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**Ю.Н. РУСИНА**

**GLOBALISATION. INNOVATION**

**ГЛОБАЛИЗАЦИЯ. ИННОВАЦИЯ**

Практикум  
по дисциплине «Иностранный язык»  
для магистрантов

Пинск  
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Практикум имеет своей целью развитие навыков чтения, анализа и обобщения прочитанной информации с выходом в монологическую устную и письменную речь и представляет собой комплекс аутентичных текстов по актуальным проблемам экономики. Может использоваться как на аудиторных занятиях по дисциплине «Иностранный язык (английский)», так и для организации управляемой самостоятельной работы магистрантов.

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## ПРЕДИСЛОВИЕ

В XXI веке особое значение при подготовке специалистов любого профиля, в том числе и экономического, приобретает овладение иностранным языком. Курс иностранного языка для неязыковых специальностей вузов должен носить профессионально ориентированный характер, его задачи должны определяться профессиональными и познавательными потребностями специалистов соответствующего профиля.

Данный практикум имеет своей целью развитие навыков чтения, анализа и обобщения прочитанной информации с выходом в монологическую устную и письменную речь и представляет собой комплекс аутентичных текстов по актуальным проблемам экономики.

Предлагаемое пособие включает 2 тематических раздела ('Globalisation' и 'Innovation'), предусмотренных рабочей программой по дисциплине «Иностранный язык (английский)» для магистратуры Полесского государственного университета. Оба раздела состоят из серии уроков, включающих в свою структуру ряд упражнений для обогащения и расширения профессионально ориентированного словаря обучаемых и комплекс текстов, содержание которых позволяет дать достаточно полное представление о рассматриваемых экономических проблемах (проблемах глобализации и инновации). В каждом уроке предлагается ряд вопросов проблемного характера, целью которых является совершенствование навыков монологической речи (устной и письменной), а также навыков ведения дискуссии. Оба раздела содержат также дополнительный материал для чтения, который позволяет использовать пособие дифференцированно в зависимости от языковой компетенции обучаемых.

Данное пособие может использоваться как на аудиторных занятиях по дисциплине «Иностранный язык (английский)», так и для организации управляемой самостоятельной работы магистрантов.

# Unit 1

## GLOBALISATION

### Lesson 1

#### DISCUSSION

1. What do you think *globalisation* means?
2. Is globalisation a recent trend?
3. Does it have positive or negative effects?

#### VOCABULARY

**Ex. 1. Match the following words and expressions with their definitions.**

globe	surrender
to globalize	sweatshop
global	sell-off
global economy	the hard-left
globalisation	free trade
to put something on the map	to condemn
prevailing	to deregulate
buzzword	impact
irreversible	to emanate from sth

1. So serious or so great that you cannot change something back to how it was before.
2. To remove government rules and controls from some types of business activity.
3. To come from or out of something.
4. When you give away something or someone, usually because you are forced to.
5. People who have extreme left-wing political aims and ideas.
6. To say very strongly that you do not approve of something or someone, especially because you think it is morally wrong.
7. The economy of the world seen as a whole.

8. A word or phrase from one special area of knowledge that people suddenly think is very important.
9. The world.
10. To make something famous.
11. Affecting or involving the whole world.
12. A situation in which the goods coming into or going out of a country are not controlled or taxed.
13. Existing or accepted in a particular place or at a particular time.
14. A small business, factory, etc. where people work hard in bad conditions for very little money (used to show disapproval).
15. The tendency for the world economy to work as one unit, led by large international companies doing business all over the world.
16. The sale of an industry that the government owns, to private companies or other people.
17. The effect or influence that an event, situation, etc. has on someone or something.
18. To have business activities all over the world.

**Ex. 2. Complete the sentences with the following words. Some words can be used twice.**

*globe, global, globalism, globally, globalisation, to globalise, anti-globalisation*

1. We need to look at this issue ....
2. Using satellites, television pictures can be seen on the other side of the .... almost instantly.
3. She has always been critical of the president's .... foreign policy.
4. .... entails a diminishing dependence on place and locality.
5. Satellite broadcasting is helping .... television.
6. .... is the idea that events in one country cannot be separated from those in another.
7. Anything the US does is likely to have an impact on a .... scale.
8. .... can often lead to the destruction of local customs and cultures.
9. .... protesters clashed with police on the streets of Geneva today.

## READING

### Ex. 1. Discuss these questions.

1. Can you give a broad and a narrow definition of the term 'globalisation'?
2. Can you suggest any ideas about the historical origins of globalisation?

### Ex. 2. Read the texts.

#### Text 1. Definitions of Globalisation

**Globalisation** (or **globalization**) describes a process by which regional economies, societies, and cultures have become integrated through a globe-spanning network of communication and trade. The term is sometimes used to refer specifically to economic globalisation: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. However, globalisation is usually recognized as being driven by a combination of economic, technological, sociocultural, political, and biological factors. The term can also be referred to the transnational circulation of ideas, languages, or popular culture through acculturation.

An early description of globalisation was penned by the American entrepreneur-turned-minister Charles Taze Russell who coined the term 'corporate giants' in 1897, although it was not until the 1960s that the term began to be widely used by economists and other social scientists. The term had since then achieved widespread use in the mainstream press by the later half of the 1980s. Since its inception, the concept of globalisation has inspired numerous competing definitions and interpretations.

Thomas L. Friedman has examined the impact of the 'flattening' of the world, and argues that globalised trade, outsourcing, supply-chaining, and political forces have changed the world permanently, for both better and worse. He also argues that the pace of globalisation is quickening and will continue to have a growing impact on business organization and practice.

Herman E. Daly says that sometimes the terms internationalization and globalisation are used interchangeably but there is a significant formal difference. The term ‘internationalization’ (or internationalisation) refers to the importance of international trade, relations, treaties etc. owing to the (hypothetical) immobility of labour and capital between or among nations.

Takis Fotopoulos argues that globalisation is the result of systemic trends manifesting the market economy's grow-or-die dynamic, following the rapid expansion of transnational corporations. Because these trends have not been offset effectively by counter-tendencies that could have emanated from trade-union action and other forms of political activity, the outcome has been globalisation. This is a multi-faceted and irreversible phenomenon within the system of the market economy and it is expressed as: economic globalisation, namely, the opening and deregulation of commodity, capital and labour markets which led to the present form of neoliberal globalisation; political globalisation, i.e., the emergence of a transnational elite; cultural globalisation, i.e., the worldwide homogenisation of culture; ideological globalisation; technological globalisation; social globalisation.

## **Text 2. What Is Globalisation?**

*Simon Jeffery explains the origins and meaning of the now ubiquitous term.*

It was the anti-globalisation movement that really put globalisation on the map. As a word it has existed since the 1960s, but the protests against this allegedly new process, which its opponents condemn as a way of ordering people's lives, brought globalisation out of the financial and academic worlds and into everyday current affairs jargon.

But that scarcely brings us nearer to what globalisation means. The phenomenon could be a great deal of different things, or perhaps multiple manifestations of one prevailing trend. It has become a buzzword that some will use to describe everything that is happening in the world today.

The dictionary definition is a great deal drier. Globalisation is the ‘process enabling financial and investment markets to operate internationally, largely as a result of deregulation and improved communications’ (Collins) or – from the US – to ‘make worldwide in



scope or application' (Webster). The financial markets, however, are where the story begins.

In the late 1980s and early 1990s, the business model termed the 'globalised' financial market came to be seen as an entity that could have more than just an economic impact on the parts of the world it touched. Globalisation came to be seen as more than simply a way of doing business, or running financial markets – it became a process. From then on the word took on a life of its own. Centuries earlier, in a similar manner, the techniques of industrial manufacturing led to the changes associated with the process of industrialisation, as former country dwellers migrated to the cramped but booming industrial cities to tend the new machines.

So how does the globalised market work? It is modern communications that make it possible; for the British service sector to deal with its customers through a call centre in India, or for a sportswear manufacturer to design its products in Europe, make them in south-east Asia and sell them in North America.

But this is where the anti-globalisation side gets stuck in. If these practices replace domestic economic life with an economy that is heavily influenced or controlled from overseas, then the creation of a globalised economic model and the process of globalisation can also be seen as a surrender of power to the corporations, or a means of keeping poorer nations in their place.

Low-paid sweatshop workers, GM seed pressed on developing world farmers, selling off state-owned industry to qualify for IMF and World Bank loans and the increasing dominance of US and European corporate culture across the globe have come to symbolise globalisation for some of its critics.

The anti-globalisation movement is famously broad, encompassing environmentalists, anarchists, unionists, the hard left, some of the soft left, those campaigning for fair development in poorer countries and others who want to tear the whole thing down, in the same way that the original Luddites attacked mechanised spinning machines.

Not everyone agrees that globalisation is necessarily evil, or that globalised corporations are running the lives of individuals or are more powerful than nations. Some say that the spread of globalisation, free markets and free trade into the developing world is the best way to beat

poverty – the only problem is that free markets and free trade do not yet truly exist.

Globalisation can be seen as a positive, negative or even marginal process. And regardless of whether it works for good or ill, globalisation's exact meaning will continue to be the subject of debate among those who oppose, support or simply observe it.

A recent report in the Press Gazette, the trade magazine for journalists, dealt with attempts by a BBC focus group to throw some light on how far television audiences understand news reports.

In one clip, economics editor Evan Davies referred to ‘globalisation – whatever that means’. A panellist replied: ‘Well, if he doesn't understand what it means, how the hell are we supposed to?’

### *Comprehension*

**Ex. 3. Say whether the following statements are true or false. Correct the false ones.**

1. Economic globalisation is the only kind of globalisation.
2. The concept of globalisation has had different interpretations since 1897.
3. According to Thomas L. Friedman, globalisation has changed the world.
4. Globalisation is a kind of phenomenon that can be easily changed.
5. Some people oppose globalisation while others support it.

### **Text 3. Historical Origins of Globalisation**

The historical origins of globalisation are the subject of on-going debate. Though some scholars situate the origins of globalisation in the modern era, others regard it as a phenomenon with a long history.

Perhaps the most extreme proponent of a deep historical origin for globalisation was Andre Gunder Frank, an economist associated with dependency theory. Frank argued that a form of globalisation has been in existence since the rise of trade links between Sumer and the Indus Valley Civilization in the third millennium B.C. Critics of this idea point out that it rests upon an overly-broad definition of globalisation.

An early form of globalised economics and culture existed during the Hellenistic Age, when commercialized urban centers were focused around the axis of Greek culture over a wide range that stretched from India to Spain, with such cities as Alexandria, Athens, and Antioch at its center. Trade was widespread during that period, and it is the first time that the idea of a cosmopolitan culture (from Greek ‘Cosmopolis’, meaning ‘world city’) emerged. Others have perceived an early form of globalisation in the trade links between the Roman Empire, the Parthian Empire, and the Han Dynasty. The increasing articulation of commercial links between these powers inspired the development of the Silk Road, which started in western China, reached the boundaries of the Parthian empire, and continued onwards towards Rome. With 300 Greek ships a year sailing between the Greco-Roman world and India, the annual trade may have reached 300,000 tons.

The Islamic Golden Age was also an important early stage of globalisation, when Jewish and Muslim traders and explorers established a sustained economy across the Old World resulting in a globalisation of crops, trade, knowledge and technology. Globally significant crops such as sugar and cotton became widely cultivated across the Muslim world in this period, while the necessity of learning Arabic and completing the Hajj created a cosmopolitan culture.

The advent of the Mongol Empire, though destabilizing to the commercial centers of the Middle East and China, greatly facilitated travel along the Silk Road. This permitted travellers and missionaries such as Marco Polo to journey successfully (and profitably) from one end of Eurasia to the other. The so-called Pax Mongolica of the thirteenth century had several other notable globalising effects. It witnessed the creation of the first international postal service, as well as the rapid transmission of epidemic diseases such as bubonic plague across the newly unified regions of Central Asia. These pre-modern phases of global or hemispheric exchange are sometimes known as archaic globalisation. Up to the sixteenth century, however, even the largest systems of international exchange were limited to the Old World.

The Age of Discovery brought a broad change in globalisation, being the first period in which Eurasia and Africa engaged in substantial cultural, material and biologic exchange with the New World. It began in the late 15th century, when the two Kingdoms of the Iberian Peninsula – Portugal and Castile – sent the first exploratory voyages

around the Horn of Africa and to the Americas, 'discovered' in 1492 by Christopher Columbus. Shortly before the turn of the 16th century, Portuguese started establishing trading posts (factories) from Africa to Asia and Brazil, to deal with the trade of local products like gold, spices and timber, introducing an international business center under a royal monopoly, the House of India.

Global integration continued with the European colonization of the Americas initiating the Columbian Exchange, the enormous widespread exchange of plants, animals, foods, human populations (including slaves), communicable diseases, and culture between the Eastern and Western hemispheres. It was one of the most significant global events concerning ecology, agriculture, and culture in history. New crops that had come from the Americas via the European seafarers in the 16th century significantly contributed to the world's population growth.

This phase is sometimes known as proto-globalisation. It was characterized by the rise of maritime European empires, in the 16th and 17th centuries, first the Portuguese and Spanish Empires, and later the Dutch and British Empires. In the 17th century, globalisation became also a private business phenomenon when chartered companies like British East India Company (founded in 1600), often described as the first multinational corporation, as well as the Dutch East India Company (founded in 1602) were established. Because of the large investment and financing needs and high risks involved in international trade, the British East India Company became the first company in the world to share risk and enable joint ownership of companies through the issue of shares of stock: an important driver for globalisation.

In the 19th century Great Britain became the first global economic superpower, because of superior manufacturing technology and improved global communications such as steamships and railroads.

The 19th century witnessed the advent of globalisation approaching its modern form. Industrialization allowed cheap production of household items using economies of scale, while rapid population growth created sustained demand for commodities. Globalisation in this period was decisively shaped by nineteenth-century imperialism. After the Opium Wars and the completion of British conquest of India, vast populations of these regions became ready consumers of European exports. It was in this period that areas of sub-Saharan Africa and the Pacific islands were incorporated into the world system. Meanwhile, the

conquest of new parts of the globe, notably sub-Saharan Africa, by Europeans yielded valuable natural resources such as rubber, diamonds and coal and helped fuel trade and investment between the European imperial powers, their colonies, and the United States.

The first phase of 'modern globalisation' began to break down at the beginning of the 20th century, with the first world war. The novelist JM Yeates criticised the financial forces of globalization as a factor in creating World War I. The final death knell for this phase came during the gold standard crisis and Great Depression in the late 1920s and early 1930s.

In the middle decades of the twentieth century globalisation was largely driven by the global expansion of multinational corporations based in the United States and Europe, and worldwide exchange of new developments in science, technology and products, with most significant inventions of this time having their origins in the Western world. Worldwide export of western culture went through the new mass media: film, radio and television and recorded music. Development and growth of international transport and telecommunication played a decisive role in modern globalisation.

