially, everything is done at the top of the organisation,' he says. 'But most of the work is done in the middle.' If middle management is not incentivised, a deal can go horribly wrong. 'It all boils down to people in the end. And what motivates people? Unless you can demonstrate very quickly that their influence in the organisation is at least the same if not better than before, then people will get concerned about it,' he says.

Third comes getting to know each other. Asda and Wal-Mart have spent the last few weeks swapping store managers and IT systems staff. 'We will go out there, look and bring back,' Leighton says. 'That way we will have ownership of the changes as opposed to having them pushed on us.'

It will always be hard to determine whether a merger or takeover has failed because the cultures simply did not fit. But success is more likely to elude those who do not really believe in the cultures they are trying to create. 'This all comes from the heart,' says Leighton. 'You do not get it from textbook management or instruction. You have to create an environment where people feel comfortable in expressing themselves in a different way.'

FINANCIAL TIMES
World business newspaper.

C Understanding meanings

- Choose the best explanation of the phrase 'there are few who really believe putting Asda into the Wal-Mart network will result in anything but success' (line 45)
 - most people think the combination of Asda and Wal-Mart will succeed
 - not many people think the merger will succeed
- What does Allan Leighton mean when he says 'it all boils down to people in the end' (line 81)
 - the number of people in the new organisation will need to be reduced
 - people are the most important element in a merger or takeover

Vocabulary tasks

A Synonyms

- 1 The word 'employees' is used several times in the text. What other word is used that has a similar meaning? (para 3)
- 2 The phrase 'to push something on someone' is used in line 97. What similar phrase is used earlier in the text? (para 6)

B Word search

Find a word or phrase in the text that has a similar meaning.

- 1 agreement when a company buys another (para 1)
t. *takeover* d. *deal*
- 2 when a company fails (para 2)
c.
- 3 something that is copied exactly (para 2)
r.
- 4 something that can be seen and proved (para 3)
t.
- 5 company that is famous in its industry (para 4)
l.
- 6 being unreasonably confident (para 6)
c.
- 7 agreement where both sides give up some of what they want (para 6)
c.
- 8 in the same position or share the same ideas (para 7)
a.
- 9 exchanging people or things (para 9)
s.




C Definitions

Match these terms with their definitions.

- | | |
|----------------------------------|--|
| 1 virtually (line 11) | a) cause something to fail |
| 2 parking lots (line 16) | b) people of retirement age who no longer work |
| 3 old-age pensioners (line 17) | c) almost all |
| 4 chant (line 35) | d) sing |
| 5 widespread (line 39) | e) escape |
| 6 lead to the downfall (line 54) | f) a place where cars are put |
| 7 incentivised (line 80) | g) motivated through money or other means |
| 8 elude (line 102) | h) available to lots of people |

D Collocations

Match these nouns as they occur together in the text.

- | | |
|------------|---------------|
| 1 IT | a) ownership |
| 2 product | b) trip |
| 3 name | c) systems |
| 4 store | d) line |
| 5 sales | e) management |
| 6 share | f) badges |
| 7 middle | g) assistant |
| 8 business | h) manager |

E Complete the sentence

Use an appropriate phrase from Exercise D to complete each sentence.

- 1 *Share ownership* schemes for employees help to develop loyalty and commitment.
- 2 Most large supermarkets sell hundreds of
- 3 With the increased emphasis on the customer in retailing, the role of the is important.
- 4 The increased use of audio and video conferencing should reduce the number of executives need to make.
- 5 Large organisations need sophisticated to operate efficiently.
- 6 If people didn't wear at big conferences, you wouldn't know who anyone was.
- 7 Most executives never progress beyond
- 8 The role of a is to motivate and control the sales staff in the shop.

Over to you

- 1 Wal-Mart's corporate culture 'has become a legend in retailing'. It includes such things as employees chanting the Wal-Mart cheer each day before the store opens. How well do you think Wal-Mart's corporate culture would 'travel' across national cultures, especially outside the UK and the US? Would you feel comfortable with it?
- 2 Choose two large retailing, restaurant or hotel groups that you are familiar with. If you have time, go and observe the way they present themselves to customers. Then give a presentation comparing the two organisations' approaches to customers.

