

Министерство образования и науки РФ
Федеральное государственное бюджетное образовательное
учреждение высшего образования
«Кузбасский государственный технический университет
имени Т. Ф. Горбачёва»

Составители
П. А. Стрельников
М. М. Горбачёва

ЭКОНОМИЧЕСКАЯ БЕЗОПАСНОСТЬ (ECONOMIC SECURITY)

**Методические указания к практическим занятиям
по дисциплине «Иностранный язык (английский)»
для студентов очной формы обучения**

Рекомендовано учебно-методической комиссией
специальности 38.05.01 «Экономическая безопасность»
в качестве электронного издания для использования
в учебном процессе

Кемерово 2016

Рецензент:

Зникина Л. С. – зав. кафедрой иностранных языков КузГТУ,
профессор, доктор педагогических наук

Стрельников Павел Алексеевич
Горбачева Марина Михайловна

Экономическая безопасность (Economic security): методические указания [Электронный ресурс] к практическим занятиям по дисциплине «Иностранный язык (английский)» для специальности 38.05.01 «Экономическая безопасность» студентов очной формы обучения / сост. П. А. Стрельников, М. М. Горбачева; КузГТУ. – Электрон. дан. – Кемерово, 2016. – Систем. требования : Pentium IV ; ОЗУ 8 Мб ; Windows 93 ; мышь. – Загл. с экрана.

Целью методических указаний является организация обучения по дисциплине «Иностранный язык», направленного на формирование у студентов способность к деловому общению, профессиональной коммуникации на одном из иностранных языков.

© КузГТУ, 2016
© Стрельников П. А.,
Горбачева М. М.,
составление, 2016.

Предисловие

Целью методических указаний является обучение студентов специальности 38.05.01 «Экономическая безопасность» практическому владению иностранным языком для его активного применения в ситуациях профессионального общения.

Упражнения и задания, представленные в методических указаниях, направлены на формирование у студентов умений чтения и перевода иноязычных текстов по специальности «Экономическая безопасность» с целью извлечения профессионально-значимой информации, а также базовых умений и навыков профессионального общения на иностранном языке.

С целью реализации компетентного подхода к обучению применяются методические приемы, направленные на формирование компетенций, связанных с извлечением и переводом профессионально-ориентированной информации из иноязычных текстов на основе развиваемой способности каждый раз выбирать виды чтения и перевода, адекватные поставленной задаче.

Для развития навыков практического использования иностранного языка в профессиональной сфере используются такие виды деятельности, как поиск и реферирование информации на изучаемом языке, составление и презентация докладов и сообщений, составление диалогов и моделирование дискуссий и конференций.

Лексический состав материала соответствует современному состоянию английского языка и включает в себя профессиональную терминологию изучаемой специальности.

UNIT I

ECONOMIC SECURITY

I. Study the following words and word combinations.

foreseeable	предвидимый
predictability	предсказуемость
solvency	платежеспособность
duplication	копирование, повторение
vocational rehabilitation	профобучение инвалидов
plunder	разграбление
arguably	возможно, вероятно
clandestine	тайный, скрытый
coercive	насильственный, принудительный
unauthorized	незаконный
cash flow	движение денежной наличности
to tend to	стремиться к
coverage	зд. сфера
legislature	законодательная власть
to merge	соединяться, сливаться

II. Read and translate the text given below.

Economic security

Economic security or financial security is the condition of having stable income or other resources to support a standard of living now and in the foreseeable future. It includes:

- probable continued solvency,
- predictability of the future cash flow of a person or other economic entity, such as a country,
- employment security or job security.

Financial security more often refers to individual and family money management and savings. Economic security tends to include the broader effect of a society's production levels and monetary support for non-working citizens.

In the United States, children's economic security is indicated by the income level and employment security of their families or organizations. Economic security of people over 50 years old is based

on Social Security Benefits, pensions and savings, earnings and employment, and health insurance coverage.

In 1972, the state legislature of Arizona formed a Department of Economic Security with a mission to promote “the safety, well-being, and self sufficiency of children, adults, and families”. This department combines state government activities previously managed by the Employment Security Commission, the State Department of Public Welfare, the Division of Vocational Rehabilitation, the State Office of Economic Opportunity, the Apprenticeship Council, the State Office of Manpower Planning, and the State Department of Mental Retardation. The State Department of Mental Retardation (renamed the Division of Developmental Disabilities, House Bill 2213) joined the Department in 1974. The purpose in creating the Department was to provide an integration of direct services to people in such a way as to reduce duplication of administrative efforts, services and expenditures. Family Connections became a part of the Department in January 2007.