In the late 2000s, much of the industrialized world entered a period of deep recession. Some analysts say the world is going through a period of deglobalisation after years of increasing economic integration.

### *Comprehension*

#### **Ex. 4. Answer the questions.**

1. Why is Andre Frank's idea about the origins of globalisation criticized?
2. What can you say about an early form of globalised economics?
3. When was a broad change in globalisation brought?
4. What is proto-globalisation?
5. When did globalisation start approaching its modern form?
6. What were the reasons for globalisation in the second part of the twentieth century?

## Lesson 2

### VOCABULARY

**Ex. 1. Match the following words and expressions with their definitions.**

to hamper	to oversee	under the auspices of sb/ sth
to remove	restriction	elimination
to reduce	supranational	subsidy
pursuit	emergence	at the expense of sb /sth

1. When something begins to be known or noticed.
2. With the help and support of a particular organization or person.
3. To make it difficult for someone to do something.
4. To be in charge of a group of workers and check that a piece of work is done satisfactorily.
5. With loss or damage to somebody / something.
6. To get rid of something so that it does not exist any longer.
7. The removal or destruction of something.
8. Involving more than one country.
9. When someone tries to get, achieve, or find something in a determined way.
10. To make something smaller or less in size, amount, or price.
11. A rule or law that limits or controls what people can do.
12. Money that is paid by a government or organization to make prices lower, reduce the cost of producing goods, etc.

**Ex. 2. Fill in the table and complete the sentences with the correct forms of the words**

Verb	Noun (concept)
to remove	
to reduce	
	elimination
	emergence
	restriction

1. The new law .... the sale of hand guns. 2. What the report does call for is the total .... of taxation on profits realized for the sale of appreciated assets. 3. State laws written to encourage more voting sharply limit the .... of inactive voters from the rolls. 4. The plan will .... unneeded layers of bureaucracy. 5. Even recent Conservative governments have found it extremely difficult to make real .... in public spending. 6. The nationalists do not see the .... of nationalism in this way. 7. Small businesses will need to .... costs in order to survive. 8. He supposes that technological process will .... the problem of scarcity of resources. 9. There are .... on what you can bring into the country. Alcohol, for example, is totally forbidden. 10. More details of the plan .... at yesterday's meeting.

**Ex. 3. Complete the sentences or expressions with prepositions.**

1. Restrictions .... immigration. 2. There were reductions .... up to 50% in some stores. 3. Treatment usually consists of removal .... the tumour combined with drug treatment. 4. There is also a new enforcement factor at work, which is the emergence .... global markets attuned to fiscal responsibility. 5. The prohibition and elimination .... chemical weapons. 6. Consumers will benefit from the reduction .... gasoline prices. 7. Continental Airlines are to reduce fares .... up to 10% in some areas. 8. The new bridge should reduce travelling time from 50 minutes .... 15 minutes.

**Ex. 4. Match words from each box to form word partnerships. Make up your own sentences.**

to remove, to restrict, to lift, to facilitate, to impose / place, to reduce, to eliminate, strict/tough/tight, complete

a problem, obstacles, restrictions, removal, something to a minimum, something from circulation, yourself / somebody to (doing) something

## READING

### Ex. 1. Discuss these questions.

1. Do you know any international institutions that oversee the processes of globalisation?
2. What do you think is done to promote free trade?

### Ex. 2. Read the texts and check your answers.

#### Text 4. Modern Globalisation

Globalisation, since World War II, is largely the result of planning by politicians to break down borders hampering trade to increase prosperity and interdependence thereby decreasing the chance of future war. Their work led to the Bretton Woods conference, an agreement by the world's leading politicians to lay down the framework for international commerce and finance, and the founding of several international institutions intended to oversee the processes of globalisation.

These institutions include the International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund. Globalisation has been facilitated by advances in technology which have reduced the costs of trade, and trade negotiation rounds, originally under the auspices of the General Agreement on Tariffs and Trade (GATT), which led to a series of agreements to remove restrictions on free trade.

Since World War II, barriers to international trade have been considerably lowered through international agreements — GATT. Particular initiatives carried out as a result of GATT and the World Trade Organization (WTO), for which GATT is the foundation, have included:

Promotion of free trade:

- elimination of tariffs; creation of free trade zones with small or no tariffs;
- reduced transportation costs, especially resulting from development of containerization for ocean shipping;
- reduction or elimination of capital controls;



- reduction, elimination, or harmonization of subsidies for local businesses;
- creation of subsidies for global corporations;
- harmonization of intellectual property laws across the majority of states, with more restrictions;
- supranational recognition of intellectual property restrictions (e.g. patents granted by China would be recognized in the United States).

Cultural globalisation, driven by communication technology and the worldwide marketing of Western cultural industries, was understood at first as a process of homogenization, as the global domination of American culture at the expense of traditional diversity. However, a contrasting trend soon became evident in the emergence of movements protesting against globalisation and giving new momentum to the defense of local uniqueness, individuality, and identity, but largely without success.

The Uruguay Round (1986 to 1994) led to a treaty to create the WTO to mediate trade disputes and set up a uniform platform of trading. Other bilateral and multilateral trade agreements, including sections of Europe's Maastricht Treaty and the North American Free Trade Agreement (NAFTA) have also been signed in pursuit of the goal of reducing tariffs and barriers to trade.

World exports rose from 8.5% in 1970, to 16.2% of total gross world product in 2001.

### **Text 5. Measuring Globalisation**

Economic globalisation can be measured in different ways. These center around the four main economic flows that characterize globalisation:

- goods and services, e.g., exports plus imports as a proportion of national income or per capita of population;
- labour/people, e.g., net migration rates; inward or outward migration flows, weighted by population;
- capital, e.g., inward or outward direct investment as a proportion of national income or per head of population;
- technology, e.g., international research and development flows; proportion of populations (and rates of change thereof) using particular

inventions (especially ‘factor-neutral’ technological advances such as the telephone, motorcar, broadband).

As globalisation is not only an economic phenomenon, a multivariate approach to measuring globalisation is the recent index calculated by the Swiss think tank KOF. The index measures the three main dimensions of globalisation: economic, social, and political. In addition to three indices measuring these dimensions, an overall index of globalisation (including sub-indices referring to actual economic flows, economic restrictions, data on personal contact, data on information flows, and data on cultural proximity) is calculated. Data is available on a yearly basis. According to the index, the world's most globalised country is Belgium, followed by Austria, Sweden, the United Kingdom and the Netherlands. The least globalised countries according to the KOF-index are Haiti, Myanmar, the Central African Republic and Burundi.

A.T.Kearney and *Foreign Policy Magazine* jointly publish another Globalisation Index. According to the 2006 index, Singapore, Ireland, Switzerland, the Netherlands, Canada and Denmark are the most globalised, while Indonesia, India and Iran are the least globalised among countries listed.

### *Comprehension*

#### **Ex. 3. Answer the questions.**

1. What international institutions were founded to oversee the processes of globalisation?
2. In what way can free trade be promoted?
3. What are the most important economic flows that characterize globalisation?
4. What are the main dimensions of globalisation that are measured with the help of globalisation indices?
5. What does an overall index of globalisation include?

## Lesson 3

### VOCABULARY

**Ex. 1. Match the following words and expressions with their definitions.**

to affect	to eat away at sth/sb	commodity
to consume	to contain	to expand
to be at odds with sth	to fragment	to rival
tremendous	advent	to upgrade
competition	invasive	to prohibit
to overrun	laissez-faire	to bemoan
to supplant	remittance	fad
influx	brain drain	to call for sth
expatriate	to underpin	famine
malnutrition	trafficking	poacher

1. To break something, or be broken into a lot of small separate parts (used to show disapproval).
2. To gradually remove or reduce the amount of something.
3. To take the place of a person or thing so that they are no longer used, no longer in a position of power, etc. (= to replace).
4. To stop something from spreading or escaping.
5. Something that people like or do for a short time, or that is fashionable for a short time.
6. To do something that produces an effect or change in something or in someone's situation.
7. Spreading very quickly and difficult to stop.
8. The buying and selling of illegal goods, especially drugs.
9. To need or deserve a particular type of behaviour or treatment.
10. A product that is bought and sold.
11. To be as good or important as someone or something else.
12. To be different from sth, when the two things should be the same.
13. An amount of money that you send to pay for something.
14. Living in a foreign country.

15. To improve something and make it more modern, especially in order to provide a better service.
16. To give strength or support to something and to help it succeed.
17. Someone who illegally catches or shoots animals, birds, or fish, especially on private land without permission.
18. A situation in which people or organizations try to be more successful than other people or organizations.
19. The principle that the government should allow the economy or private businesses to develop without any state control or influence.
20. To become larger in size, number, or amount, or to make something become larger.
21. (Especially of sth bad or not wanted) to fill or spread over an area quickly, especially in large numbers.
22. A poor condition of health caused by a lack of food or a lack of the right type of food.
23. To complain or say that you are disappointed about something.
24. A movement of highly skilled or professional people from their own country to a country where they can earn more money.
25. Very big, fast, powerful, etc.
26. The time when something first begins to be widely used.
27. To say that an action is illegal or not allowed.
28. The arrival of large numbers of people or large amounts of money, goods, etc., especially suddenly.
29. A situation in which a large number of people have little or no food for a long time and many people die.
30. To use time, energy, goods, etc.

**Ex. 2. Fill in the table (not all verbs have a noun agent form) and complete the sentences with the correct forms of the words.**

Verb	Noun (concept)	Noun (agent)	Adjective/ Participle
to consume			
to expand			
	competition		
	production		
	survival		

1. The focus of this will be the .... of sales to the private sector and to selected overseas markets. 2. Companies receive tax credits for buying .... equipment. 3. .... demand led to higher imports of manufactured goods. 4. .... in output was fuelled by growing external demand and generally .... domestic economic policies. 5. Industrialized countries .... natural resources in huge quantities. 6. There is fierce .... between the three leading soap manufacturers. 7. Companies may intensify ....., improve productivity or reduce output – all of which tend to reduce employment. 8. The company hopes to be one of the .... of this recession. 9. The main .... advantage of the firm is the relatively low cost of the labour force both for production and design. 10. Trade between developing countries and industrialized countries is beginning to .... . 11. They found themselves .... with foreign companies for a share of the market. 12. Many of the small, independent businesses are struggling to .... . 13. The company .... over 200 sewing machines a month. 14. A lot of small companies are having to fight for .... . 15. Most people are aware of the need to reduce energy .... . 16. Many .... are being forced to cut costs and use cheaper materials. 17. If we're going to succeed, we'll have to provide something that our .... don't.

## **READING**

### **Ex. 1. Discuss these questions.**

1. How can globalisation influence the world? What are the main aspects?
2. Does globalisation have any effect on ecology?

### **Ex. 2. Read the text and check your answers.**

#### **Text 6. Effects of Globalisation**

Globalisation has various aspects which affect the world in several different ways such as:

*Industrial:* emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies. International trade in manufactured goods increased more than 100 times (from \$95 billion to \$12 trillion) in the 50 years since 1955. China's trade with Africa rose sevenfold during 2000-07 alone.

*Financial:* emergence of worldwide financial markets and better access to external financing for borrowers. By the early part of the 21st century more than \$1.5 trillion in national currencies were traded daily to support the expanded levels of trade and investment. As these worldwide structures grew more quickly than any transnational regulatory regime, the instability of the global financial infrastructure dramatically increased, as evidenced by the Financial crisis of 2007 – 2010.

*Economic:* realization of a global common market, based on the freedom of exchange of goods and capital. The interconnection of these markets, however, meant that an economic collapse in any one given country could not be contained.

*Health Policy:* on the global scale, health becomes a commodity. In developing nations under the demands of Structural Adjustment Programs, health systems are fragmented and privatized. During the 1990s global health policy makers shifted from United Nations players to financial institutions. The result of this power transition is an increase in privatization in the health sector. This privatization fragments health policy by crowding it with many players with many private interests. Influenced by global trade and global economy, health policy is directed by technological advances and innovative medical trade. Global priorities, in this situation, are sometimes at odds with national priorities where increased health infrastructure and basic primary care are of more value to the public than privatized care for the wealthy.

*Political:* some use ‘globalisation’ to mean the creation of a world government which regulates the relationships among governments and guarantees the rights arising from social and economic globalisation. Politically, the United States has enjoyed a position of power among the world powers, in part because of its strong and wealthy economy. With the influence of globalisation and with the help of the United States’ own economy, China has experienced some tremendous growth within the past decade. If China continues to grow at the rate projected by the trends, then it is very likely that in the next twenty years, there will be a major reallocation of power among the world leaders. China will have enough wealth, industry, and technology to rival the United States for the position of leading world power.

*Informational:* increase in information flows between geographically remote locations. This is a technological change with the

advent of fibre optic communications, satellites, and increased availability of telephone and Internet.

*Language:* the most popular language is Mandarin (845 million speakers) followed by Spanish (329 million speakers) and English (328 million speakers).

- about 35% of the world's mail, telexes, and cables are in English.
- approximately 40% of the world's radio programs are in English.
- about 50% of all Internet traffic uses English.

*Competition:* survival in the new global business market calls for improved productivity and increased competition. Due to the market becoming worldwide, companies in various industries have to upgrade their products and use technology skillfully in order to face increased competition.

*Ecological:* the advent of global environmental challenges that might be solved with international cooperation, such as climate change, cross-boundary water and air pollution, over-fishing of the ocean, and the spread of invasive species. Since many factories are built in developing countries with less environmental regulation, globalism and free trade may increase pollution. On the other hand, economic development historically required a 'dirty' industrial stage, and it is argued that developing countries should not, via regulation, be prohibited from increasing their standard of living.

*Cultural:* growth of cross-cultural contacts; advent of new categories of consciousness and identities which embodies cultural diffusion, the desire to increase one's standard of living and enjoy foreign products and ideas, adopt new technology and practices, and participate in a 'world culture'. Some bemoan the resulting consumerism and loss of languages.

– spreading of multiculturalism, and better individual access to cultural diversity (e.g. through the export of Hollywood and, to a lesser extent, Bollywood movies). Some consider such 'imported' culture a danger, since it may supplant the local culture, causing reduction in diversity or even assimilation. Others consider multiculturalism to promote peace and understanding between people.

- greater international travel and tourism.
- greater immigration, including illegal immigration. According to the IOM estimates, there are more than 200 million migrants around the

world today. Newly available data show that remittance flows to developing countries reached \$328 billion in 2008.

- spread of local consumer products (e.g., food) to other countries (often adapted to their culture).

- worldwide fads and pop culture such as Pokémon, Sudoku, Numa Numa, Origami, Idol series, YouTube, Orkut, Facebook, and MySpace.

- worldwide sporting events such as FIFA World Cup and the Olympic Games.

- incorporation of multinational corporations into new media. As the sponsors of the All-Blacks rugby team, Adidas has created a parallel website with a downloadable interactive rugby game for its fans to play and compete.

*Social:* development of the system of non-governmental organisations as main agents of global public policy, including humanitarian aid and developmental efforts.