Global careers

Before you read

Discuss these questions.

- 1 What qualities do you think a person needs in order to be a successful global manager? Some examples may be independence, or an interest in foreign cultures. Try to think of others.
- 2 What personal and professional skills do you need for a successful business career in your country, e.g. specialist training, knowledge of foreign languages, outgoing personality?

Reading tasks

A Understanding main points

- 1 Which of these statements gives the best summary of the text on the opposite page?
 - a) A successful global manager needs many qualities.
 - b) The qualities required to become a top manager differ from country to country.
 - c) Many young managers are not interested in a global career.
- 2 Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.
 - a) International experience is essential if you want a global career.
 - b) Subsidiaries of global companies use the same criteria when promoting managers.
 - c) The demand for global managers is increasing.
 - d) Young managers want to work internationally.

B Understanding details

- 1 Different qualities for career success are described for different cultures and nationalities. Match the qualities from the list below to the nationalities mentioned in the text.
 - a) good communication skills *British*
 - b) technical creativity
 - c) ability to network
 - d) professional competence
 - e) entrepreneurial skills
 - f) knowing how to work within a hierarchical structure
 - g) good interpersonal skills
- 2 Which national group considers communication and interpersonal skills to be more important – the British or the Dutch?
- 3 According to André Laurent, German, British and French managers see organisations as different kinds of networks. What words does he use to define these networks in each case?

Global Careers

Ideally, it seems a global manager should have the stamina of an Olympic runner, the mental agility of an Einstein, the conversational skill of a professor of languages, the detachment of a judge, the tact of a diplomat, and the perseverance of an Egyptian pyramid builder. And that's not all. If they are going to measure up to the demands of living and working in a foreign country, they should also have a feeling for the culture; their moral judgement should not be too rigid; they should be able to merge with the local environment; and they should show no signs of prejudice.

Thomas Aitken

According to Colby Chandler, the former Chief Executive of Eastman Kodak Company, 'these days there is not a discussion or a decision that does not have an international dimension. We would have to be blind not to see how critically important international experience is.'

10 International companies compete with each other for global executives to manage their operations around the world. Yet what it takes to reach the top of a company differs from one country to the next. For example, whereas Swiss and German companies respect technical creativity and competence, French and British companies often view managers with such qualities as 'mere technicians'. Likewise, American companies value entrepreneurs highly, while their British and French

15 counterparts often view entrepreneurial behaviour as highly disruptive. Similarly, whereas only just half of Dutch managers see skills in interpersonal relations and communication as critical to career success, almost 90 per cent of their British colleagues do so.

Global management expert, André Laurent, describes German, British and French managers' attitudes to management careers as follows:

20 German managers, more than others, believe that creativity is essential for career success. In their mind, successful managers must have the right individual characteristics. German managers have a rational outlook; they view the organisation as a co-ordinated network of individuals who make appropriate decisions based on their professional competence and knowledge.

British managers hold a more interpersonal and subjective view of the organisational world. 25 According to them, the ability to create the right image and to get noticed for what they do is essential for career success. British managers view organisations primarily as a network of relationships between individuals who get things done by influencing each other through communicating and negotiating.

French managers look at organisations as an authority network where the power to organise 30 and control others comes from their position in the hierarchy. French managers focus on the organisation as a pyramid of differentiated levels of power. They perceive the ability to manage power relationships effectively and to 'work the system' as critical to their career success.

As companies integrate their operations globally, these different national approaches can send conflicting messages to success-oriented managers. Subsidiaries in different countries operate differently and reward different behaviours based on their unique cultural perspectives. The challenge for today's global companies is to recognise local differences, while at the same time creating globally integrated career paths for their future senior executives.

There is no doubt the new global environment demands more, not fewer, globally competent managers. Global experience, rather than side-tracking a manager's career, is rapidly becoming the 40 only route to the top. But in spite of the increasing demand for global managers, there is a potentially diminishing interest in global assignments, especially among young managers. A big question for the future is whether global organisations will remain able to attract sufficient numbers of young managers willing to work internationally.