The Minnesota Department of Economic Security was formed in 1977 from the departments of Employment Services and Vocational Rehabilitation, the Governor’s Manpower Office, and the Economic Opportunity Office, which administered anti-poverty programs. In 1985, State Services for the Blind was included in this department. In 2003, the Minnesota Department of Economic Security and Minnesota Department of Trade and Economic Development were merged to form The Minnesota Department of Employment and Economic Development.

Economic security, in the context of politics and international relations, is the ability of a nation-state to follow its choice of policies to develop the national economy in the manner desired. Historically, conquest of nations have made conquerors rich through plunder, access to new resources and enlarged trade through controlling of the conquered nations’ economy. In today’s complex system of international trade, characterized by multi-national agreements, mutual inter-dependence and availability of natural resources, economic security forms, arguably, as important a part of national security as military policy.

Economic security has been proposed as a key determinant of international relations, particularly in the geopolitics of petroleum in

American foreign policy after September 11, 2001.

In Canada, threats to the country's overall economic security are considered economic espionage, which is "illegal, clandestine or coercive activity by a foreign government in order to gain unauthorized access to economic intelligence, such as proprietary information or technology, for economic advantage."

III. Answer the following questions. 1. What does the term of economic security include? Compose your own definition. 2. What are the indications of children's economic security? Add your own indicators. 3. What are the bases of the elderly-aged persons' economic security? Enlarge the bases with your own ideas. 4. What organizations do the departments of economic security include? What organizations, in your opinion, were not included? 5. Give the definition of nation-state economic security. Present your own definition. 6. What is the main threat to national economic security? What other threats can you mention?

IV. Retell the text in 8-10 sentences. Be ready to answer the questions.

V. Find the additional information about the following institutions and present it in the form of short reports: Social Security Benefits, Department of Economic Security, Department of Employment and Economic Development.

VI. Prepare yourself for the discussion. 1. Find the information about the institutions and organizations responsible for the economic security of the Russian Federation. 2. Compare the systems of economic security provision in our country and abroad (in the form of the table). 3. Express your opinion about advantages and disadvantages of both. 4. Suppose what should be done in order to improve these systems.

UNIT II

PERSONAL FINANCIAL SECURITY

I. Study the following words and word combinations.

rooted in	основанный на
wipe out	смывать
prone to	склонный к
layoff	приостановка работы
yield	прибыль, доход
boost	повышение
underinsured	недостаточно застрахованный
sparingly	скупо
trim	урезать, сокращать
diversify	вкладывать в различные отрасли
to deride	высмеивать
sissy	трусливый
to be in the doghouse	быть в немилости, в опале
deferred	отложенный, отсроченный
gratification	удовольствие
bequest	наследство

II. Read and translate the text given below.

Eight keys to financial security

Key 1. Your own earning power rooted in your education and job skills is the most valuable asset you'll ever own, and it can't be wiped out in a market crash. Keep your earning power growing through continuous education, training and personal development. If you work in a field prone to periodic layoffs or falling earnings, think about a career change, especially if there's something else you've always dreamed of doing.

Consider this: A \$30,000 pay hike can be viewed as an annual return on a capital investment, like earning a continuous yield of 6% on \$500,000 of savings. You know how hard it is to save up \$500,000. Maybe that \$30,000 boost in salary is easier to achieve.

Key 2. Before you acquire any financial assets, make sure you have enough insurance against life's big risks: serious illness,

disability and early death. Most people, young families in particular, are underinsured, especially for disability. When an emergency arises, you and your family will never regret having “wasted” all those annual premiums on insurance you “don’t need.”

Key 3. Use credit only to purchase things of lasting value: a home, education, maybe a car. Pay cash for everything else such as clothing, travel, entertainment and furniture. Even better, take advantage of the credit card company’s free 30-day loan by charging responsibly and paying off the bill in full every month. Do you know anyone who got into big financial trouble because they didn’t borrow enough money? I don’t.