*Technical:*

- development of a Global Information System, global telecommunications infrastructure and greater transborder data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones

- increase in the number of standards applied globally; e.g., copyright laws, patents and world trade agreements.

*Legal/Ethical:*

- the creation of the international criminal court and international justice movements.

- crime importation and raising awareness of global crime-fighting efforts and cooperation.

- the emergence of Global administrative law.

*Religious:* the spread and increased interrelations of various religious groups and ideas.

### **Ex. 3. Give your own opinion.**

1. Which effects of globalisation do you think are of crucial importance?

2. What is your attitude towards spreading of multiculturalism?

3. What can you say about negative effects of globalisation?



## **Ex. 4. Read the text.**

### **Text 7. Negative effects**

Globalisation has been one of the most hotly debated topics in international economics over the past few years. Globalisation has also generated significant international opposition over concerns that it has increased inequality and environmental degradation. In the Midwestern United States, globalisation has eaten away at its competitive edge in industry and agriculture, lowering the quality of life in locations that have not adapted to the change.

Some also view the effect of globalisation on culture as a rising concern. Along with globalisation of economies and trade, culture is being imported and exported as well. The concern is that the stronger, bigger countries such as the United States, may overrun the other, smaller countries' cultures, leading to those customs and values being faded away. This process is also sometimes referred to as Americanization or McDonaldization.

#### **Sweatshops**

It can be said that globalisation is the door that opens up an otherwise resource-poor country to the international market. Where a country has little material or physical product harvested or mined from its own soil, large corporations see an opportunity to take advantage of the 'export poverty' of such a nation. Where the majority of the earliest occurrences of economic globalisation are recorded as being the expansion of businesses and corporate growth, in many poorer nations globalisation is actually the result of the foreign businesses investing in the country to take advantage of the lower wage rate: even though investing, by increasing the Capital Stock of the country, increases their wage rate.

One example used by anti-globalisation protestors is the use of sweatshops by manufacturers. According to Global Exchange, these 'Sweat Shops' are widely used by sports shoe manufacturers, e.g. 'Nike'. There are factories set up in the poor countries where employees agree to work for low wages. Then if labour laws alter in those countries and stricter rules govern the manufacturing process, the factories are closed down and relocated to other nations with more conservative, laissez-faire economic policies.

There are several agencies that have been set up worldwide specifically designed to focus on anti-sweatshop campaigns and education of such. In the USA, the National Labour Committee has proposed a number of bills as part of the The Decent Working Conditions and Fair Competition Act, which have thus far failed in Congress. The legislation would legally require companies to respect human and worker rights by prohibiting the import, sale, or export of sweatshop goods.

Specifically, these core standards include no child labour, no forced labour, freedom of association, right to organize and bargain collectively, as well as the right to decent working conditions.

### **Negative effects of economic liberalization**

The world today is so interconnected that the collapse of the mortgage market in the U.S. has led to a global financial crisis and recession on a scale not seen since the Great Depression. Government deregulation and failed regulation of Wall Street's investment banks were important contributors to the mortgage crisis.

A flood of consumer goods such as televisions, radios, bicycles, and textiles into the United States, Europe, and Japan has helped fuel the economic expansion of Asian tiger economies in recent decades. However, Chinese textile and clothing exports have recently encountered criticism from Europe, the United States and some African countries. In South Africa, some 300,000 textile workers have lost their jobs due to the influx of Chinese goods. A total of 3.2 million – one in six U.S. factory jobs – have disappeared since the start of 2000.

### **Brain drain**

Opportunities in richer countries drive talent away from poorer countries, leading to brain drains. Brain drain has cost the African continent over \$4.1 billion in the employment of 150,000 expatriate professionals annually. The fact that Indian students go abroad for their higher studies costs India a foreign exchange outflow of \$10 billion annually.

### **Effect on environmental degradation**

The removal of forest to make way for cattle ranching was the leading cause of deforestation in the Brazilian Amazon from the mid

1960s. Recently, soybeans have become one of the most important contributors to deforestation in the Brazilian Amazon.

The Worldwatch Institute said the booming economies of China and India are planetary powers that are shaping the global biosphere. In 2007, China overtook the United States as the world's biggest producer of CO<sub>2</sub>. At present rates, tropical rainforests in Indonesia would be logged out in 10 years, Papua New Guinea in 13 to 16 years. A major source of deforestation is the logging industry, driven spectacularly by China and Japan. Thriving economies such as China and India are quickly becoming large oil consumers. China has seen oil consumption grow by 8% yearly since 2002. Crude oil prices in the last several years rose from about \$25 a barrel in August 2003 to over \$140 a barrel in July 2008. *State of the World 2006* report said the two countries' high economic growth hid a reality of severe pollution. The report states: 'The world's ecological capacity is simply insufficient to satisfy the ambitions of China, India, Japan, Europe and the United States as well as the aspirations of the rest of the world in a sustainable way'.

### **Food security**

The head of the International Food Policy Research Institute, stated in 2008 that the gradual change in diet among newly prosperous populations is the most important factor underpinning the rise in global food prices. From 1950 to 1984, as the Green Revolution transformed agriculture around the world, grain production increased by over 250%. The world population has grown by about 4 billion since the beginning of the Green Revolution and most believe that, without the Revolution, there would be greater famine and malnutrition than the UN presently documents (approximately 850 million people suffering from chronic malnutrition in 2005).

Growing populations, falling energy sources and food shortages will have created the 'perfect storm' by 2030.

### **Effect on disease**

Globalisation has also 'helped' to spread some of the deadliest infectious diseases known to humans. Starting in Asia, the Black Death killed at least one-third of Europe's population in the 14th century. Modern modes of transportation allow more people and products to

travel around the world at a faster pace, they also open the airways to the transcontinental movement of infectious disease vectors. One example of this occurring is AIDS/HIV. Approximately 1.1 million persons are living with HIV/AIDS in the United States, and AIDS remains the leading cause of death among African American women between ages 25 and 34. Due to immigration, approximately 500,000 people in the United States are believed to be infected with Chagas disease. In 2006, the tuberculosis (TB) rate among foreign-born persons in the United States was 9.5 times that of U.S.-born persons.

### **Drug and illicit goods trade**

The United Nations Office on Drugs and Crime (UNODC) issued a report that the global drug trade generates more than \$320 billion a year in revenues. Worldwide, the UN estimates there are more than 50 million regular users of heroin, cocaine and synthetic drugs. The international trade of endangered species is second only to drug trafficking. Traditional Chinese medicine often incorporates ingredients from all parts of plants, the leaf, stem, flower, root, and also ingredients from animals and minerals. The use of parts of endangered species (such as seahorses, rhinoceros horns, saiga antelope horns, and tiger bones and claws) has created controversy and resulted in a black market of poachers who hunt restricted animals.

### ***Comprehension***

**Ex. 5. Say whether the following statements are true or false. Correct the false ones.**

1. Sweatshops are located in developed countries.
2. The important contributor to the mortgage crisis in the USA was the Great Depression.
3. Infectious diseases are spread because of deforestation.
4. The international trade of endangered species is second only to drug trafficking.

## Lesson 4

### VOCABULARY

**Ex. 1. Match the following words with their definitions.**

benefit	to protect	to penalize
cost to sth	to grapple with	accessible
to exacerbate	to accelerate	vulnerable
to erode	to exploit	to deprive sb of sth
to bolster	illiteracy	to topple
smuggler	xenophobic	to tighten
to foster	shortage	indigenous

1. Belonging to a particular place rather than coming to it from somewhere else.
2. To keep someone or something safe from harm, damage, or illness.
3. To make a bad situation worse.
4. To try hard to deal with or understand something difficult.
5. A situation in which there is not enough of something that people need.
6. To gradually reduce something such as someone's power or confidence.
7. To use something fully and effectively.
8. To punish someone or treat them unfairly.
9. An advantage, improvement, or help that you get from something.
10. Easy to attack or criticize.
11. The state of not knowing how to read or write.
12. Easy to obtain or use.
13. To help a skill, feeling, idea, etc. develop over a period of time.
14. To take power away from a leader or government, especially by force.
15. Someone who takes something illegally from one country to another.
16. To prevent someone from having something, especially something that they need or should have.
17. Disadvantage.

18. Showing strong fear or dislike of people from other countries.
19. To improve something.
20. To make a rule, law, or system more strict.
21. To happen or to make sth happen faster or earlier than expected.

**Ex. 2. Find a word from ex. 1 that has a similar meaning.**

to overthrow, to defend, to punish, native, to aggravate, to encourage, to boost, available.

**Ex. 3. Match the sentence halves.**

1. Recent studies show that ...
2. Political corruption ...
3. Profits last year ...
4. Computers should be made ...
5. About 36 percent of employers ...
6. New camera and film technology ...
7. Over the years, the value of our savings and investments ...
8. They believe ...
9. The drop in the birth rate 20 years ago ...
10. High interest rates ...

- a. will bolster the company's market share.
- b. readily accessible to teachers and pupils.
- c. has created a severe shortage of workers.
- d. has been eroded by inflation.
- e. moves to tighten the gun laws even further could result in even more firearms flooding the black market.
- f. were boosted by £69m of interest savings from the £572m rights issue a year ago.
- g. threatens to topple the regime.
- h. advertising usually fosters competition and therefore lower prices.
- i. plan to boost hiring the rest of this year.
- j. can gradually erode profit margins.

## READING

### Ex. 1. Discuss these questions.

1. Do you think globalisation has more advantages or disadvantages?
2. Are the consequences of globalisation the same for different countries of the world?

### Ex. 2. Read the text.

#### Text 8. Benefits and Problems of Globalisation

The issues and perceived effects of globalisation excite strong feelings, tempting people to regard it in terms of black and white, when in fact globalisation is an extremely complex web of many things. The following table presents ten opposing points of view often expressed about globalisation.

	<b>Benefits of globalisation</b>	<b>Problems of globalisation</b>
1.	<b>Economies of countries</b> that engage well with the international economy have consistently <b>grown much faster</b> than those countries that try to protect themselves. Well-managed open economies have grown at rates that are on average 2 ½ percentage points higher than the rate of growth in economies closed to the forces of globalisation.	There are <b>social and economic costs</b> to globalisation. Trade liberalisation rewards competitive industries and penalises uncompetitive ones, and it requires participating countries to undertake economic restructuring and reform. While this will bring benefits in the long term, there are dislocation costs to grapple with in the immediate term, and the social costs for those affected are high.

2.	<p>Countries which have had faster economic growth have then been able to <b>improve living standards and reduce poverty</b>. India has cut its poverty rate in half in the past two decades. China reduced the number of rural poor from 250 million in 1978 to 34 million in 1999. Cheaper imports also make a wider range of products accessible to more people and, through competition, can help promote efficiency and productivity.</p>	<p>Some countries have been unable to take advantage of globalisation and their <b>standards of living are dropping</b> further behind the richest countries. The gap in incomes between the 20% of the richest and the poorest countries grew from 30 to 1 in 1960 to 82 to 1 in 1995.</p>
3.	<p>Improved wealth through the economic gains of globalisation has led to improved access to health care and clean water which has <b>increased life expectancy</b>. More than 85 percent of the world's population can expect to live for at least sixty years (that's twice as long as the average life expectancy 100 years ago!)</p>	<p>Increased trade and travel have <b>facilitated the spread of human, animal and plant diseases</b>, like HIV/AIDS, SARS and bird flu, across borders. The AIDS crisis has reduced life expectancy in some parts of Africa to less than 33 years and delays in addressing the problems, caused by economic pressures, have exacerbated the situation.</p> <p>Globalisation has also enabled the <b>introduction of cigarettes and tobacco</b> to developing countries, with <b>major adverse health and financial costs</b> associated with that.</p>



4.	<p>Increased global income and reduced investment barriers have led to an <b>increase in foreign direct investment</b> which has accelerated growth in many countries. In 1975, total foreign direct investment amounted to US\$23 billion while in 2003 it totalled US\$575 billion.</p>	<p>The increasing interdependence of countries in a globalised world makes them <b>more vulnerable to economic problems</b> like the Asian financial crisis of the late 1990's.</p>
5.	<p>Improved environmental awareness and accountability have contributed to <b>positive environmental outcomes</b> by encouraging the use of more efficient, lesspolluting technologies and facilitating economies' imports of renewable substitutes for use in place of scarce domestic natural resources.</p>	<p>The <b>environment has been harmed</b> as agricultural, forest, mining and fishing industries exploit inadequate environmental codes and corrupt behaviour in developing countries. Agricultural seed companies are destroying the biodiversity of the planet, and depriving subsistence farmers of their livelihood.</p>
6.	<p>Increasing interdependence and global institutions like the WTO and World Bank, that manage the settlement of government-to-government disputes, have <b>enabled international political and economic tensions to be resolved</b> on a 'rules based' approach, rather than which country has the greatest economic or political power. Importantly it has <b>bolstered peace</b> as countries are unlikely to enter conflict with trading partners and poverty reduction helps reduce the breeding ground for terrorism.</p>	<p>The major economic powers have a major influence in the institutions of globalisation, like the WTO, and this can <b>work against the interests of the developing world</b>. The level of agricultural protection by rich countries has also been estimated to be around five times what they provide in aid to poor countries.</p>

7.	<p><b>Improved technology</b> has <b>dramatically reduced costs and prices</b> changing the way the world communicates, learns, does business and treats illnesses. Between 1990 and 1999, adult illiteracy rates in developing countries fell from 35 per cent to 29 per cent.</p>	<p>Trade liberalisation and <b>technological improvements</b> change the economy of a country, <b>destroying traditional agricultural communities</b> and allowing cheap imports of manufactured goods. This can lead to unemployment if not carefully managed, as work in the traditional sectors of the economy becomes scarce and people may not have the appropriate skills for the jobs which may be created.</p>
8.	<p><b>Modern communications</b> and the global spread of information have contributed to the toppling of undemocratic regimes and a <b>growth in liberal democracies</b> around the world.</p>	<p><b>Modern communications</b> have spread an awareness of the differences between countries, and <b>increased the demand for migration</b> to richer countries. Richer countries have tightened the barriers against migrant workers, xenophobic fears have increased and people smugglers have exploited vulnerable people.</p>
9.	<p>The voluntary adoption by global companies of <b>workplace standards</b> for their internationalised production facilities in developing countries has made an important contribution to respect for international labour standards. Wages paid by multinationals in middle- and low-income countries are on average 1.8 to 2.0 times the average wages in those countries.</p>	<p>Globalised competition can force a ‘race to the bottom’ in wage rates and labour standards. It can also foster a <b>‘brain drain’ of skilled workers</b>, where highly educated and qualified professionals, such as doctors, engineers and IT specialists, migrate to developed countries to benefit from the higher wages and greater career and lifestyle prospects. This creates severe skilled labour shortages in developing countries.</p>

10.	International migration has led to greater recognition of diversity and <b>respect for cultural identities</b> which is improving democracy and access to human rights.	<b>Indigenous and national culture and languages</b> can be <b>eroded</b> by the modern globalised culture.
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Each country should make decisions and policies that will help to maximise the benefits and minimise the challenges presented by globalisation.