From *International Dimensions of Organisational Behaviour*, Thomson Learning 1997

D Understanding meanings

- 1 Choose the best explanation of the sentence 'there is not a discussion or a decision that does not have an international dimension' (line 8)?
 - a) international issues are not often discussed when companies take decisions
 - b) international issues must always be considered when taking a business decision
- 2 Choose the best explanation of the phrase 'mere technicians' (line 13) as it is used in the text?
 - a) people who have some technical skills but no management skills
 - b) people who are excellent engineers

Vocabulary tasks

A Definitions

Match these terms with their definitions.

- | | |
|------------------|--|
| 1 stamina | a) ability to think quickly and intelligently |
| 2 mental agility | b) physical or mental strength to continue doing something |
| 3 detachment | c) ability to be polite and careful in what you say or do |
| 4 tact | d) determination to keep trying to do something difficult |
| 5 perseverance | e) not becoming involved in things emotionally |

B Word search

Find a word or phrase in the text that has a similar meaning.

- 1 behaviour which prevents things from working normally (para 3)
d. *isruptive*..... b. *ehaviour*.....
- 2 managers who are ambitious (para 8)
s.....-o..... m.....
- 3 clear directions that people can follow to move up in a company (para 8)
c..... p.....
- 4 push a manager's career into a dead end (para 9)
s.....-t.....
- 5 when interest is becoming less and less (para 9)
d..... i.....

C Prepositions

Match the verbs and prepositions as they occur together in the text.

- | | |
|------------------|----------|
| 1 based | a) up to |
| 2 compete | b) on |
| 3 have a feeling | c) from |
| 4 differ | d) with |
| 5 measure | e) for |

D Complete the sentence

Use an appropriate phrase from Exercise C to complete each sentence.

- 1 German managers take decisions ... *based on* ... their professional knowledge.
- 2 The qualities most valued in managers country to country.
- 3 To operate successfully in different countries you need to good different cultures.
- 4 In a global company, managers from different countries each other for the top jobs.
- 5 Expatriates who don't to the demands of working and living abroad sometimes return from their foreign assignment early.

Over to you

- 1 Do you agree with the list of personal qualities necessary to be a global manager which are quoted by Thomas Aitken at the beginning of the text? Can you add anything?
- 2 If you have experience of companies in Germany, Britain and France, would you agree with André Laurent's analysis of what is essential for career success and how organisations work in each country? Can you add anything?
- 3 Imagine that you wish to apply for the job advertised below. You have the right qualifications and experience, and these are on your CV. Write a letter of application to accompany your CV, emphasising your personal qualities and suitability for this position.

European Management Journal Director, International Sales & Marketing

As a key member of our managerial team, you will direct the international business, promotional, and advertising sales activities for The European Management Journal. You will determine the profitability and feasibility of establishing new products and build strategies for delivering current products into new international markets. You will also direct an independent sales force on three continents and be responsible for the day-to-day management and co-ordination of marketing strategies between national and international divisions.

Requires a BA (or equivalent) in Marketing or Finance, and 7 years' product management or development experience, with 3+ years' international marketing/sales experience in publishing or management development. An MBA, experience in start up ventures, and the ability to adapt to different cultures preferred. English and one other European language essential. Overseas travel is required. The post is based in Brussels.

Management attitudes in Germany and Britain

Before you read

Discuss these questions.

- 1 What is the 'message' of the cartoon on the opposite page?
- 2 Based on your experience or what you may have read, how do you think British and German managers would differ in their approach to management?

Reading tasks

A Understanding main points

- 1 The text on the opposite page describes two main differences between British and German management. What are they?
- 2 Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.
 - a) Mergers between British and German companies rarely succeed. *F*
 - b) The study mainly concentrated on middle managers.
 - c) Both German and British managers consider technical skills to be very important.
 - d) German managers prefer working with technicians in British companies.
 - e) British managers are very concerned about their executive status.
 - f) There is much more change in British companies than in German companies.
 - g) German companies are strong and successful because of the way they are organised.
 - h) British managers are probably more flexible than their German counterparts.
- 3 In your opinion does the article suggest that one country's approach to management and organisation is better than the other's?
- 4 Pick out some extracts from the article which make positive or negative comments about British or German approaches.