Key 4. If you feel you never have any money “left over” for investing after you pay all your bills, try reversing the bill-paying process. Make the first check you write each month a deposit to your mutual fund, money market or brokerage account. Then pay all your regular monthly bills, finishing up with the credit card bill. If you’re having trouble paying that last bill, trim your discretionary spending but keep paying yourself first.

Key 5. In investing, as in baseball, those who swing for the fences do hit the occasional home run. But they strike out a lot too, and their lifetime batting average annual total return suffers accordingly. So shy away from highly volatile stocks, Initial Public Offerings (IPOs), buying on margin and commodity trading. Don’t try to time markets, because no one does it consistently well. Use dollar-cost averaging to invest regularly in markets good, bad and lackluster. Have the patience to wait out the occasional (and inevitable) bear markets.

Key 6. When tech stocks were flying high in the late ‘90s, safer investments like bonds, CDs and less-volatile blue-chip stocks were derided as sissy stuff. Diversification was considered boring. But successful investors have always known that any one class of assets stocks, real estate, bonds, cash will have its day in the doghouse and its day in the sun. That’s why you’ve got to own all of them, in a mix that’s right for your age, income, family responsibilities and tolerance for risk.

Key 7. Deferred gratification is no fun, but it’s the only way I know to fund your long-term goals college for your kids or grandkids, that vacation home you’ve always wanted, early retirement, a

generous bequest to your alma mater. Take a close look at your current lifestyle, and if you see a lot of spending that is dispensable, consider it found money for the bigger dreams in your life.

Key 8. Your own financial security depends far more than you may think on the financial, physical and spiritual health of others in your community, our nation, our world. When you share your good fortune by donating your money, time and talent to charity, you help create a stronger economy and a healthier, safer world.

So give generously to education, your church, social-service agencies, the arts, medical research whatever you value most. It feels wonderful, it's the ultimate in enlightened self-interest and it's the right thing to do.

III. Read the text one more time. Choose the title for each part: “Invest in yourself”, “Protect yourself and your loved ones”, “Borrow sparingly”, “Pay yourself first”, “Don’t go for the home run”, “Diversify, diversify, and diversify”, “Live simply today for a more comfortable tomorrow”, “Give generously to create a better world”.

IV. Answer the following questions. 1. What does the term “personal financial security” mean for you? Give your own definition. 2. Do you feel yourself financially secure? Why? 3. What advice (choose 2-3) from the text given above are the most useful for you? Why? 4. What advice, in your opinion, are controversial? Why? 5. Do you follow the mentioned above rules? Why? 6. What do you do to ensure your own financial security?

V. Study the following words and word combinations.

to afford	быть в состоянии
retirement	выход на пенсию
asset allocation	распределение средств
recuperate	вернуть потраченное, возместить
risk tolerance	толерантность к риску
enticing	привлекательный, заманчивый
recurring	периодический, повторяющийся
to tempt	искушать
tax-deferred	имеющий налоговые льготы
earmarked	забронированный

to deter	удерживать
to diversify portfolio	диверсифицировать портфель ценных бумаг
to be eroded	зд. уменьшаться
to reassess	производить переоценку
spouse	супруг, супруга

VI. Read the following tips. Guess what they should cover. Prove your opinion in some sentences. “Start as soon as you can”, “Treat your savings as an expense”, “Save as much as you can in a tax-deferred account”, “Diversify your portfolio”, “Consider all of your potential expenses in your financial plan”, “Budget”, “Periodically reassess your portfolio”, “Reassess your expenses and make changes where possible”, “Consider your spouse”, “Work with an experienced financial planner”.

VII. Read and translate the text given below.

Ten tips for achieving financial security

When it's time for you to retire, will you be able to afford it? Almost all of the research conducted on the subject, over the last few years, shows that most individuals are unable to demonstrate financial readiness for their retirement years. This only serves to underline the fact that saving for retirement is a challenging process that requires careful planning and follow-through. Here we review some helpful tips that should help you on your way to a comfortable retirement.

Start as soon as you can. It is obvious that it is better to start saving at an early age, but it is never too late to start even if you are already close to your retirement years because every penny saved helps to cover your expenses.