### *Comprehension*

#### **Ex. 3. Answer the questions.**

1. What can you say about social and economic effects of globalisation?
2. Is people's health influenced by globalisation?
3. What effects does globalisation have on the environment?
4. What can you say about the influence of the WTO and the World Bank?
5. Do technological improvements have only positive effects?
6. What impact does globalisation have on national cultures?

## Lesson 5

### READING

**Ex. 1. Read text 9 which sums up everything that you already know about globalisation.**

#### Text 9. Key Issues

##### **Globalisation defined...**

Globalisation is a term that is frequently used but seldom defined. It refers to the rapid increase in the share of economic activity taking place across national boundaries.

This goes beyond the international trade in goods and includes the way those goods are produced, the delivery and sale of services, and the movement of capital.

##### **Threat or opportunity...**

Globalisation can be a force for good. It has the potential to generate wealth and improve living standards. But it isn't doing that well at the moment.

The benefits from increased trade, investment, and technological innovation are not fairly distributed. The experience of the international trade union movement suggests that the reality for the majority of the world's population is that things are getting worse.

Globalisation as we know it is increasing the gap between the rich and the poor. This is because the policies that drive the globalisation process are largely focussed on the needs of business.

The relentless drive to liberalise trade, i.e. to remove trade barriers, promote privatisation and reduce regulation (including legal protection for workers), has had a negative impact on the lives of millions of people around the world. In addition, many of the poorer countries have been pressured to orientate their economies towards producing exports and to reduce already inadequate spending on public services such as health and education so that they can repay their foreign debt. This has forced even more people into a life of poverty and uncertainty.

### **The role of governments...**

The type of globalisation we are experiencing is sometimes portrayed as an inevitable, technologically driven process that we must adapt to in order to survive and prosper. For millions of workers, in the developing as well as the developed world, this has been translated into living with greater job insecurity and worse conditions.

But the reality is that the globalisation we have seen in recent decades has been driven by a laborious process of international rule-making and enforcement. Governments have made those rules. There has been a conscious political choice to pursue the policies that underpin the process. Of course, domestic, economic, industrial and social policies also play a crucial role in determining living conditions, though poorer countries are less able to resist globalisation due to their economically weaker position.

### **The key players...**

A number of key players are driving globalisation. They include:

- multinational enterprises which carry out business across national boundaries;
- the World Trade Organisation (WTO), through which international trade agreements are negotiated and enforced;
- the World Bank and the International Monetary Fund (IMF) which are meant to assist governments in achieving development aims through the provision of loans and technical assistance.

They have championed the trade liberalisation policies mentioned above. Governments and these international institutions are instrumental in determining the outcome of globalisation.

### **The impact on women...**

The impact of globalisation on men and women is different.

Women, particularly those in developing countries, suffer disproportionately when public services are cut back. This is because they have primary responsibility for caring for children and other family members. Also, girls are more likely to be withdrawn from school when the family income needs to be supplemented or when the cost of education rises.

While the expansion of international trade has generated employment opportunities for women in certain circumstances, trade

policies have often served to entrench the traditionally inferior role assigned to women in many countries. Occupational segregation, pay inequality, and unequal access to resources are but a few of the discriminatory measures that women face. The rise of Export Processing zones where large numbers of young women labour in poor and dangerous conditions to produce cheap consumer goods, and the expansion of outsourcing and home-based employment have also raised new issues and concerns for women workers.

### **Putting people first...**

Ways need to be found to manage and structure globalisation so that it supports fundamental human rights and sustainable development, and generates prosperity for ordinary people, particularly the poorest. Left unchecked, globalisation will lead to their further marginalisation and impoverishment.

## **VOCABULARY**

**Ex. 2. Find a word or phrase in text 9 that has a similar meaning.**

1. the act of bringing goods, letters, etc. to a particular person or place, or the things that are brought

d.....

2. the possibility that something very bad will happen

t.....

3. to produce or cause something [=to create]

to g.....

4. not stopping or getting less strong

r.....

5. to get rid of something so that it does not exist any longer

to r.....

6. legal or financial regulations to protect a country's domestic producers

t..... b.....

7. to try to make somebody do something by making them feel it is their duty to do it

to p.....

8. to make someone do something they do not want to do

- to f.....
9. the situation or experience of being poor
- p.....
10. to grow and develop in a successful way, especially by becoming rich or making a large profit
- to p.....
11. to change something, or to be changed, into a different form
- to t..... sth into sth
12. being in danger of losing your job
- j..... i.....
13. when people are made to obey a rule, law, etc.
- e.....
14. to give strength or support to something and to help it succeed
- to u.....
15. to try to prevent a change from happening, or prevent yourself from being forced to do something
- to r.....
16. to make people obey a rule or law
- to e.....
17. an amount of money that you borrow from a bank
- l.....
18. help or support
- a.....
19. to publicly fight for and defend an aim or principle, such as the rights of a group of people
- to c.....
20. to be important in making something happen
- to be i..... in smth
21. to add something, especially to what you earn or eat, in order to increase it to an acceptable level
- to s.....
22. to establish something very firmly so that it is very difficult to change
- to e.....
23. when people of different races, sexes, or religions are kept apart so that they live, work, or study separately
- s.....

24. an unfair situation, in which some groups in society have more money, opportunities, power, etc. than others

i.....

25. used to describe a situation or a social system which is unfair because some groups or people have more power than others

u.....

26. to work hard

to l.....

27. when a company uses workers from outside the company to do a job

o.....

28. able to continue for a long time

s.....

29. the situation when a group of people or a person is made unimportant and powerless in an unfair way

m.....

30. the situation of making somebody very poor

i.....

**Ex. 3. Match these verbs and nouns as they occur in the text.**

to labour in, to achieve, to pursue, to repay, to reduce, to generate, to underpin, to improve, to resist, to carry out, to champion, to lead to, to remove

their further marginalisation, wealth, poor and dangerous conditions, inadequate spending, globalisation, living standards, trade barriers, business, the policies, the trade liberalisation policies, their foreign debt, development aims, the process

***Comprehension***

**Ex. 4. Summarise the main ideas of the text.**



## Lesson 6

### DISCUSSION / WRITING

1. What do you understand by the term 'global company'? Can you give some examples?
2. Make a list of some of the problems that global companies have nowadays. What solutions can be found to deal with these problems?
3. Work in pairs. One of you is a manager in a global company, the other one is a journalist interviewing the manager about the advantages and disadvantages of running a global company.
4. Would you like to work for a global company or for a small national company? Why?
5. Do negative and positive effects of globalisation have influence on you and your family?
6. Try to work out some smart ways to manage globalisation.
7. Are you in favour of globalisation or against it?

### ADDITIONAL VOCABULARY EXERCISES

**Ex. 1. Global Problems. Match the following words and phrases with the definitions.**

aid	AIDS	asylum
casualties	civil war	discrimination
dissident	drought	epidemic
ethnic cleansing	exploitation	extremist
famine	flood	genocide
harassment	human rights	illegal immigrant
minorities	pollution	poverty
racist	refugee	terrorism

1. When people from a particular race or religion are forced to leave an area.
2. When people do not like or trust someone because they are of a different race, sex, religion, etc.
3. Threatening or offensive behaviour.
4. When people are extremely poor.

5. Someone who has had to leave their country to escape from danger or war.

6. The basic rights that everyone has to say what they think, vote, be fairly treated, etc.

7. Treating someone in an unfair way. By not paying them as much as they deserve, for example.

8. Protection that a government gives to people who have left their country because they are in danger for political reasons.

9. The use of bombs and violence, especially against ordinary people, to try to force a government to do something.

10. Someone with very strong political or religious opinions.

11. Someone who comes into a country to live or work without official permission.

12. A group of people of a different race or religion than most people in a country or area.

13. Someone who believes that people of their own race are better than people of other races, and who treats other races unfairly.

14. Someone who publicly criticizes the government in a country where this is a crime.

15. The murder of a whole race of people.

16. Damage caused to the air, water, soil, etc by harmful chemicals and waste.

17. A long period of dry weather when there is not enough water.

18. A situation in which a large number of people have little or no food for a long time, and some people die as a result.

19. A situation in which a lot of people have a disease.

20. A very serious disease that stops your body defending itself against infection.

21. Money, food or services that an organization or government gives to help people.

22. A very large amount of water that covers an area that is normally dry.

23. A war between groups of people from the same country.

24. People who are hurt or killed in a war or accident.

**Ex. 2. Complete the sentences with the following words.**

*aid, AIDS, asylum, casualties, exploitation, famine, harassment, human rights, minorities, pollution, poverty, prejudice*

1. As a result of .... from heavy industry, many areas of the country are almost uninhabitable. 2. When the harvest failed for the second year running, it was feared that millions would starve in the .... . 3. Despite numerous campaigns, there is still a lot of .... against gay men. 4. New laws now mean that office bosses can be sued for sexual .... in the workplace. 5. The government was accused of failing to observe basic ....., and was taken to the European Court. 6. The hospital wasn't adequately prepared to deal with the huge number of .... after the earthquake. 7. After years of persecution in their own country, the family asked for political .... from the Bakavian government. 8. International .... organisations such as Oxfam and UNICEF often have to work in extreme adverse conditions. 9. Many families live in extreme ....., with barely enough money to feed and clothe themselves. 10. Many foreign workers in Britain are victims of .... in the workplace, receiving wages far below those of their British counterparts. 11. Children from ethnic .... are often bullied and treated unfairly at school. 12. Government research into a possible cure for .... has been unsuccessful so far.

## **ADDITIONAL TEXTS FOR READING**

### **Text 1. Growth Mode**

#### **Finding new ways to grow a company in today's tough climate isn't easy**

1. The challenge for all companies: finding the next new source of growth will be more difficult than ever before. Traditional sources of revenue growth – such as product enhancements, grabbing market share or acquiring competitors – have been largely tapped out, says Adrian Slywotzky, a managing director at Mercer Management Consulting in the US. Slywotzky echoes other management gurus in calling this ‘a growth crisis’.

2. In the hunt for growth opportunities, failure is rife. According to research overseen by Chris Zook, head of the global strategy practice at US-based consultancy Bain, only 13% of companies worldwide during the 1990s achieved ‘even a modest level of sustained and profitable

growth'. In today's hyper-competitive environment, he says he'd be surprised if that figure can reach 10 %.

3. Yet that hasn't stopped companies from whipping up investor enthusiasm with magnificently ambitious growth plans. Zook notes that the average company sets a public target of revenue growth at twice its industry's rate, and earnings four times higher. Where will all that growth come from?

4. In many cases, finance might have the answer. Take, for example, these three very different companies, all renowned for their ability to tap into new avenues of growth: Logitech, a small start-up founded in 1981, made a name for itself as a maker of computer mice for PC manufacturers before expanding into the retail market to sell a vast range of accessories for computers, gaming consoles and entertainment systems; Giorgio Armani, the Italian fashion house, which, since its founding in 1975, has grown revenue organically to € 1.3 billion through shrewd customer segmentation and brand control; and French hotel group Accor, which revolutionised its industry in the 1980s with a smart investment aimed at budget travellers and today is seeking to rekindle that innovative spirit.

5. Zook contends that the underlying strength in companies like these is in their ability to combine high growth and low risk by moving systematically into 'adjacencies' – products, services, geographies or customer segments that are highly related, or adjacent, to the company's core business. Other consultants offer variations on that theme. Richard Wise, another managing director at Mercer, for example, says that a successful growth strategy in his view is one that adds to, not detracts from, a company's core business. 'The idea is not to abandon the pillars of growth, but to add to the playbook,' he says.

6. Attempting to produce new growth via adjacency moves is not without risk. Chris Zook estimates that almost all of history's biggest business blunders were caused or made worse by growth strategies gone awry.

7. Swissair, for one, built a strong, if unglamorous, reputation for punctuality and efficiency since its founding in 1931. In the mid-1990s, a new management team launched a global growth initiative that involved investments in several regional airlines – Belgium's Sabena, Ukraine International Airlines and South African Airways, to name a

few – and a clutch of travel-related ventures like airline caterer Gate Gourmet and airport retailer Nuance.

8. Was it distraction that caused Swissair’s punctuality and baggage handling to worsen, hurting business, and its investments in the world’s more marginal airlines to prove an additional drag on its finances? Hard to say, but in 2000 the company reported a mammoth loss of SFr 3 billion (€ 2 billion at the time), and declared bankruptcy shortly after the September 11<sup>th</sup> 2001 terrorist attacks, SFr 17 billion in debt.

9. Marconi is another example of growth strategy gone awry. A sprawling conglomerate with interests in products from lifts to semiconductors to defence electronics, the UK-based company (formerly known as GEC) made a big bet in the booming 1990s on telecoms equipment – a business in which it didn’t actually have a toehold at the time. It sold all unrelated businesses and went on a spending spree to buy up telco equipment companies. When the tech bubble burst, the new Marconi was badly exposed and nearly collapsed. It trades as a shadow of its former self today. Adding insult to injury, Marconi’s sale of its former ‘core’ defence-electronics business to BAE in 1999 turned that company into one of Europe’s leading defence contractors.

10. At any given time, says Zook, a company with a strong core faces between 80 and 110 possible adjacency moves. Of these, ‘only one in four, maybe fewer, will succeed in creating a stream of growing revenue and earn their cost of capital,’ he says.

**Ex. 1. Match the words and expressions from the text with the definitions and synonyms.**

revenue (§1)	target (§3)	start-up (§4)	range (§4)
core business (§5)	venture (§7)	retailer (§7)	booming (§9)
toehold (§9)	spree (§9)		

1. someone’s first involvement in a particular business activity from which they can develop and become stronger.

2. activity that makes most money for a company and that is considered to be its most important and central one.

3. very successful and growing.

4. a result such as a total, an amount or a time which you aim to achieve.

5. a new company.

6. money that a business receives over a period of time, especially from selling goods or services.

7. a set of similar products made by a particular company.

8. a short period of time during which someone spends a lot of money.

9. a business that sells goods to members of the public, rather than to shops, etc.

10. a new business activity or project that involves taking risks.

**Ex. 2. Complete each sentence with the correct form of the words and expressions from ex. 1. There are two you don't need.**

1. British American Tobacco's decision to begin manufacturing in China gives the company a .... in the country. 2. Apple profits have risen four-fold on the back of .... sales of its iPod music player. 3. Survivors of the Bhopal gas leak tragedy are spending their compensation money on an unprecedented shopping .... . 4. A community group planning to buy their local ferry service is set to hold talks with the local council to secure backing for the .... . 5. .... from cash-machine charges has risen from £ 60 m to £ 140 m. 6. Ahold, the world's fourth-largest supermarket group, revealed ballooning annual losses, but said it was on track to meet all its .... this year. 7. Mr Gorman, CEO of Merrill Lynch, recalls that he was criticised for losing focus on the .... , but says the diversification was rewarded with a significant increase in revenue per client. 8. There is a wide .... of ethnic foods available in the local supermarket.