B How the text is organised

These sentences summarise the main idea of each paragraph. Match each sentence to the correct paragraph.

- a) British managers change jobs within a company far more often than the Germans.
- b) A study has shown big differences in managerial behaviour in Britain and Germany. *paragraph 1*
- c) Approaches to management in both countries have disadvantages which are clearly different.
- d) British managers are 'generalists' rather than 'specialists'.
- e) Attitudes to the qualifications and the role of managers are different in Britain and Germany.
- f) The structure of British companies changes frequently.
- g) German managers are 'experts' in their jobs.

A study comparing British and German approaches to management has revealed the deep gulf which separates managerial behaviour in many German and British companies. The gap is so fundamental, especially among middle managers, that it can pose severe problems for companies from the two countries which either merge or collaborate. The findings are from a study called 'Managing in Britain and Germany' carried out by a team of German and British academics from Mannheim University and Templeton College, Oxford.

The differences are shown most clearly in the contrasting attitudes of many Germans and Britons to managerial expertise and authority, according to the academics. This schism results, in turn, from the very different levels of qualification, and sorts of career paths, which are typical in the two countries.

German managers - both top and middle - consider technical skill to be the most important aspect of their jobs, according to the study. It adds that German managers consider they earn their authority with colleagues and subordinates from this 'expert knowledge' rather than from their position in the organisational hierarchy.

In sharp contrast, British middle managers see themselves as executives first and technicians second. As a result, German middle managers may find that the only

people within their British partner companies who are capable of helping them solve routine problems are technical specialists who do not have management rank. Such an approach is bound to raise status problems in due course.

Christopher Lorenz looks at the contrasting attitudes between German and British managers

Styles of execution



"MY GERMAN COUNTERPART KNOWS HOW TO CHANGE THE PLUG ON HIS EXECUTIVE TOY."

Other practical results of these differences include a greater tendency of British middle managers to regard the design of their departments as their own responsibility, and to reorganise them more frequently than happens in Germany. German

middle managers can have 'major problems in dealing with this', the academics point out, since British middle managers also change their jobs more often. As a result, UK organisations often undergo 'more or less constant change'.

Of the thirty British middle managers in the study, thirteen had held their current job for less than two years, compared with only three in Germany. Many of the Britons had also moved between unrelated departments or functional areas, for example from marketing to human resources. In contrast, all but one of the Germans had stayed in the same functional area. Twenty of them had occupied their current positions for five years or more, compared with only five of the Britons.

The researchers almost certainly exaggerate the strengths of the German pattern; its very stability helps to create the rigid attitudes which stop many German companies from adjusting to external change. But the authors of the report are correct about the drawbacks of the more unstable and less technically oriented British pattern. And they are right in concluding that the two countries do not merely have different career systems but also, in effect, different ways of doing business.

FINANCIAL TIMES
World business newspaper.

Vocabulary tasks

A Words with similar or related meanings

- 1 The article mentions the 'gulf' (line 5) which separates managerial behaviour in German and British companies.
 - a) Does the word 'gulf' suggest a big or small difference?
 - b) Find two other words in the first two paragraphs of the article similar in meaning to 'gulf'.
- 2 The study is mainly concerned with middle managers. What words can be used to describe managers at levels above and below middle management. One example is in the text.
- 3 The article mentions that thirteen British managers 'had held their current job for less than two years' (line 82).
 - a) What word could replace 'current'?
 - b) Think of two other words with the same meaning as 'job'. One is in the article.
- 4 Many of the British managers had also moved between unrelated 'departments' or 'functional areas'. Two examples are given in the text (line 89). Can you think of at least four other 'functional areas' in a typical company?

B Collocations

- 1 Find at least three adjective-noun collocations in the text which create a negative impression (e.g. *severe problems*).
- 2 Match these verbs and nouns as they occur together in the text.

a) pose	change
b) carry out	problems
c) solve	jobs
d) undergo	a position
e) change	a study
f) occupy	problems



C Word search

Find a word or phrase from the text that has a similar meaning.