If you save \$200 every month for 40 years at a 5% interest rate, you will have saved significantly more than an individual who saves at the same rate for 10 years. However, the amount saved over the shorter period can go a long way in helping to cover expenses during retirement. Also, keep in mind that other areas of financial planning, such as asset allocation, will become increasingly important as you get closer to retirement. This is because your risk tolerance generally

decreases as the number of years in which you can recuperate any losses goes down.

Treat your savings as an expense. Saving on a regular basis can be a challenge, especially when you consider the many regular expenses we all face, not to mention the enticing consumer goods that tempt us to spend our disposable cash. You can guard amounts you want to add to your nest egg from this temptation by treating your retirement savings as a recurring expense, similar to paying rent, mortgage or a car loan. This is even easier if the amount is debited from your paycheck by your employer. (Note: If the amount is deducted from your paycheck on a pre-tax basis, it helps to reduce the amount of income taxes owed on your salary.)

Alternatively (or in addition), you may have your salary direct-deposited to a checking or savings account, and have the designated savings amount scheduled for automatic debit to be credited to a retirement savings account on the same day the salary is credited.

Save as much as you can in a tax-deferred account. Contributing amounts earmarked for your retirement to a tax-deferred retirement account deters you from spending those amounts on impulse, because you are likely to face tax consequences and penalties. For instance, any amount distributed from a retirement account may be subject to income taxes the year in which the distribution occurs, and if you are under age 59.5 when the distribution occurs, the amount could be subject to a 10% early-distribution penalty.

If you have enough income, consider whether you can increase the amount you save in tax-deferred accounts. For instance, in addition to saving in an employer-sponsored retirement plan, think about whether you can also afford to contribute to an individual retirement account (IRA).

Diversify your portfolio. The old adage that tells us that we shouldn't put all of our eggs in one basket holds true for retirement assets. Putting all your savings into one form of investment increases the risk of losing all your investments, and it may limit your return on investment (ROI). As such, asset allocation is a key part of managing your retirement assets. Proper asset allocation considers factors such as the following:

- Your age. This is usually reflected in the aggressiveness of your portfolio, which will likely take more risks when you're younger, and less the closer you get to retirement age.
- Your risk tolerance. This helps to ensure that, should any losses occur, they occur at a time when the losses can still be recuperated.
- Whether you need to have your assets grow or produce income.

Consider all of your potential expenses in your financial plan.

When planning for retirement, some of us make the mistake of not considering expenses for medical and dental costs, long-term care and income taxes. When deciding how much you need to save for retirement, make a list of all the expenses you may incur during your retirement years. This will help you to make realistic projections and plan accordingly.

Budget. Saving a lot of money is great, but the benefits are eroded or even nullified if it means you have to use high-interest loans to pay your living expenses. Therefore, preparing and working within a budget is essential. Your retirement savings should be counted among your budgeted recurring expenses in order to ensure that your disposable income is calculated accurately.

Periodically reassess your portfolio. As you get closer to retirement and your financial needs, expenses and risk tolerance change, strategic asset allocation must be performed on your portfolio to allow for any necessary adjustments. This will help you ensure that your retirement planning is on target.

Reassess your expenses and make changes where possible. If your lifestyle, income and/or fiscal responsibilities have changed, it may be a good idea to reassess your financial profile and make adjustments where possible, so as to change the amounts you add to your retirement nest egg. For instance, you may have finished paying off your mortgage or the loan for your car, or the number of individuals for which you are financially responsible may have changed. A reassessment of your income, expenses and financial obligations will help to determine if you need to increase or decrease the amount you save on a regular basis.

Consider your spouse. If you are married, consider whether your spouse is also saving and whether certain expenses can be shared during your retirement years. If your spouse hasn't been saving, you

need to determine whether your retirement savings can cover not only your expenses, but those of your spouse as well.

Work with an experienced financial planner. Unless you are experienced in the field of financial planning and portfolio management, engaging the services of an experienced and qualified financial planner will be necessary. Choosing the one who is right for you will be one of the most important decisions you make.

What we've discussed here are just a few of the factors that may affect the success of your retirement plan and determine whether you enjoy a financially secure retirement. Your financial planner will help you to determine whether you should consider other factors. As we said before, starting early will definitely make the task ahead easier, but it is not too late to adopt some of these practices, even if you are already retired.