**Ex. 3. Discuss these questions.**

1. Do you think there is a 'growth crisis' in the global economy?

2. What is the 'core' business of each of these companies?

Brainstorm the possible 'adjacencies' some of these companies could tap into:

– a publisher of children's books

– a mobile-phone company

– a restaurant

– a bicycle manufacturer

– a supermarket chain

## **Text 2. Entrepreneurship Goes Global**

Among the global economic upheavals of the past two decades, here's one worth cheering about: the worldwide spread of entrepreneurship. Anyone who doubts that should have headed to Monaco last weekend for the World Entrepreneur of the Year awards ceremony.

The 42 countries represented at the event included China and several former Soviet-bloc nations – places where starting a private business was illegal not so long ago. In other countries, the weakening of traditional business structures, such as Korean chaebol, has created opportunities for smaller players. Tax and regulatory reform, the lowering of protectionist barriers, technological advances and the rise of the Internet have made it easier – though certainly not easy – to create and build a business.

Ernst & Young started the competition in the U.S. in 1986 and expanded it worldwide 10 years ago. More than two-thirds of this year's 5,000 contestants were from outside the U.S. The finalists included the heads of emerging-market powerhouses such as Indian industrial conglomerate Mahindra Group, and Geely Automobile Holdings, a Chinese automaker that recently bought Volvo, and dozens of lesser-known success stories.

This year's winner was Michael Spencer, the founder and chief executive of London-based ICAP. Spencer started the company in 1986 with \$45,000. It's now a \$2.7 billion-a-year business that is the world's No. 1 inter-dealer brokerage, serving as an intermediary for trading between financial institutions. In starting a company, "I knew there was a serious chance of failure," Spencer says. "But we fought our way out of setbacks."

Indeed, many of these entrepreneurs have shown a remarkable ability to use adversity as a springboard for growth. Take Indrek Sepp of Estonia, who started AS Pristis, the biggest security company in the Baltics. Sepp started installing car alarms to make extra money while a student in the early 1990s. When revenues flagged after automakers began installing alarms in new cars, he started installing alarm systems. That worked fine – until the housing market in the Baltics collapsed when recession hit two years ago. Undeterred, Sepp moved into the security-guard business last year, buying one of the region's biggest

security-services companies. Sepp says: “It’s because of the crisis that we were able to purchase this company,” which was being unloaded by its corporate parent at a bargain price.

Another finalist in the competition, Korean entrepreneur Hyeon Joo Park, spotted opportunity in the Asian financial crisis of the 1990s. He started Korea’s first mutual fund in 1998 when that country’s equity market “was the most undervalued in the world,” he recalls. As share prices began rising, investors flocked to his Mirae Asset Global Investments group, which specializes in emerging-market equities. Today it has \$45 billion in assets under management and operates in eight countries, including the U.S.

Ernst & Young CEO Jim Turley says his firm last year surveyed entrepreneur-led companies, comparing their responses to the global recession with the responses of longer-established multinationals. “Two-thirds of the entrepreneurs reported they were seeking new opportunities,” he says, while only 20% of the older companies were doing so. “The entrepreneurs are the only ones adding jobs.”

That finding wouldn’t startle anyone in the U.S., where entrepreneurship has long been seen as a key engine of economic growth. But elsewhere in the world, the emergence of a new generation of resourceful and resilient business people is very big news indeed.

Given entrepreneurship’s increasingly global dimension, it’s probably fitting that the U.S. finalist in this year’s competition was Tom Adams, CEO of Rosetta Stone, a company that makes software to help people learn foreign languages.

*By Carol Matlack, June 7, 2010.*



## **Unit 2**

# **INNOVATION**

### **Lesson 1**

Innovation means taking an invention and developing it to make it a commercially viable product. The Walkman, for example, was invented by Sony's chairman who wanted to be able to play golf and listen to music at the same time. Innovation is the process which allowed Sony to mass-produce the Walkman and make it a huge commercial success.

### **DISCUSSION**

**Ex.1. Work in pairs / groups. How commercially successful could these inventions or discoveries be?**

- a portable mini-fridge which uses a solar-powered battery
- a personal helicopter which has four separate engines and a parachute
- a kind of hearing aid which automatically translates from English to your language

**Ex. 2. You can invest £1 million. Which of the projects above would you invest in?**

**Ex. 3. What makes the difference between a clever invention and a commercially successful product?**

### **VOCABULARY**

**Ex. 1. The adjectives below can be used to describe inventions or new ideas. Which have a positive meaning? Which have a negative meaning?**

efficient	brilliant	beneficial	useless	clever
revolutionary	pointless	ridiculous	feasible	viable
uneconomical	marketable	impractical	ingenious	
ground-breaking				

**Ex. 2. Replace the words in *italics* in sentences 1-10 below with a word or expression from the box.**

register and protect	separate parts	legal protection
an important development	name or symbol	established
sold permission to produce	an early developer	first models
a businessperson ready to take risks		

1. We need *an entrepreneur* to develop the product.
2. The business was *founded* in 1953 by Sir John Miller.
3. When a *trademark* is patented no one else can copy it.
4. One of the *prototypes* was made from parts of other appliances.
5. There has been a *breakthrough* in the search for a vaccine.
6. The *components* are assembled in our factory in Ireland.
7. Henry Ford was a *pioneer* of techniques of mass production.
8. The *copyright* which writers have over their work is often ignored.
9. He *licensed* his invention for almost nothing.
10. You should *patent* your invention before someone copies it.

**Ex. 3. Match 1 – 6 with A – F below.**

1. Can you *find out* when he's arriving?
2. Do you think the new design will *catch on*?
3. How did they *come across* the genes?
4. When are they *bringing out* their new CD?
5. She always *comes up with* new ideas.
6. When was Amazon *set up*?

- A. I think so. People will like the new modern look.
- B. Less than ten years ago, I think.
- C. I wish I was as creative as her.
- D. Of course, I'll check with his secretary.
- E. Completely by accident.
- F. I'm not sure, but I hope it's soon.

**Ex. 4. Which phrasal verb in *italics* in ex. 3 means:**

- 1) to discover something by chance?

- 2) to have a thought or idea?
- 3) to establish?
- 4) to become popular?
- 5) to produce something new?
- 6) to discover information by asking or studying?

## READING

### Ex.1. Discuss these questions.

1. Do you know who invented such items as the bulb, telephone, TV set?
2. What is your idea of an inventor? What kind of person is he or she?
3. Have you ever had a *brainwave* (a bright idea)?

**Ex. 2. You are going to read about two successful inventors. Work in pairs. Student 1, read text 1. Student 2, read text 2. Complete the chart for your own text only.**

	Text 1	Text 2
a) Inventor's name:		
b) The invention:		
c) Why it was needed:		
d) The inspiration for the product:		
e) When it was invented:		
f) When it appeared on the market:		
g) Difficulties along the way:		
h) Something interesting about the factory:		
i) The product's success:		
j) The future:		

### Text 1

James Dyson had never been satisfied with the performance of his vacuum cleaner. He noticed that it lost half its suction as soon as a bag was inserted. However, it wasn't until 1978, when he had to build a cyclone filter in a factory, that he had an idea for an alternative. Cyclone

filters use centrifugal force and lose none of their suction. Why not, he thought, apply the same principle to a domestic cleaner? His first prototype was made from an old vacuum cleaner without its bag. He developed his product and protected his ideas with patents. When he approached manufacturers to see if they would produce it under licence, they simply wanted to cheat him. He was so disappointed with the cut-throat business world that he decided to produce it on his own. In the meantime, he had to renew his patents regularly and almost went bankrupt in the process.

After fifteen years and over 5,000 prototypes, the product reached the market. It is largely made of special plastic. Dyson established a high-tech factory in Wiltshire, where annual turnover soon reached £100 million. Dyson was criticized when production was relocated overseas in 2003, though research and development remain in Wiltshire. Smoking and ties are banned – ties, Dyson says, make people go deaf. His design and engineering genius has also been applied to the washing machine. Dyson now produces one which uses two counter-rotating drums, instead of one.

## **Text 2**

In 1993, inventor Trevor Baylis was watching a programme about the spread of AIDS in Africa. He found out that radio, an effective weapon in preventative health, could not be used because many villages had no electricity, and a set of batteries cost a month's salary. Then he had a brainwave: if an old-fashioned gramophone can be powered by clockwork then surely clockwork could be used to generate enough electricity for a radio. His experiments produced a first prototype which worked for twenty minutes after being wound up for two minutes. However, when he approached businessmen to get backing for his invention they couldn't see its commercial value. It was only when he appeared on a TV programme that he attracted the attention of a South African entrepreneur who backed the project, and in November 1994 the Baygen Power company was founded. With a team of engineers, he developed the Freeplay radio. A factory was set up and the first commercially produced radios appeared in January 1996. Many of its employees are disabled. The radio has been a worldwide success and has been developed into market-specific versions. The Freeplay lantern, a wind-up torch, has been produced using the same technology. Since

then, Baylis has invented an electric shoe which generates enough electricity from walking to power a mobile phone or MP3 player. He has also created a foundation to help inventors.

**Ex. 3. Complete the rest of the chart by exchanging information with your partner. Take it in turns to ask and answer questions.**

**Ex. 4. Read the quotation. How far do Dyson's and Baylis's stories support this?**

'Genius is one per cent inspiration and ninety-nine per cent perspiration'

*Thomas Edison, inventor*

## Lesson 2

### READING

#### Text 3. Brainstorming Techniques

Some people are at their most creative when they work on their own, while others really like working in groups because they think it's a positive way of getting loads of new ideas in a short amount of time.

When you work in groups, it's very important that people come up with as many ideas as possible when brainstorming, but there shouldn't be more than eight or ten people per session. It's also crucial that someone writes down all the ideas, however absurd they may seem, and don't spend too long discussing any one item.

The role of the facilitator or chairperson should be to encourage an enthusiastic and uncritical attitude, to try to get everyone to contribute, even the quietest people. If someone is too critical, the others aren't going to feel comfortable about being creative.

If you want to make some decisions, you must clearly define the problem you want to be solved and keep the session focused. The idea is to generate as many ideas as possible which you can then evaluate afterwards.

There are no bad ideas when brainstorming. It's possible to support this statement giving the following example. Einstein and his associates were able to collaborate more effectively than other scientists at the time because they had discovered some ancient Greek principles of group communication developed by Socrates. Socrates and other Greek philosophers would sit around debating various issues, but the participants were bound by seven principles that established a sense of collegiality. Socrates called these principles 'Koinonia', which means 'spirit of fellowship'. These principles are: establish dialogue; exchange ideas; don't argue; don't interrupt; listen carefully; clarify your thinking; and finally, be honest.

## *Comprehension*

### **Ex. 1. Complete the brainstorming tips.**

1. Think of as many .... as possible. 2. There shouldn't be more than ..... 3. .... all ideas, however absurd. 4. Don't spend too long ..... 5. Be enthusiastic and ... of other people's ..... 6. Clearly define the ..... 7. .... ideas after the session.

### **Ex. 2. Comment on each of the seven principles of Koinonia.**

**Ex. 3. Can you suggest your own tips for successful brainstorming?**

## **Text 4. Marketing an Invention**

**Ex. 1. Complete the article about marketing an invention by matching questions 1 – 5 to replies A – E.**

1. What does getting a patent cost and how long does it take?
2. How do I market it?
3. How can I protect my invention and turn it into money?
4. It passes those tests. What next?
5. I've checked and it is; but how can I be sure that people will want it?

**A.** Keep your idea secret until a patent application has been filed. Before you start, check that your idea is really new, otherwise it won't be granted a patent.

**B.** Check there really is a market for it: who wants it? Where are they? Will it solve an existing problem better than anything else which is currently available? Look at which companies and products are your potential rivals and what market share they have; can your invention compete with what they have at a competitive price?

**C.** Write down clearly what your invention is, how it works, how it could be made in large numbers and at what cost, and what its advantages are, including a simple drawing if it is mechanical or electrical. then take out a patent either yourself (very difficult) or via a patent agent.

**D.** If you do it yourself, patent office fees cost £ 200 and it takes about thirty-three months. A patent agent will prepare the documents and charge £ 600 to £ 1,000 for an application.

**E.** Once your product or idea has been patented, you can set up your own firm to make and market it, approach other firms to sell it, or license it to them. But don't talk to them unless they sign a confidentiality agreement so they don't steal your idea or make it public. For the best chance of success make a prototype and stage a smart demonstration.

**Ex. 2. Find words and expressions in the text which have a similar meaning to the following:**

1) applied for / submitted; 2) given what was officially requested; 3) at the moment; 4) that could in the future develop into something; 5) proportion of the potential buyers; 6) the money for a professional advice service; 7) someone who acts for or manages the affairs of other people; 8) the official paperwork; 9) a promise to keep something secret.

**Ex. 3. Complete these sentences using the information in the text.**

1. Your invention will only be granted a patent if ..... . 2. You need to decide if your invention can compete ..... . 3. It's cheaper to ..... . 4. You should make sure that companies sign a confidentiality agreement before you .....

**Ex. 4. Discuss these questions.**

1. What are the main difficulties in marketing an invention?
2. Would you set up your own firm to make and market your invention or would you sell or license it to other firms?

## **WRITING**

**Ex. 1. Read the promotional material below.**

1. What problem does the Homework Workstation solve?
2. What are its USPs?
3. Make a list of the adjectives which are used. What image do they project?
4. Read the testimonials from different members of the public. Do you think it's a good idea to include these? Why?



***“I wish I could have a PC at home, but I don't have the space!”***

The innovative Homework Workstation is the answer to your problem. This ultra-compact piece of furniture is cleverly designed and is fantastic value for money. It is strong and stable and because it is finished in attractive light wood and smart chrome, it looks good too!

***“How big is it?”***

With shelves that can be stored away, the unit takes up a very small area of just 60 cm x 60 cm. The total height is 80 cm (excluding your computer monitor).

***“Can I move it around easily?”***

Yes. The unit has four small wheels for easy mobility, so you can work wherever you want. The wheels can be locked once the unit is in position.

***“Will it hold all my computer parts and accessories?”***

Yes. Rotating shelves hold your keyboard and mouse mat. When they are not in use, they swing neatly into their storage position under the monitor.

***“Where can I get one?”***

It couldn't be simpler – just call the number below with your credit card details. We will deliver the flat-packed unit directly to your door within three days. Just follow the clear and simple assembly instructions and your workstation will be ready to use in just a few minutes.

This is what people are saying about the Homework Workstation:

*‘I used to have to keep my computer at one end of our dining table and it was always in everyone's way. Now with the Homework Workstation, the family can sit at the table for meals!’*

*‘I really needed to have a computer for my studies but there was no space for one in my college room. Now with this intelligent storage idea, I've been able to fit one in.’*

*‘I work on my computer all day. I find working in different parts of the house helps my imagination. The Homework Workstation makes this easy to do.’*

**CALL NOW on 0678 5677770**

**Ex. 2. Work in pairs / groups. You work for a company which produces furniture for children. Prepare a page that it could use to promote itself.** You have the following products in your range:

- solid plastic (bright colours, easy to store, strong, easy to clean)
- inflatable plastic (fun, easy to store, lightweight)
- metal and wood (strong, attractive, long-lasting).