- 1 work closely with another company (para 1)
c. *collaborate*
- 2 skill of being a manager (para 2)
m..... e.....
- 3 sequence of jobs you take during your working life (para 2)
c..... p.....
- 4 structure of an organisation with its different levels (para 3)
o..... h.....
- 5 companies that you are working closely with (para 4)
p..... c.....
- 6 problems which are not complex or difficult (para 4)
r..... p.....
- 7 position of being a manager (para 4)
m..... f.....

D Word families

Complete the chart.

verb	adjective	noun
manage	managerial	manager
manage	management	management
1 <i>know</i>	knowledgeable	2
organise	3	4
5	6	adjustment
7	8	collaborator

Over to you

- 1 From what you have read and heard, do you agree with the points made in the text?
- 2 If you have experience of working with managers from countries such as Japan, Sweden, USA or France, how would you describe their approach to management and organisation?
- 3 If you were going to collaborate with a British or German company, what could the potential problems be?
- 4 Write a short report giving suggestions and recommendations on ways to try to avoid or reduce these problems.

Recruiting internationally

Before you read

Discuss these questions.

- 1 What are the most popular subjects to study at universities and colleges in your country? Why?
- 2 If you wanted to find out about job opportunities or vacancies at a large company or international organisation, how would you do it?

Reading tasks

A Understanding main points

- 1 Which of these statements gives the best summary of the text on the opposite page?
 - a) A global company needs to recruit globally.
 - b) The Internet will revolutionise the way new employees are recruited.
 - c) Engineering is the discipline of the future.
- 2 Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.
 - a) DaimlerChrysler is the largest employer in Baden-Wurttemberg. *F*
 - b) Daimler Chrysler employs more people in Baden-Wurttemberg than in other parts of Germany.
 - c) The company plans to increase its investment in research and development.
 - d) DaimlerChryslers' policy is to recruit engineers in Germany whenever possible.
 - e) DaimlerChrysler uses the Internet in its recruitment campaigns.
 - f) BMW is a more attractive company to work for.
 - g) Not enough students study engineering in Germany.
 - h) DaimlerChrysler is planning to set up its own technical university.

B How the text is organised

These phrases summarise the main idea of each paragraph. Match each phrase with the correct paragraph.

- a) the need to recruit engineers globally to meet it's business targets
- b) the lack of engineering graduates generally
- c) DaimlerChrysler's position in the state of Baden-Wurttemberg *paragraph 1*
- d) the need to compete with other companies to attract new recruits
- e) DaimlerChrysler's business targets
- f) use of the Internet for recruitment
- g) DaimlerChrysler's plans to support private universities
- h) another recruitment approach

DAIMLERCHRYSLER: Star is reminder of proud auto heritage by **Jeremy Grant**

Where have all the engineers gone?

For the past year Daimler has been part of the grouping with American manufacturer Chrysler. The German company's roots go back to the very first days of motoring.

If Germans associate one company with the state of Baden-Württemberg it is the automotive group DaimlerChrysler. The group was formed in 1998 through the merger of Daimler-Benz and Chrysler of the US. But the local association dates back to the late 1890s, when Daimler and Benz began the automotive age by producing the world's first motor cars. DaimlerChrysler is one of the mainstays of the Baden-Württemberg economy, sustaining 242,000 people in employment across Germany – the bulk of them in the state.

To extend its global reach, the company has ambitious plans to grow in the automotive business, and will invest €46bn developing sixty-four new cars and truck models in the next few years. Research and development spending is set to soar to what a spokesman says is 'a market leading position'. This year the company aims for sales of €146bn, compared with previous forecasts of €139.9bn.

One of the most critical issues facing the group as it attempts to achieve those targets is where it will find, in sufficient numbers, people with the right qualifications to make it all happen. Baden-Württemberg and Germany alone will not be able to provide enough recruits. 'DaimlerChrysler needs to hire 4,500 engineers and IT peo-

ple in the next three years,' says Marc Binder of Human Resources. 'That's a big number and it will be impossible to find enough of them in Germany, let alone in one region. You have to hire them from the top schools in the world.'