VIII. Retell in brief the tips from the text given above. Compare them with your own ideas (ex. VI). Were you right or wrong? Why?

IX. Make up the dialogues between the personal financial advisor and his/her client. Use the information from the texts given above.

X. Compare the articles given above. Which advices are more useful? Why? Make up the analysis in the form of short report.

XI. Create your own list of advices concerning personal financial security. Choose the best list of the group (through the discussion).

UNIT III NATIONAL ECONOMIC SECURITY

I. Study the following words and word combinations.

meaningful	содержательный, значительный
succinct	краткий, сжатый
inquiry	зд. исследование, изучение
to strive to	стремиться к

dimension	зд. аспект
oversight	надзор, контроль
to reinforce	укреплять
amid	между, среди
downturn	спад деловой активности
to hamper	препятствовать, затруднять
coherent	последовательный
to incur	подвергаться чему-либо
faltering	неустойчивый, неуверенный
finding	заключение, выводы
projection	прогноз
in conjunction with	совместно с
relative to	по отношению к

II. Choose the correct translation.

inflation-adjusted	заполнить пробел
household income	с учётом инфляции
financial safety net	уменьшить риск
to fill gap	считаться чем-либо или кем-либо
joint occurrence	«страховочная сетка»
	для малоимущих
to buffer risk	семейный бюджет
nondiscretionary spending	прямые расходы
out-of-pocket spending	совместное проявление
to be counted as	косвенные расходы

III. Read and translate the text given below.

ESI economic security index. Part I

The Economic Security Index (ESI), developed by political scientist Jacob Hacker and a multi-disciplinary research team with support from the Rockefeller Foundation, is designed to provide a meaningful, succinct measure of Americans' economic security. Professor Hacker is based at the Institution for Social and Policy Studies at Yale University, which aims to facilitate interdisciplinary inquiry in the social sciences and research into important public policy arenas.

The ESI is part of the “Campaign for American Workers” initiative of the Rockefeller Foundation. The initiative strives to improve economic security among American workers and their families, in part by improving knowledge and understanding among policymakers.

The ESI research team has been guided by a technical committee retained by the Rockefeller Foundation to provide oversight and to reinforce the intellectual and analytical integrity of the resulting work.

Even before the current recession, economic security was a major concern of most Americans. This concern has only grown amid the deepest downturn in decades.

Yet the discussion of economic security has been hampered by the lack of a simple, coherent measure that allows for the comparison of economic security over time and across Americans of different circumstances.

The Economic Security Index (ESI), sponsored by the Rockefeller Foundation, was created to fill this gap. It provides a simple measure of the joint occurrence of three major risks to economic well-being:

- a) experiencing a major loss in income,
- b) incurring large out-of-pocket medical expenses,
- c) lacking adequate financial wealth to buffer the first two risks.

In brief, the ESI represents the share of Americans who experience at least a 25 percent decline in their inflation-adjusted “available household income” from one year to the next and who lack an adequate financial safety net to replace this lost income until it has returned to its original level. “Available household income” is income that is reduced by nondiscretionary spending, including, most substantially, the amount of a household’s out-of-pocket medical spending. Thus Americans may experience income losses of 25 percent or greater due to a decline in income or an increase in medical spending or a combination of the two. The ESI is the share of Americans who are counted as insecure by this standard. A higher ESI therefore indicates greater insecurity, much as a rising unemployment rate signals a faltering economy.

Estimates of the full ESI are currently available from 1985 through 2007, with projections provided for 2008 and 2009; future updates are planned as more recent data become available. The

primary data source for the ESI is the U.S. Census Bureau's Survey of Income and Program Participation (SIPP), which is supplemented by other sources where needed. A less complete form of the ESI is available back to the late 1960s, offering a longer-term perspective on trends in economic security.

IV. Make up dialogues between the ESI representative and the journalist interviewing him about: the purposes of Economic Security Index, ESI research team and its foundation, the methods of ESI calculation, the main terms using for EMI measuring.

V. Find the additional information about ESI and present it in the form of short reports.

VI. Find the information about similar Russian indexes or ratings and present your reports in the form of the conference. Choose the most efficient from the point of view of economic safety determination. Be ready to prove your opinion.