1. Think how you could present the company and its products in the best possible light. Think of adjectives and adverbs which will support what you have to say.

2. Decide on the different headings you will use.

3. Describe the processes or procedures used in manufacturing.

4. Create two or three testimonials from people who have enjoyed the products.

5. Make a rough plan of how you would like the information to be presented.

## Lesson 3

### VOCABULARY

**Ex. 1. Match the following words with their definitions.**

innovation	to innovate	innovative
costly	to spur	incremental
emergent	entrepreneur	to implement
to invent	insight	novel
brainwave	blueprint	prototype
setback	breakthrough	patent

1. A sudden clever idea.
2. The first form that a new design of a car, machine, etc. has, or a model of it used to test the design before it is produced.
3. To make an improvement or change happen faster.
4. Happening gradually over time.
5. The introduction of new ideas or methods.
6. A problem that delays or prevents progress, or makes things worse than they were.
7. Introducing or using new ideas, ways of doing something.
8. A plan for achieving something.
9. To start to use new ideas, methods, or inventions.
10. Very expensive, especially wasting a lot of money.
11. Not like anything known before, and unusual or interesting.
12. A special document that gives you the right to make or sell a new invention or product that no one else is allowed to copy.
13. Someone who starts a new business or arranges business deals in order to make money, often in a way that involves financial risks.
14. To take action or make changes that you have officially decided should happen.
15. An important new discovery in something you are studying, especially one made after trying for a long time.
16. To make, design, or think of a new type of thing.

17. A sudden clear understanding of something or part of something, especially a complicated situation or idea.

18. New and still developing.

**Ex. 2. Complete the sentences with the following words. Use the correct grammar form.**

*to innovate, to implement, to invent, breakthrough, to spur, insight, patent (use it twice), setback, blueprint*

1. Scientists have made a major .... in the treatment of cancer. 2. The December elections were a major .... for the party. 3. They have suggested a .... for healthcare reform. 4. He applied for a .... for a new method of removing paint. 5. Television was .... in the 1920s. 6. The article gives us a real .... into the causes of the present economic crisis. 7. He wants to take out a .... on his new type of dustbin. 8. We have decided to .... the committee's recommendations in full. 9. Lower taxes would .... investment and help economic growth. 10. The company has successfully .... new products and services.

## **READING**

**Ex. 1. Discuss these questions.**

1. Is there any difference between invention and innovation?
2. Does innovation involve any risk?

**Ex. 2. Read the text and check your answers.**

### **Text 5. What is Innovation?**

**Innovation** is a change in the thought process for doing something or 'new stuff that is made useful'. It may refer to incremental emergent changes or radical and revolutionary changes in thinking, products, processes, or organizations. We should distinguish between invention, an idea made manifest, and innovation, ideas applied successfully in practice. In many fields, such as the arts, economics and government policy, something new must be substantially different to be innovative. In economics the change must increase value, customer value, or

producer value. The goal of innovation is positive change, to make someone or something better. Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy.

Innovation is an important topic in the study of economics, business, entrepreneurship, design, technology, sociology, and engineering. Colloquially, the word 'innovation' is often synonymous with the output of the process. However, economists tend to focus on the process itself, from the origination of an idea to its transformation into something useful, to its implementation; and on the system within which the process of innovation unfolds. Since innovation is also considered a major driver of the economy, especially when it leads to new product categories or increasing productivity, the factors that lead to innovation are also considered to be critical to policy makers. In particular, followers of innovation economics stress using public policy to spur innovation and growth.

Those who are directly responsible for application of the innovation are often called pioneers in their field, whether they are individuals or organizations.

In the organizational context, innovation may be linked to performance and growth through improvements in efficiency, productivity, quality, competitive positioning, market share, etc. All organizations can innovate, including hospitals, universities, and local governments.

While innovation typically adds value, innovation may also have a negative or destructive effect as new developments clear away or change old organizational forms and practices. Organizations that do not innovate effectively may be destroyed by those that do. Hence innovation typically involves risk. A key challenge in innovation is maintaining a balance between process and product innovations where process innovations tend to involve a business model which may develop shareholder satisfaction through improved efficiencies while product innovations develop customer support however at the risk of costly R&D that can erode shareholder return. Innovation can be described as the result of some amount of time and effort into researching an idea, plus some larger amount of time and effort into developing this idea, plus some very large amount of time and effort into commercializing this idea into a market place with customers.

Innovation has been studied in a variety of contexts: in relation to technology, commerce, social systems, economic development, and

policy construction. There are, therefore, naturally a lot of approaches to conceptualizing innovation in the scholarly literature.

### **Distinguishing from invention**

Invention is the embodiment of something new. While both invention and innovation have ‘uniqueness’ implications, innovation also carries an undertone of profitability and market performance expectation.

An improvement on an existing form or embodiment, composition or processes might be an invention, an innovation, both or neither if it is not substantial enough. According to certain business literature, an idea, a change or an improvement is only an innovation when it is put to use and effectively causes a social or commercial reorganization.

In business, innovation can be easily distinguished from invention. Invention is the conversion of cash into ideas. Innovation is the conversion of ideas into cash. This is best described by comparing Thomas Edison with Nikola Tesla. Thomas Edison was an innovator because he made money from his ideas. Nikola Tesla was an inventor. Tesla spent money to create his inventions but was unable to monetize them. Innovators produce, market and profit from their innovations. Inventors may or may not profit from their work.

### **In organizations**

It’s possible to give the following definitions of innovation from an organizational perspective:

1. Innovation is the multi-stage process whereby organizations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace.

2. Innovation is generally understood as the successful introduction of a new thing or method. Innovation is the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services.

Innovation typically involves creativity, but is not identical to it: innovation involves acting on the creative ideas to make some specific and tangible difference in the domain in which the innovation occurs. All innovation begins with creative ideas. Innovation can be defined as a successful implementation of creative ideas within an organization. In this

view, creativity by individuals and teams is a starting point for innovation; the first is necessary but not sufficient condition for the second.

For innovation to occur, something more than the generation of a creative idea or insight is required: the insight must be put into action to make a genuine difference, resulting for example in new or altered business processes within the organization, or changes in the products and services provided.

Innovation, like many business functions, is a management process that requires specific tools, rules, and discipline. From this point of view emphasis is moved from the introduction of specific novel and useful ideas to the general organizational processes and procedures for generating, considering, and acting on such insights leading to significant organizational improvements in terms of improved or new business products, services, or internal processes.

Thus, creativity is typically seen as the basis for innovation, and innovation is seen as the successful implementation of creative ideas within an organization.

**Ex. 3. Say whether the following statements are true or false. Correct the false ones.**

1. There is no difference between invention and innovation. 2. Innovation has only a positive effect. 3. Innovation typically involves creativity. 4. Innovators may or may not profit from their work.

**Ex. 4. Use words from each box to make word partnerships from the text.**

applied, increased, fundamental, to spur, market, destructive, to innovate, successful, creative, starting

effect, ideas, effectively, successfully, point, source, share, productivity, implementation, innovation

**Ex. 5. Discuss these questions.**

1. Do you think it's better to innovate or invent products and services?

2. What are the most important inventions for you?

## Lesson 4

### VOCABULARY

**Ex. 1. Match the following words and expressions with their definitions.**

to meet sb's needs	on-the-job	intermediary
to carry out	exchange	competent
to reveal	to master	to bypass

1. While working, or at work.
2. To avoid obeying a rule, system, or someone in an official position.
3. To make known something that was previously secret or unknown.
4. Trying to help two other people or groups to agree with each other.
5. The act of giving someone something and receiving something else from them.
6. To provide something that people want or need.
7. Having enough skill or knowledge to do something to a satisfactory standard.
8. To do something that needs to be organized and planned.
9. To learn a skill or a language so well that you have no difficulty with it.

**Ex. 2. Complete these sentences using a suitable word or expression from ex. 1 in the correct form.**

1. The enterprise is hard because it has to involve .... new language in new ways.
2. Ramon Mitra has proved to be a .... Speaker in the House of Representatives.
3. An increasing amount of share trading, particularly in international shares, was .... the floor of the Stock Exchange.
4. The company has just .... its plans for the coming year, including the opening of new offices in Paris.
5. It is well within reason to expect help in this regard in .... for further financial assistance.
6. He had only an .... role in the talks.
7. A survey is now being ... nationwide.
8. The service is tailored to .....



## READING

### Ex. 1. Discuss these questions.

1. What does economic innovation imply?
2. What sources of innovation exist?
3. What affects the probability of success in innovation?

### Ex. 2. Read the text and check your answers.

#### Text 6. Economic Conceptions of Innovation

Economic innovation implies:

1. The introduction of a new good or of a new quality of a good.
2. The introduction of a new method of production, which need by no means be founded upon a scientifically new discovery, and can also exist in a new way of handling a commodity commercially.
3. The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.
4. The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.
5. The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.

Innovation is also studied by economists in a variety of other contexts, for example in theories of entrepreneurship or in network theory.

#### Sources of innovation

There are several sources of innovation. In the linear model of innovation the traditionally recognized source is *manufacturer innovation*. This is where an agent (person or business) innovates in order to sell the innovation. Another source of innovation, only now becoming widely recognized, is *end-user innovation*. This is where an agent (person or company) develops an innovation for their own (personal or in-house) use because existing products do not meet their needs.

Innovations are considered to require at least three things: 1. a recognized need, 2. competent people with relevant technology, 3. financial support.

Innovation by businesses is achieved in many ways, with much attention now given to formal research and development for 'breakthrough innovations'. But innovations may be developed by less formal on-the-job modifications of practice, through exchange and combination of professional experience and by many other routes. The more radical and revolutionary innovations tend to emerge from R&D, while more incremental innovations may emerge from practice – but there are many exceptions to each of these trends.

Regarding user innovation, a great deal of innovation is done by those actually implementing and using technologies and products as part of their normal activities. Sometimes user-innovators may become entrepreneurs, selling their product, they may choose to trade their innovation in exchange for other innovations, or they may be adopted by their suppliers. Nowadays, they may also choose to freely reveal their innovations, using methods like open source. In such networks of innovation the users or communities of users can further develop technologies and reinvent their social meaning.

Whether innovation is mainly supply-pushed (based on new technological possibilities) or demand-led (based on social needs and market requirements) has been a hotly debated topic. Similarly, what exactly drives innovation in organizations and economies remains an open question.

But innovation does not just happen within the industrial supply-side, or as a result of the articulation of user demand, but through a complex set of processes that links many different players together – not only developers and users, but a wide variety of intermediary organisations such as consultancies, standards bodies, etc. Work on social networks suggests that much of the most successful innovation occurs at the boundaries of organisations and industries where the problems and needs of users, and the potential of technologies can be linked together in a creative process that challenges both.

### **Value of experimentation**

When an innovative idea requires a new business model, or radically redesigns the delivery of value to focus on the customer, a real

world experimentation approach increases the chances of market success. New business models and customer experiences can't be tested through traditional market research methods. But recent years have seen considerable progress in identifying important key factors/principles or variables that affect the probability of success in innovation. Of course, building successful businesses is such a complicated process, involving subtle interdependencies among so many variables in dynamic systems, that it is unlikely to ever be made perfectly predictable. But the more business can master the variables and experiment, the more they will be able to create new companies, products, processes and services that achieve what they hope to achieve.

Every company's ability to innovate depends on a series of experiments (successful or not), that help create new products and services or improve old ones. The period between the earliest point in the design cycle and the final release should be filled with experimentation, failure, analysis, and yet another round of experimentation. Unfortunately, uncertainty often causes the most able innovators to bypass the experimental stage.

It's possible to outline six principles for companies to follow if they want to unlock their innovative potential.

1. Anticipate and exploit early information through 'front-loaded' innovation processes;
2. Experiment frequently but do not overload your organization;
3. Integrate new and traditional technologies to unlock performance;
4. Organize for rapid experimentation;
5. Fail early and often but avoid 'mistakes';
6. Manage projects as experiments.

### *Comprehension*

**Ex. 3. Say whether the following statements are true or false. Correct the false ones.**

1. Innovation can be studied by economists in theories of entrepreneurship or in network theory.
2. The only source of innovation is the desire to sell it.
3. Innovations require only relevant technology and financial support.
4. Demand-led innovation is based on new technological possibilities.
5. It's impossible to identify important key factors that affect the probability of success in innovation.
6. There are

six principles that companies should follow if they want to succeed in the process of innovation.

**Ex. 4. Complete the following summary.**

There can be distinguished such sources of innovation as ..... .  
Innovations require at least three things: ..... . Business innovations  
need ..... . User innovation is done by ..... . Success in  
innovation is affected by ..... .

## Lesson 5

### VOCABULARY

**Ex. 1. Match the following words with their definitions.**

revenue	productivity	diffusion
rapid	to decline	to yield
return	start-up	empowerment
constraint		

1. The process of spreading ideas or information among a lot of people.
2. The amount of profit that you get from something.
3. To decrease in quantity or importance.
4. Something that limits your freedom to do what you want.
5. Happening or done very quickly and in a very short time.
6. The rate at which goods are produced, and the amount produced, especially in relation to the work, time, and money needed to produce them.
7. Money that a business or organization receives over a period of time, especially from selling goods or services.
8. Connected with starting a new business.
9. To produce (profits, etc.)
10. Giving a person or organization the legal right to do something.

**Ex. 2. Find a word from ex. 1 that has a similar meaning.**

- 1) to decrease; 2) to produce; 3) profit; 4) restriction; 5) fast

**Ex. 3. Complete the sentences with prepositions.**

1. The law imposed new financial restrictions .... private companies.
2. They sold their house .... a healthy profit.
3. The fur industry is already seeing a major decline .... sales.
4. The port fell .... decline in the 1950s.
5. How can you get the best return .... your investment?
6. The returns .... farming are declining.

## READING

### Ex. 1. Discuss these questions.

1. What do you think is necessary for spreading innovations?
2. What are the reasons for failure of innovations?

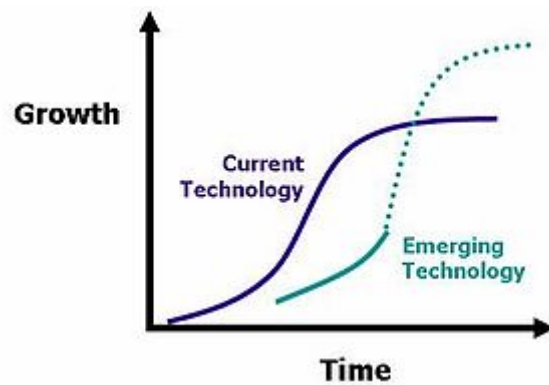
### Ex. 2. Read the text and check your answers.