Traditionally, Daimler-Benz always recruited engineers within Germany. In 1999, however, its recruitment campaign went global. Part of the impetus was that the transatlantic merger had broadened the spectrum of job opportunities. Using the Internet, DaimlerChrysler issued a blanket invitation to college graduates around the world – with emphasis on mechanical engineering, process technology and aerospace engineering – to attend an open day at eleven DaimlerChrysler locations around the world. Of the 800 who attended, about 55 per cent were invited for interview – a far higher proportion than in previous recruitment drives.

A few months later, the group launched a novel campaign to attract recruits for its International Management Associate Program. It advertised in the international press, inviting would-be trainees to call a company hotline during a four-hour period over two days. Some 200 applicants were interviewed.

Competition for talent from other large industrial groups is

bound to increase. Rivals such as BMW, in neighbouring Bavaria, have similar needs. But Mr Binder says: 'We try to convince would-be recruits that we're the most global company and it's more interesting to work at DaimlerChrysler in this exciting period after the merger.' Recruits are also offered opportunities to work in different units of the group.

The recruitment problem has been made worse by a steady decline in the number of students electing to study engineering since the early 1990s – when there were too many newly-qualified engineers entering the market. Large numbers of students chose to study other subjects, leading to today's shortage.

DaimlerChrysler is supporting initiatives to try to ensure a steady flow of engineers and graduates from other technical disciplines. Over the course of the next few years, the group will be supporting the establishment of two private universities in Baden-Württemberg – the Stuttgart Institute of Management and Technology and the International University of Germany in Bruchsal.

FINANCIAL TIMES
World business newspaper.

DAIMLERCHRYSLER



Vocabulary tasks

A Synonyms

- 1 The writer uses three different words to describe an institute of higher education. What are they? Are they exact equivalents?
- 2 Two words are used many times with the meaning of 'to find and employ new people'. What are they?
- 3 The word 'campaign' is used twice in the article (lines 50 and 68). What other phrase is used with a similar meaning to 'campaign'?
- 4 'about 55 per cent of graduates who attended DaimlerChrysler's open day were invited for interview' (line 63).
 - a) What other word is used in the article with a similar meaning to 'about'?
 - b) Think of at least three other words or phrases to give the idea of approximation.

B Word search

- 1 The article deals mainly with the theme of recruitment. Find at least ten words or phrases in the text connected with the idea of recruitment
- 2 The writer uses several phrases to express the idea of time, either as an approximate date, e.g. 'the late 1890s' (line 8) or to describe when something will or did happen, e.g. 'in the next few years' (line 23). How many similar time expressions can you find in the article?

C Complete the sentence

Use an appropriate word or phrase from Exercise A or B to complete each sentence.

- 1 Due to rapid expansion the company had to carry out an extensive *recruitment campaign*..... to hire new employees.
- 2 In very few people knew much about the Internet.
- 3 the next few years the use of the Internet is bound to expand even more.
- 4 There are literally hundreds of business around the world offering MBAs.
- 5 Many companies now new job vacancies on the Internet and in the press simultaneously.
- 6 graduates in subjects such as information technology have a lot of opportunities for their first job.
- 7 Our recruitment campaign was so successful that we had over 100 for each job.
- 8 We usually invite about 5 per cent of those who apply to come for, so we can meet them in person.
- 9 An MBA is one of the best for an international management job.

D Expanding vocabulary

- 1 The article focuses on the subject of engineering. There are many different branches of engineering. Two are mentioned in the article – mechanical engineering and aerospace engineering (line 58). What other branches of engineering can you think of?
- 2 The article mentions that there is a 'steady decline' in the numbers of engineering students, leading to a 'shortage' of potential recruits (line 91).
 - a) Think of at least two other words similar in meaning to 'decline'.
 - b) Think of at least three words with the opposite meaning.
 - c) Think of at least one word equivalent in meaning to 'shortage'.
 - d) Think of at least one word with the opposite meaning.

E Definitions

Match these terms with their definitions.