VII. Read and translate the text given below.

ESI economic security index. Part II

To summarize the main findings from the ESI:

- Economic insecurity has increased over the last quarter century. In 1985, 12.2 percent of Americans experienced a major economic loss sufficient to classify them as insecure in the ESI. During the recession of the early 2000s, this had risen to 17 percent. In 2007, before the current downturn, the picture had improved (13.7 percent), but measured insecurity remained higher than in the 1980s.

- Economic insecurity is likely to have increased dramatically in the last few years. Because the economic downturn after 2007 was substantial, we project the ESI forward based on the 1985-2007 experience. These projections suggest that in 2009, the level of economic insecurity experienced by Americans was greater than at any time over the past quarter century, with approximately one in five Americans (20.4 percent) experiencing a decline in available household income of 25 percent or greater. This projection is

consistent with the findings from a separate poll of Americans' economic experiences conducted in conjunction with the development of the ESI.

Economic insecurity has increased over the last quarter century and is likely to have increased dramatically in the last few years. In 2009, projections suggest, approximately one in five Americans experienced a decline in income of 25 percent or greater.

At any given unemployment rate, more people are experiencing insecurity than in the past.

- The ESI rises and falls with the state of the economy, and especially the unemployment rate. But at any given unemployment rate, more people are experiencing insecurity than in the past. In other words, the ESI has been higher relative to the unemployment rate in recent years than it was in the 1980s. In 1985, the unemployment rate was 7.2 percent, and the ESI was 12 percent. In 2002, the unemployment rate was 5.8 percent, but the ESI rose to 17 percent. Moreover, for those who experience drops in available income of 25 percent or greater, the size of drops has increased. Between 1985 and 1995, the typical (median) drop among those experiencing a 25 percent or greater available income loss was about 38.2 percent; between 1997 and 2007, it was 41.4 percent.

- To see beyond short-term economic fluctuations, we statistically calculate the longer term trend in the ESI. Based on this analysis, the ESI has increased by approximately a third from 1985 to 2007. If the projections up to 2009 are included, the ESI increased by almost half (49.9 percent) since 1985. Putting this trend in terms of population, approximately 46 million Americans were counted as insecure in 2007, up from 28 million in 1985.

- The share of Americans experiencing large drops in available household income has increased even more since the 1960s. Because the ESI takes 1985 as its point of departure, how we interpret the trend over the past quarter century depends in part on whether the mid-1980s were relatively secure or insecure for Americans. The less complete form of the ESI available back to the late 1960s shows that large (25 percent or greater) income losses – the core component of the complete ESI – had already risen by about a third from the 1960s to the 1980s, making subsequent increases over the past quarter century even more noteworthy.

- The extent of economic security varies substantially across the population. Those with the most income and education have faced the least insecurity. The less affluent, those with limited education, African Americans, and Hispanics have faced the most. Virtually all groups, however, experienced significant increases in insecurity over the past 25 years.

The ESI is a measure of the actual occurrence of economic losses, rather than of anxiety or fear about such losses. According to the survey evidence, many more Americans worry about economic security than experience large income declines of the sort captured by the ESI. According to the ESI, these concerns have real grounding: Major economic losses have affected between one in six and one in five Americans each year in the last two recessions, more than 60 percent of Americans experienced at least one such loss over the 1996-2006 period, and losses of this magnitude have become more common for Americans up and down the income ladder since the mid-1980s.

VII. Describe each finding from ESI in 2-3 sentences.

VIII. What conclusions, in your opinion, can be drawn on the basis of mentioned findings. Prove your ideas in written form.

IX. Formulate the theme and the main idea of the texts given above using the following clichés: the texts deal with (touch upon, are devoted to, describe), the text consists of (contains), it is reported about, it is spoken in detail about, mention is made of, special attention is paid to, some facts (figures, names) are listed.

X. Divide all the information from the texts given above into paragraphs. Present the main idea of each paragraph. Prove it using sentences from the texts containing the most important facts.

XI. Render the texts.

XII. Find out the author's conclusion in the texts given above; write it down using the following clichés: the author

concludes with a consideration of, the author comes to the conclusion that, in conclusion the author says that.

XIII. Give your own comments on the information from the texts given above. Try to answer the questions:

- a) How do you evaluate the actuality of this information?
- b) How you think who and for what purposes could use it?