#### Text 7. Diffusion of Innovations

Once innovation occurs, innovations may be spread from the innovator to other individuals and groups. The life cycle of innovations can be described using the 's-curve' or diffusion curve. The s-curve maps growth of revenue or productivity against time. In the early stage of a particular innovation, growth is relatively slow as the new product establishes itself. At some point customers begin to demand and the product growth increases more rapidly. New incremental innovations or changes to the product allow growth to continue. Towards the end of its life cycle growth slows and may even begin to decline. In the later stages, no amount of new investment in that product will yield a normal rate of return.

The s-curve derives from an assumption that new products are likely to have 'product life', i.e. a start-up phase, a rapid increase in revenue and eventual decline. In fact the great majority of innovations never get off the bottom of the curve, and never produce normal returns.

Innovative companies will typically be working on new innovations that will eventually replace older ones. Successive s-curves will come along to replace older ones and continue to drive growth upwards. In the figure below the first curve shows a current technology. The second shows an emerging technology that has a lower growth but will eventually overtake current technology and lead to even greater levels of growth. The length of life will depend on many factors.



## Goals

Programs of organizational innovation are typically tightly linked to organizational goals and objectives, to the business plan, and to market competitive positioning. One reason for innovation programs in corporations is to achieve growth objectives. Companies cannot grow through cost reduction and reengineering alone. Innovation is the key element in providing aggressive top-line growth, and for increasing bottom-line results.

In general, business organisations spend a significant amount of their turnover on innovation, such as making changes to their established products, processes and services. The amount of investment can vary from as low as a half a percent of turnover for organisations with a low rate of change to anything over twenty percent of turnover for organisations with a high rate of change.

The average investment across all types of organizations is four percent. For an organisation with a turnover of one billion currency units, this would represent an investment of forty million units. This budget will typically be spread across various functions including marketing, product design, information systems, manufacturing systems and quality assurance. The investment may vary by industry and by market positioning.

Systematic programs of organizational innovation are most frequently driven by:

- 1) improved quality;
- 2) creation of new markets;
- 3) extension of the product range;
- 4) reduced labour costs;
- 5) improved production processes;
- 6) reduced materials;
- 7) reduced environmental damage;

- 8) replacement of products/services;
- 9) reduced energy consumption;
- 10) conformance to regulations.

These goals vary between improvements to products, processes and services and dispel a popular myth that innovation deals mainly with new product development. Most of the goals could apply to any organisation: a factory, marketing firm, hospital or local government. Whether innovation goals are successfully achieved or otherwise depends greatly on the environment prevailing in the firm.

### **Failure**

Research findings vary, ranging from fifty to ninety percent of innovation projects judged to have made little or no contribution to organizational goals. One survey regarding product innovation quotes that out of three thousand ideas for new products, only one becomes a success in the marketplace. Failure is an inevitable part of the innovation process. The impact of failure goes beyond the simple loss of investment. Failure can also lead to loss of morale among employees, an increase in cynicism and even higher resistance to change in the future.

Innovations that fail are often potentially good ideas but have been rejected or postponed due to budgetary constraints, lack of skills or poor fit with current goals. Failures should be identified and screened out as early in the process as possible. Early screening avoids unsuitable ideas devouring scarce resources that are needed to progress more beneficial ones. Organizations can learn how to avoid failure when it is openly discussed and debated. The lessons learned from failure often reside longer in the organisational consciousness than lessons learned from success. While learning is important, high failure rates throughout the innovation process are wasteful and a threat to the organisation's future.

The causes of failure have been widely researched and can vary considerably. Some causes will be external to the organisation and outside its influence of control. Others will be internal and ultimately within the control of the organisation. Internal causes of failure can be divided into causes associated with the cultural infrastructure and causes associated with the innovation process itself. Failure in the cultural infrastructure varies between organizations but the following are common across all organisations at some stage in their life cycle:

1. Poor Leadership



2. Poor Organization
3. Poor Communication
4. Poor Empowerment
5. Poor Knowledge Management

Common causes of failure within the innovation process in most organisations can be distilled into five types:

1. Poor goal definition
2. Poor adjustment of actions to goals
3. Poor participation in teams
4. Poor monitoring of results
5. Poor communication and access to information

Effective goal definition requires that organisations state explicitly what their goals are in terms understandable to everyone involved in the innovation process. This often involves stating goals in a number of ways. Effective adjustment of actions to goals should link explicit actions such as ideas and projects to specific goals. It also implies effective management of action portfolios. Participation in teams refers to the behaviour of individuals in and of teams, and each individual should have an explicitly allocated responsibility regarding their role in goals and actions and the payment and rewards systems that link them to goal attainment. Finally, effective monitoring of results requires the monitoring of all goals, actions and teams involved in the innovation process.

**Ex. 3. Find expressions in text 5 which mean the following:**

1) a set of similar products made by a particular company or available in a particular shop.

2) the practice of checking the quality of goods or services that a company sells, so that the standard continues to be good.

3) the stages in the history of a product, from when it is first produced, to when it becomes more well-known, to when it is no longer produced.

4) situating a product or a brand in relation to others already on the market.

**Ex. 4. Use words from each box to make word partnerships from the text.**

life cycle of, growth of, changes to, rate of, increase in, to depend on, linked to, reason for, to grow through, extension of, conformance to, contribution to, ideas for, resistance to, causes of, monitoring of

change, regulations, cost reduction, many factors, innovations, revenue, organizational goals, results, the product range, revenue, innovation programs, failure, new products, return, the product, organizational goals

### *Comprehension*

**Ex. 5. Answer these questions.**

1. What is the reason for innovation programs in corporations?
2. How much do companies spend on innovation?
3. Which factors encourage programs of organizational innovation?
4. What do success and failure of the innovation process depend on?
5. What results can failure have?
6. What are the two main levels of causes of failure? Speak about them.

**Ex. 6. Summarise the main points of the text in your own words.**

## Lesson 6

### DISCUSSION

**Ex. 1. Think about the most important inventions and discoveries. Put them in order of their importance for mankind. Give reasons for the order that you have chosen.**

**Ex. 2. Hold a ‘balloon debate’:** the class divides into pairs. Each pair chooses one of the inventors from ex. 1. Then they explain why their invention is so great that their inventor should be the last one left in the falling balloon while the others jump out to save him or her.

**Ex. 3. Discuss the meaning of these quotes on creativity.**

‘If at first the idea is not absurd, there is no hope for it.’ *Albert Einstein, American (German-born) theoretical physicist (1879–1955)*

‘If you always think the way you always thought, you’ll always get what you’ve always got.’ *Michael Michalko, US creativity expert and author*

‘Exhilaration is that feeling you get just after a great idea hits you and just before you realize what’s wrong with it.’ *Anonymous*

**Ex. 4. When are you most creative? Late at night? First thing in the morning? Working with a group of people or on your own?**

**Ex. 5. Which of these statements do you agree with most / least? Why?**

The management in an organization should be responsible for coming up with any new ideas.

The typical work environment is not conducive to being creative.

Whenever we have brainstorming meetings, any interesting ideas are usually dismissed by some of the more cynical team members.

**Ex. 6. Give your opinion.**

1. Which invention do you wish had not appeared at all?
2. Which invention could you do without?
3. If you could only have one of the following things, which would it be and why?

karaoke machine

Walkman

CD-player

television

telephone

mobile phone

personal computer

microwave oven

fridge

washing machine

automatic dishwasher

car

## ADDITIONAL VOCABULARY EXERCISES

**Ex. 1. Use the following words to complete the sentences below.**

*analyse, biochemical, biochemistry, biotechnology, breakthrough, clone, developments, discovery, ethical, expectancy, experiment, genetic, genetically, innovations, invention, microchip, nuclear, physics, research, safeguards*

1. The scientists were criticized because not enough .... were put in place to protect the public. 2. Medical scientists have made a major .... in their search for a suitable drug. 3. This new device makes it easier to test and .... the patient's blood. 4. I'm fascinated by the scientific study of living things, but find the subject of .... rather daunting. 5. International laws forbid the use of .... weapons that use bacteria and other living things to harm people. 6. There have been some remarkable .... in aviation technology in the last 50 years. 7. The Curies are best known for their .... of radium. 8. In my opinion, the computer was the most important .... of the twentieth century. 9. The scientists carried out an .... to test their theory. 10. Until ... modified crops have been proved to be safe, farmers should not grow them. 11. .... engineering, the science of changing the genes of living things, is opposed by a lot of people. 12. Scientists managed to .... a sheep. 'Dolly', as she was known, was an exact copy of her mother, produced from one of her cells. 13. The latest technological .... are not always the most practical or useful. 14. Life .... has improved, thanks to better medicines and a higher standard of living. 15. France relies on .... energy more than on fossil fuels. 16. More .... needs to be carried out before the drug can be put on the market. 17. My favourite subject at school was always ....; the study of light, heat and movement is absolutely fascinating. 18. Without the ....., that small piece of silicon containing electronic parts, many of the electronic items we take for granted would not exist. 19. The university leads the field in ....., the use of living things such as cells and bacteria to make drugs, destroy waste matter, etc. 20. Many people believe that it is not .... to use animals to test new drugs.

**Ex. 2. Fill in the gaps with the appropriate form of the words from the list. You will use some words more than once and some sentences may have more than one answer.**

*to discover, to develop, to invent, to pioneer, to design, to study*

1. The physicians Marie Curie and her husband Pierre .... the element radium and won the Nobel Prize for physics. 2. After years of ....., Freud .... a theory of the mind which has changed for ever the way we view ourselves. 3. Brunel .... the Clifton Suspension Bridge. 4. Marco Polo made journeys through Asia and wrote a book describing what he had .... . 5. Edward Jenner .... the use of vaccination to prevent disease. 6. I wonder who .... the very first computer. 7. Einstein .... the theory of relativity which replaced Newton's theories of gravity. 8. Frank Lloyd Wright .... the Imperial Hotel in Tokyo and the Guggenheim Museum in New York. 9. Florence Nightingale .... effective nursing care and improvements in public health. 10. In 1930 Clyde Tombaugh .... Pluto after many years .... the night sky.

**Ex. 3. Choose the correct alternative.**

1. They *came across* / *found out* the new glue completely by accident. 2. The company was *found* / *founded* in Munich at the beginning of the century. 3. George Eastman was an early *explorer* / *pioneer* of colour photography. 4. She *came across* / *found out* the professor's notebook as she was reorganizing the laboratory. 5. Think of the publisher's *patent* / *copyright* the next time you photocopy from a book. 6. Scientists are expecting to make an important *breakthrough* / *breakdown* in the next few months. 7. We need to *bring out* / *come up* with some ideas for a new product fast. 8. She gave them a *patent* / *licence* so they could produce her invention. 9. I'm not sure if this new design will *catch on* / *catch up*; it's far too modern. 10. She had to keep her *invention* / *innovation* a secret until she got the patent for it.

## ADDITIONAL TEXTS FOR READING

### Text 1. Wheel of Fortune

*Emma Duncan discusses the potential effects on the entertainment industry of the digital revolution*

**A.** Since moving pictures were invented a century ago, a new way of distributing entertainment to consumers has emerged about once every generation. Each such innovation has changed the industry irreversibly; each has been accompanied by a period of fear mixed with exhilaration. The arrival of digital technology, which translates music, pictures and text into the zeros and ones of computer language, marks one of those periods.

**B.** This may sound familiar, because the digital revolution, and the explosion of choice that would go with it, has been heralded for some time. In 1992, John Malone, chief executive of TCI, an American cable giant, welcomed the '500-channel universe'. Digital television was about to deliver everything except pizzas to people's living rooms. When the entertainment companies tried out the technology, it worked fine – but not at a price that people were prepared to pay.

**C.** Those 500 channels eventually arrived but via the Internet and the PC rather than through television. The digital revolution was starting to affect the entertainment business in unexpected ways. Eventually it will change every aspect of it, from the way cartoons are made to the way films are screened to the way people buy music. That much is clear. What nobody is sure of is how it will affect the economics of the business.

**D.** New technologies always contain within them both threats and opportunities. They have the potential both to make the companies in the business a great deal richer, and to sweep them away. Old companies always fear new technology. Hollywood was hostile to television, television terrified by the VCR. Go back far enough, points out Hal Varian, an economist at the University of California at Berkeley, and you find publishers complaining that 'circulating libraries' would cannibalise their sales. Yet whenever a new technology has come in, it has made more money for existing entertainment companies. The

proliferation of the means of distribution results, gratifyingly, in the proliferation of dollars, pounds, pesetas and the rest to pay for it.

**E.** All the same, there is something in the old companies' fears. New technologies may not threaten their lives, but they usually change their role. Once television became widespread, film and radio stopped being the staple form of entertainment. Cable television has undermined the power of the broadcasters. And as power has shifted the movie studios, the radio companies and the television broadcasters have been swallowed up. These days, the grand old names of entertainment have more resonance than power. Paramount is part of Viacom, a cable company; Universal, part of Seagram, a drinks-and-entertainment company; MGM, once the roaring lion of Hollywood, has been reduced to a whisper because it is not part of one of the giants. And RCA, once the most important broadcasting company in the world, is now a recording label belonging to Bertelsmann, a large German entertainment company.

**F.** Part of the reason why incumbents got pushed aside was that they did not see what was coming. But they also faced a tighter regulatory environment than the present one. In America, laws preventing television broadcasters from owning programme companies were repealed earlier this decade, allowing the creation of vertically integrated businesses. Greater freedom, combined with a sense of history, prompted the smarter companies in the entertainment business to re-invent themselves. They saw what happened to those of their predecessors who were stuck with one form of distribution. So, these days, the powers in the entertainment business are no longer movie studios, or television broadcasters, or publishers; all those businesses have become part of bigger businesses still, companies that can both create content and distribute it in a range of different ways.

**G.** Out of all this, seven huge entertainment companies have emerged – Time Warner, Walt Disney, Bertelsmann, Viacom, News Corp, Seagram and Sony. They cover pretty well every bit of the entertainment business except pornography. Three are American, one is Australian, one Canadian, one German and one Japanese. 'What you are seeing', says Christopher Dixon, managing director of media research at PaineWebber, a stockbroker, 'is the creation of a global oligopoly. It happened to the oil and automotive businesses earlier this century; now it is happening to the entertainment business.' It remains to be seen



whether the latest technology will weaken those great companies, or make them stronger than ever.

### *Comprehension*

**Ex. 1. Decide which paragraph mentions the following (questions 1 – 8). Some of the paragraphs may be used more than once.**

1) the contrasting effects that new technology can have on existing business;

2) the fact that a total transformation is going to take place in the future in the delivery of all forms of entertainment;

3) the confused feelings that people are known to have experienced in response to technological innovation;

4) the fact that some companies have learnt from the mistakes of others;

5) the high cost to the consumer of new ways of distributing entertainment;

6) uncertainty regarding the financial impact of wider media access;

7) the fact that some companies were the victims of strict government policy;

8) the fact that the digital revolution could undermine the giant entertainment companies.