- | | |
|---|--|
| 1 mainstay (line 13) | a) an influence that makes something happen |
| 2 global reach (line 18) | b) people who want to enter a training programme |
| 3 set to soar (line 24) | c) a new and imaginative way to recruit |
| 4 impetus (line 51) | d) having a presence all over the world |
| 5 broadened the spectrum of job opportunities (line 52) | e) an offer open to everyone |
| 6 blanket invitation (line 55) | f) about to increase a lot |
| 7 a novel campaign (line 68) | g) increased the range of possible jobs |
| 8 would-be trainees (line 73) | h) most important part of something |

Over to you

- 1 Imagine you work in the Human Resources department of a large international company such as DaimlerChrysler. You are attending a recruitment fair at a major university. Prepare and give a presentation about the company and the career prospects for university graduates.
- 2 You have seen a list of jobs advertised on the Internet by an international manufacturing company – they want to recruit people for technical, commercial and administrative positions. Write a letter of application, specifying which kind of vacancy you are interested in and mentioning your relevant qualifications and experience.
- 3 Look at the websites of some well-known international companies. Describe their approach to recruitment using the Internet.

Selecting international managers

Before you read

Discuss these questions.

- 1 What are the different methods a company can use to find new employees? Which are you most familiar with? Which do you think are most effective?
- 2 What are the most common selection methods used by companies and organisations in your country, (e.g. interviews, intelligence tests)? Do you think selection methods vary from country to country?

Reading tasks

A Understanding main points

Mark these statements T (true) or F (false) according to the information in the text on the opposite page. Find the part of the text that gives the correct information.

- 1 Many international organisations have decentralised selection. *T*
- 2 They look for different personal qualities in different cultures.
- 3 The 'SWAN' criteria have international validity.
- 4 The definition of some qualities can lead to cultural misunderstandings.
- 5 Mobility and language capability are clearly understood across cultures.

B Understanding details

The text states that different cultures look for different qualities when selecting personnel. Match the cultures with the qualities or attributes according to the text.

- 1 Anglo-Saxon (UK, USA, Australia etc.) *c, f*
 - 2 Germanic
 - 3 Latin
 - 4 Far Eastern
- a) being able to fit in with the organisation
 - b) having the relevant kind of education for the job
 - c) having the right intellectual or technical capabilities
 - d) having good interpersonal skills
 - e) having attended the 'top' universities in the country
 - f) being able to carry out relevant tasks and jobs

C Word search

Find at least five methods for testing or assessing a candidate's suitability for a job (e.g. *assessment centres*) which are mentioned in the text.

Recruitment and Selection

Approaches to selection vary significantly across cultures. There are differences not only in the priorities that are given to technical or interpersonal capabilities, but also in the ways that candidates are tested and interviewed for the desired qualities.

In Anglo-Saxon cultures, what is generally tested is how much the individual can contribute to the tasks of the organisation. In these cultures, assessment centres, intelligence tests and measurements of competencies are the norm. In Germanic cultures, the emphasis is more on the quality of education in a specialist function. The recruitment process in Latin and Far Eastern cultures is very often characterised by ascertaining how well that person 'fits in' with the larger group. This is determined in part by the elitism of higher educational institutions, such as the 'grandes ecoles' in France or the University of Tokyo in Japan, and in part by their interpersonal style and ability to network internally. If there are tests in Latin cultures, they will tend to be more about personality, communication and social skills than about the Anglo-Saxon notion of 'intelligence'.

Though there are few statistical comparisons of selection practices

used across cultures, one recent study provides a useful example of the impact of culture. A survey conducted by Shackleton and Newell compared selection methods between France and the UK. They found that there was a striking contrast in the number of interviews used in the selection process, with France resorting to more than one interview much more frequently. They also found that in the UK there was a much greater tendency to use panel interviews than in France, where one-to-one interviews are the norm. In addition, while almost 74 per cent of companies in the UK use references from previous employers, only 11 per cent of the companies surveyed in France used them. Furthermore, French companies rely much more on personality tests and handwriting analysis than their British counterparts.

Many organisations operating across cultures have tended to decentralise selection in order to allow for local differences in testing and for language differences, while providing a set of personal qualities or characteristics they consider important for candidates.