Use the following clichés: the information of the texts is addressed to the students (graduates, engineers, specialists, all those interested in); the texts may be recommended to; the information of the texts is interesting (important, useful, hard to understand).

XIV. Present the summary of the information from the texts given above according to the following structure: a) the theme of the text; b) the main idea of the text; c) rendering of the text; d) author's conclusion; e) your own comments.

UNIT IV BUSINESS ECONOMIC SECURITY

I. Study the following words and word combinations.

emerging	развивающийся
to condition	обуславливать, определять
inherent	неотъемлемый
safeguard	мера предосторожности
provide for	предусматривать
contribute to	способствовать
aforementioned	вышеупомянутый
to split into	зд. делить на
immunity	неприкосновенность
to pursue	совершать, выполнять
to ensure	обеспечивать, гарантировать
inflow	зд. приток
forestall	предотвращать

II. Compose the sentences using the following word combinations: in terms of, to take into account, in the course of, to be

associated with, in order to, to be aimed at, to provide for, to contribute to.

III. Find the definition of the following terms: management, executive staff, decision-making, espionage, employee, budgeting, tax burden, production capacity, profitability, market share, access to loans, money liquidity, exchange value of securities, optimum capital structure.

IV. Read and translate the text given below.

Environmental factors determining economic security of businesses and its elements

The activity of economic agents in emerging market relations requires a rapid determination of factors conditioning the availability of economic security of businesses, adaptation to dynamics of external environment through liquidation of existing threats. The establishment of market economy foundations leads to competition between the market players, which, in its turn, is a source of risk.

Therefore, economic security management can be considered as an inherent part of the system of business management aimed at standing up against internal and external risks of its performance.

Taking safeguards to provide for enterprise's security is necessary to protect its activity from negative effects of external environment and support a condition of the most effective use of all types of resources to prevent threats and provide for stable situation and stable operation of the business at present and in the future.

With the aim to work out timely administrative decisions, it is appropriate to determine factors conditioning economic security of businesses. Most economists identify factors contributing to business crisis as such that contribute to bankruptcy.

The aforementioned factors can be divided into two main groups:

- a) independent from business activity (external or exogenous factors);
- b) dependent on business activity (internal or endogenous factors).

The crisis development external factors, in their turn are split into three following subgroups:

1. *Social and economic factors* of the overall country's development. Only these factors influencing the economic performance of a certain business (i.e. factors shaping the potential for bankruptcy risk) make the subject for consideration.

2. *Market factors*. When considering market factors, tendencies of development negative for this business in terms of commodity (including raw materials and manufactured goods) and financial markets (money, stock and foreign exchange) are under study.

3. *Other external factors*. The enterprise itself determines these factors' structure with taking into account the specific character of its economic performance. In the course of the crisis development analysis, internal factors are also divided into three following sub-groups depending on money flows peculiarities, namely: factors related to manufacturing operation; factors related to investment activity and factors related to financial activity.

This approach is comprehensible, but there is another way of determination of business' economic security; the businesses economic security is directly associated with financial risk management.

Financial risk management is a process with the help of which the economic agent influences the risk situation by making rational changes in the level of business' economic security in order to provide for a required level of profit. Business' economic security allows the enterprise to effectively operate in risk situation.

The indicator of business' economic security can be defined as a level of immunity of all the systems of the enterprise in pursuing economic operation under risk situation. The situation is a totality of factors creating conditions for making a decision and implementation of a specific type of economic activity at some specific moment.

Ensuring business' economic security is related to the following: management and staff security; security of culture; security of information and decision-making; manufacturing security; legal security; financial security; espionage security.

Management and staff security means physical security of life and health for senior, middle, and junior management and executive staff.

Security of culture is related to relations between the employees within the organization, between the organizations in the person of

management and the staff, relations with external cultures (with the culture of clients and territories where the enterprise or its units are situated).

Security of information and decision-making covers keeping of know-how, scientific researches and innovation elaborations, economic extension plans by limiting access for outsiders to market confidential information.

Manufacturing security provides for protection from negative effect on buildings, constructions, equipment, manufacturing technology, raw materials, materials, semi-finished production, as well as providing for a possibility to diversify production manufacturing, re-orient to another suppliers, rapid technical re-equipment in case of its including to a new production manufacturing.