**Ex. 2. The writer refers to various individuals and companies in the reading passage. Match the people or companies in the list below with the points made in questions 1 – 4 about the introduction of new technology.**

*Christopher Dixon, Hal Varian, John Malone, MGM*

1. Historically, new forms of distributing entertainment have alarmed those well-established in the business.

2. The merger of entertainment companies follows a pattern evident in other industries.

3. Major entertainment bodies that have remained independent have lost their influence.

4. News of the most recent technological development was published some years ago.

## **Text 2. Government as Innovation Catalyst**

*The \$4.35 billion 'Race to the Top' education program is showing how government can successfully drive systemwide innovation*

*By Saul Kaplan*

The best use of government is as a catalyst for social system innovation. Yes, that's right: 'Innovation bureaucrat' need not be an oxymoron. Leaders should get the innovation reaction started – and then get out of the way.

U.S. Education Secretary Arne Duncan is showing how it can be done. The 'Race to the Top' program offers \$4 billion in grants to states committed to reforming their education systems. Duncan outlined a clear goal of restoring the U.S. as a world leader in preparing students to succeed in college and the workplace and announced the first grants on Mar. 29, 2010 – \$100 million for Delaware and \$500 million for Tennessee.

Instead of spreading the money across the country as usual, Duncan sent a clear message. Imagine the reaction in statehouses across the country when they didn't get a slice of the pie. By being clear and sticking to the announced criteria, Duncan sent a strong signal that states needed to demonstrate a willingness and capacity to transform. Any state with legislation on the books preventing development or expansion of innovative school approaches need not apply. Any state without the means to leverage data and accountability systems to improve measurable performance outcomes need not apply. And, my favorite, any state that couldn't demonstrate effective alignment with local teachers' unions on performance accountability and transformation plans need not apply.

The result has been a scramble across the country to pass conforming legislation, to work through longstanding union issues, and to qualify for the remaining \$3.4 billion in grants. (Applications are due June 1; the next grants will be announced in September.)

### **Stimulating the Legislature**

My home state of Rhode Island provides a good example of how Race to the Top has prompted meaningful change at the local level. Less than a year into her post as Rhode Island's education commissioner,

Deborah Gist already exemplifies government's role as a catalyst for system change. After visiting every school district (admittedly easy to do in Rhode Island, where 41 are within the state's 1,000 square miles) she made the state's challenge clear. Citing troubling statistics (only 55 percent of the state's graduates go directly to college; Hispanic students have the lowest test scores in the country), she said in a speech to the Rhode Island General Assembly that turning around the state's most troubled schools 'is no longer just an issue of educational equity. It's a matter of economic survival.' She added: 'We are committed to radically transforming our chronically low-achieving schools. If these schools do not or cannot significantly change their culture and improve their performance, we will not hesitate to change them.'

A strong signal that Gist was serious about change quickly followed when the superintendent of schools in Central Falls, one of the worst performing school districts in the state, announced a reform plan for its failing high school that called for firing every teacher. Talk about a catalyst for change. The news quickly went national, getting the attention of Secretary Duncan and President Barack Obama, who both spoke about Central Falls as an example of the bold change necessary in our education system.

While continuing negotiations with the local teacher's union, the superintendent moved forward with an application process to hire teachers for the next school year. Eight hundred applications from teachers across the country were received for the approximately 90 job openings at Central Falls High School. Meanwhile, a tentative agreement has been reached to save the current teachers' jobs in return for specific concessions aligned with the school's reform plan. Teachers agreed to work a longer school day, provide more after-school tutoring, accept a new evaluation system, and participate in targeted professional development.

### **Getting Teachers To Sign On**

In a New England state battered with 12.6 percent unemployment and filled with skeptics who have seen change agents come and go, few believed Commissioner Gist could implement local education reform. Her leadership persuaded the 2,000 members of the Providence affiliate of the Rhode Island Federation of Teachers to sign onto the Race for the Top application. The Rhode Island General Assembly passed legislation

raising the state's cap on charter schools from 20 to 35. That means more student-centered schools and progress in holding schools accountable for performance-based outcomes.

There's a long way still to go. Rhode Island didn't win in the first round of Race to the Top. But a transparent scorecard provided by the federal Education Dept. can help the 16 finalists from the first round to see where they fell short – and take action. Rhode Island is well positioned for the next stage, and Gist remains focused on catalyzing statewide reform of the education system. I certainly wouldn't bet against her. She was just named the only educator on Time magazine's list of the 100 most influential people in the world.

A similar approach is needed in health care, energy, and economic development. The 21st century screams for social system innovation. We need real system change, and government has an important role to play as innovation catalyst. Let's select government leaders who can play this critical role.

### **Text 3. Recession: The Mother of Innovation?**

*Our special report looks at innovative ways businesses can turn the troubled economy to their advantage*

*By Reena Jana*

Necessity may be the mother of invention. But could a recession be the mother of innovation? After all, many of the world's enduring, multibillion-dollar corporations, from Disney (DIS) to Microsoft (MSFT), were founded during economic downturns. Generally speaking, operating costs tend to be cheaper in a recession. Talent is easier to find because of widespread layoffs. And competition is usually less fierce because, frankly, many players are taken out of the game.

Recessions can also help executives figure out how to improve products, services, and processes internally and for customers. Ideally, the creative thinking that's needed to weather the storm of an economic downturn can lead to new markets and revenue streams. 'Innovation originates from challenges,' says Vineet Nayar, CEO of HCL Technologies, a Noida (India)-based global IT services company.

HCL recently partnered with Xerox (XRX) to provide tech support for corporate customers using Xerox systems meant to reduce the

amount of wasted paper. The systems themselves were inspired by the dual challenges of helping to save the environment and the need to slash office expenses during the downturn.

Inventing cost-effective and time-saving processes becomes a priority in a downturn, and it's an area of interest for companies and organizations in a variety of fields, from high tech to health care. 'In a recession, you can innovate to be more efficient,' says John Kao, author of the book *Innovation Nation* and the head of Deloitte's Institute for Large Scale Innovation.

### **Lessons to Be Learned**

Sure, there have been some signs lately that the economy might be picking up – Apple's (AAPL) quarterly profits jumped 15%, for instance. But a recent survey by consulting firm Bain & Co. found that 60% of 1,430 global executives polled expect the current recession to last through 2010.

And smart companies will continue to apply the innovation lessons learned during today's tough times even when things pick up. The innovative processes, products, and services that hatch now can help executives understand how to curb costs or take risks on fresh ideas when the economy rebounds.

In this special report, we look at the current recession through a variety of lenses to help you rethink how to approach innovation tactics even as R&D budgets have been slashed. We talked to executives who are finding inventive ways of keeping employees motivated and creative even when morale is low. We look into the benefits of outsourcing innovation in areas ranging from industrial design to corporate strategy. And, to prove there's light at the end of the tunnel, we offer a historical slide show of inventive corporations that were formed during previous recessions.

## **Text 4. Why Outsourcing Innovation Makes Sense**

*Companies from Boeing to Sepracor are retaining innovation consultants to get a head start on economic recovery*

*By Reena Jana and Venessa Wong*

Earlier this year, BusinessWeek asked readers how they would advise their boss to boost innovation internally. Only 3% of the 614 respondents said they would hire an outside innovation and design firm. In fact, hiring an outside firm was the least popular solution. (Other options included internal crowdsourcing, which got the most votes, or hiring a chief innovation officer.)

Faced with this alarming reality, design and innovation companies have been forced to hustle. The innovators have had to innovate themselves, to tailor their pitches to acknowledge clients' straitened circumstances and show they're not themselves a luxury. One way to do that: to make the case that companies should use them to get a head start on developing new products and services for the post-recession marketplace.

'Some [clients] were hit hard and are hunkering down. But crisis is a great opportunity. If it takes years to show results, [they] might as well start now,' says Dev Patnaik, founder and chief executive of Jump Associates, a San Mateo-based consultancy with clients that include Nike (NKE) and Target (TGT). Patnaik says that business started to pick up again at the end of the second quarter.

Boeing (BA) has worked with the Seattle-based industrial design firm Teague since 1946. 'I'm sure Teague would be quick to tell you Boeing's spending on design has been reduced in recent months,' says Klaus Brauer, the former director of Boeing's Passenger Satisfaction & Revenue for its commercial airplane business. During his tenure there he spent seven years working with Teague on the interiors of the 787 Dreamliner, retiring earlier this month. 'But reducing is very different from dropping outside design and innovation consulting altogether,' says Brauer. 'You have to preserve your capability to come back.'

### **A Good Time for New Perspectives**

The idea of outsourcing innovation might seem counterintuitive to the pressures of a recession, but it's a strategy that clients can use to provide fresh perspectives – and save themselves hours of time and effort in terms of industry research.

Sepracor (SEPR), the Marlborough (Mass.)-based pharmaceutical company, recently downgraded but did not ditch a relationship with a New York innovation firm, Futurethink. In 2007, before the recession, Sepracor had hired Futurethink to conduct live innovation workshops.

These customized workshops generally cost between \$9,000 and \$15,000, according to Andrew Der, Futurethink's director of marketing.

This year, Sepracor opted to spend \$1,900 on membership to Futurethink's online tools, which include items such as checklists for questions to ask job interviewees to see if they think creatively. Recently, Sepracor employees logged on to a customized Webinar on 'innovation in difficult times' created by Futurethink. It's certainly not as hands-on or as engaging as the workshops that Sepracor had paid for before the recession, but such online innovation tools still provide employees with access to Futurethink's research and thinking.

Why doesn't Sepracor cut the expense entirely? 'Bringing in a third party brings in a level of credibility,' says Melissa Klinkhamer, the company's senior director of corporate learning and development. 'Our employees know that they're doing research with other big companies. Maybe it's just human nature, but we like to partner with experts.' Just as companies such as Futurethink like to partner with clients.

## **Text 5. How to Cut Out Unnecessary Innovation**

*During a recession, companies must prioritize investments on new products and services. Here are a few how-to tips, including what to avoid*

*By Scott D. Anthony*

When times get tough, one of the first things we do is thinking about what we can do without, like cutting latte consumption from five a week to two. Similarly, companies say no to some things to conserve resources and ensure remaining resources are focused on the right things.

Companies looking to shut down some innovation efforts have to evaluate their portfolio of what's in the process. Prudently pruning this portfolio will help to ensure that resources flow to the right ones. Here's a look at two typical approaches executives often take – and a third that might work better.

### **Approach 1: First-Year Revenues**

Some companies prioritize projects based on their first-year revenues. This helps executives answer the question: 'Where are my biggest ideas?' Obviously, first-year revenues are important. But they're

not all that matters. A good way to reinforce this notion is to ask a group of executives which of the following innovations they would prefer:

Innovation A came out of the gates like a bullet, racking up first-year sales of more than \$200 million. A clear value proposition, clever positioning, and a strong distribution network led to market success.

Innovation B had first-year revenues of a mere \$220,000. The innovation had cool technology, but the paying customer and the business model were very unclear.

It's obvious, right? Innovation A is the winning proposition. But let's reveal more information. Innovation A was Vanilla Coke (COKE). It was a line extension that largely cannibalized sales of Coke's other products. Three years after launch, fizzling demand led Coke to pull the product from the market.

Innovation B was Google (GOOG). In Google's early days, it had a technology and not much else. After a couple of iterations, though, it came up with its advertising-based business model, setting the stage for one of the greatest economic success stories of current times.

Vanilla Cokes are great, but Googles are once in a lifetime. And the trick is that many great growth businesses start small and take a few years before they start exponential growth.

## **Approach 2: Net Present Value**

Many companies make portfolio decisions based on the 'net present value' (NPV) of individual innovation efforts. That is, they project future cash flows, convert those future cash flows into present-day dollars using some discount rate, and prioritize the projects with the highest NPVs. This approach helps executives answer the question, 'Which project is worth the most?'

The math behind NPV calculations is quite sensible. And NPV seems to be an attractive way to compare different types of ideas. But the actual process many companies go through to make the calculations can be problematic.

One problem: Companies' assumptions are flawed when a business is under attack. In reality, a company that doesn't innovate faces declining prospects in its core business. Another problem is that companies often want to make decisions based on 'the number', or a precise estimate of a project's financial potential. When companies only consider a single scenario, they almost always feel as if they have to be



conservative, leading them to prioritize ‘sure things’ in known markets over risky ventures in new markets.

While that approach might be reasonable when a company is launching a modest line extension into a known market, a new-to-the-world solution could unfold in infinite ways. It might be worth investing in a project that appears to have negative NPV, on average, if a modest investment can highlight whether outside returns are possible. Further, if you don't invest in the long term, you increase the odds that you will fall behind existing and emerging competitors in the next economic cycle. A company that ranks all of the projects in its innovation portfolio by NPV might unintentionally stop working on projects with the greatest long-term growth potential.

There are other problems. Some companies have well-formulated templates to help simplify NPV calculations. Those templates almost always implicitly assume that an idea conforms to the company's current business model. But if a company is using a new business model, some of the underlying assumptions about capital investment, margin structure, inventory turnover, and so on can be wildly different. A simplifying template can be a straitjacket for teams seeking to introduce new business models.

### **A Different Approach**

It's natural to want to have a simple way to compare multiple projects quickly. But taking an overly simplistic approach can sometimes be wrong. Instead of focusing on a single metric, companies should consider the answers to the following five questions:

#### *1. What is the upside potential?*

Of course, you would rather invest in a project that could produce huge returns than one with limited upside potential. Make sure you run multiple scenarios, and consider the ‘fringe’ scenarios carefully. Is there any way a modest investment could identify whether an outlier is possible?

#### *2. How much risk remains?*

Any to-be-launched project will have a degree of risk, or uncertainty. Again, you should prefer a project with lower risk to one with more risk.

#### *3. What resources are required to reach the next learning milestone?*

Ideally, companies can learn more about the critical risks with modest incremental investment in time and dollars. A project with huge risk but huge potential might be worth keeping alive if you can learn about a critical unknown cheaply and quickly.

*4. How well does the idea fit important qualitative criteria?*

Making decisions based purely on numbers that are nothing more than educated guesses is silly. Properly applied, qualitative metrics can be a useful way to identify attractive opportunities early.

*5. How much does the idea contribute to the overall portfolio's balance?*

Modern portfolio theory suggests that reaching the ideal balance between risk and return means investing in diversified assets with different kinds of risks. For innovation efforts, that might mean an approach to reach a new customer segment, or use a new business model, or rely on different technologies. If companies don't consciously seek to diversify their innovation portfolio, they often end up with a narrow focus.

These kinds of questions can help companies identify when it's time to pull the plug on a project. When you can't shake residual risk, when tests grow increasingly expensive and learning increasingly scarce, and when it's getting harder to see the upside potential, it might be time to move on to another project. Making these decisions quickly can help companies maximize the return on their investments in innovation.

*(Adapted from 'The Silver Lining: An Innovation Playbook for Uncertain Times' by Scott D. Anthony. Copyright 2009 Innosight)*

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