Hewitt Associates, a US compensation and benefits consulting firm based in the Mid West, has

had difficulties extending its key selection criteria outside the USA. It is known for selecting 'SWANs': people who are Smart, Willing, Able and Nice. These concepts, all perfectly understandable to other Americans, can have very different meanings in other cultures. For example, being able may mean being highly connected with colleagues, being sociable or being able to command respect from a hierarchy of subordinates, whereas the intended meaning is more about being technically competent, polite and relatively formal. Similarly, what is nice in one culture may be considered naive or immature in another. It all depends on the cultural context.

Some international companies, like Shell, Toyota, and L'Oréal, have identified very specific qualities that they consider strategically important and that support their business requirements. For example, the criteria that Shell has identified as most important in supporting its strategy include mobility and language capability. These are more easily understood across cultures because people are either willing to relocate or not. There is less room for cultural misunderstandings with such qualities.

From *Managing Cultural Differences*, Economist Intelligence Unit

Vocabulary tasks

A Synonyms

- 1 The word 'selection' is combined with a number of other words, all with similar meanings (e.g. *approaches to selection*). Find four other combinations starting with 'selection'.
- 2 The word 'skill' is often used in connection with job performance. It can be defined as 'the ability to do something well, especially because you have learned and practised it'. In the text, several other words are used with a similar meaning. What are they?
- 3 The acronym SWANs (line 77) stands for 'people who are Smart, Willing, Able and Nice'. Depending on the context, these words can have different meanings. Match each word with one of the SWAN words.

a) charming	nice	i) well-dressed
b) helpful		j) pleasant
c) clever		k) eager
d) friendly		l) intelligent
e) sociable		m) beautiful
f) competent		n) neat
g) enthusiastic		o) kind
h) enjoyable		p) skilful
- 4 Which words from the list have exactly the same meaning as the SWAN words in the text?

B Linking

Use an appropriate word or phrase from the box to complete each sentence.

for example though whereas in addition similarly

- 1 The Internet is changing the way that companies work; *for example*, some use their website to advertise job vacancies.
- 2 Some companies use newspaper advertisements in the recruitment process, others prefer to use consultants.
- 3 With the boom in hi-tech industries, well-qualified software specialists are difficult to find;, in the automotive industry, there is a shortage of engineering graduates.
- 4 To get good management jobs, an MBA is now often a requirement;, knowledge of two foreign languages including English is increasingly demanded.
- 5 The internet is being used more and more as a recruitment tool, there are few statistics available yet about how successful it is.

C Definitions

Match these terms with their definitions.

- | | |
|---------------------------------------|-----------------------|
| 1 assessment (line 13) | a) finding out |
| 2 the norm (line 16) | b) noticeable |
| 3 ascertaining (line 22) | c) pay and conditions |
| 4 elitism (line 24) | d) evaluation |
| 5 striking (line 44) | e) usual, standard |
| 6 compensation and benefits (line 72) | f) concern for status |

Over to you

- 1 Make a list of qualities or skills that you think an international manager should have. Divide your list into technical skills and interpersonal skills.
- 2 What are the best ways to measure or evaluate technical skills?
- 3 How can you measure interpersonal skills?
- 4 Look at the chart showing selection methods in different countries.

Percentage use of selection methods in six different countries

Method of selection	UK	France	Germany	Israel	Norway	Netherlands	All
Interviews	92	97	95	84	93	93	93
References/recommendations	74	39	23	30	—	49	43
Cognitive tests	11	33	21	—	25	21	22
Personality tests	13	38	6	—	16	—	18
Graphology	3	52	—	2	2	24	13
Work sample	18	16	13	—	13	5	13
Assessment centres	14	8	10	3	10	—	8
Biodata	4	1	8	1	8	—	4
Astrology	—	6	—	1	—	—	2

Source: Robertson and Makin (1993)

Imagine you are an HR specialist in an international company. Use this information to make a presentation about selection methods the company should use in Northern Europe.

- 1 Choose the best selection method for each country from the list below.
- 2 Choose the best selection method for each country from the list below.
 - a) civil and more social people
 - b) you see more people