Legal security per se is aimed at keeping available patents and obtaining new ones, licenses, authorizations; preventing or bringing to a minimum penalties, fines, forfeits and responsibility for violation of existing legislation.

The aim of *financial security* is to provide for a quality budgeting, reduction of tax burden, the inflow of required investment and obtaining profit.

Ensuring of business' economic security as a process of forestalling various losses from unfavorable factors in all areas of its manufacturing and financial activity.

Both internal and external factors can produce negative effects: subjective and objective ones. The state legislative and legal system, regulating the country's economic and social development as well as its security, is an external factor that influences business' economic security.

Technical and economic security (manufacturing potential of an enterprise, timely renovation of production funds, level of production capacity development), resources' security (supporting manufacturing process with main types of resources, energy), financial security (level of profitability, market share, access to loans, money liquidity, exchange value of securities, optimum capital structure), intellectual and personnel elements (maintaining the staff's high level of qualification), security of information (establishment of the system of economic support for decisions on economic security), social safety net (level of wages, structure of family incomes, enterprise's status)

are among the areas of enterprise's economic activity that provide for its economic security.

V. Answer the following questions. 1. Why is the problem of the factors determining economic security of businesses of great importance now? 2. Enumerate the factors contributing to business crisis. In what way do they lead to the bankruptcy? 3. What is financial risk management responsible for? 4. What is the indicator of business' economic security determined? 5. Name the directions of activities aimed at ensuring business' economic security. Why is each of them included? 6. What is the aim of financial security? 7. What are the examples of subjective and objective negative effects of business' crises factors? 8. Make a list of the areas of enterprise's economic activity that provide for its economic security. Explain why they are important for business security?

VI. Retell the text. Use the questions from the exercise V as the plan. Express your own attitude to the problem.

VII. Make up dialogues between risk manager and the owner of the enterprise trying: a) to determine threats to their business; b) to determine the measures to be taken in order to provide for economic and financial security of their business; c) to determine factors which create risks for their business; d) to eliminate factors which create risks for their business.

UNIT 5 RISK MANAGEMENT

I. Study the following words and word combinations.

prioritization	назначение приоритетов
impact	влияние, воздействие
deliberate	намеренный, обдуманный
adversary	конкурент, противник
root cause	основная причина
in descending order	в порядке убывания
to mitigate	смягчать, уменьшать
inaction	бездействие

explicitly	ясно, детально, подробно
assumption	зд. предположение
to mishandle	плохо справляться
constraint	ограничение
framework	рамки
to trigger	начинать, инициировать
hence	поэтому, следовательно
compliance	соответствие
template	шаблон, образец
taxonomy	систематика
severity	тяжесть, трудность
implementation	выполнение
trade-off	компромисс, обмен
to eliminate	исключать

II. Find and translate correct definitions of the following terms.

- | | |
|---------------------|---|
| 1. financial market | a) an obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future |
| 2. failure | b) the dynamic, iterative process of changing the enterprise over time by incorporating new business processes, new technology, and new capabilities, as well as maintenance, disposition and disposal of existing elements of the enterprise |
| 3. life-cycle | c) an act of implying money or gift giving that alters the behavior of the recipient |
| 4. liabilities | d) the mental processes resulting in the selection of a course of action among several alternative scenarios |
| 5. credit risk | e) a place where people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand |
| 6. decision making | f) a list of meeting activities in the order in which they are to be taken up, by beginning with the call to order and ending with adjournment |

- 7. stakeholder g) the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to do
- 8. agenda h) the process of contracting out a business process, which an organization may have previously performed internally or which the company deems necessary or important, to an independent organization, where the process is purchased as a service
- 9. outsource i) a party that can affect or be affected by the actions of the business as a whole
- 10. pay-off j) something that does not reach expectations of success

III. Read and translate the text given below.

Risk management and its process. Part 1

1. Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attack from an adversary, or events of uncertain or unpredictable root-cause.

The strategies to manage risk typically include transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk.

Certain aspects of many of the risk management standards have come under criticism for having no measurable improvement on risk, whether the confidence in estimates and decisions seem to increase.

In ideal risk management, a prioritization process is followed whereby the risks with the greatest loss (or impact) and the greatest probability of occurring are handled first, and risks with lower

probability of occurrence and lower loss are handled in descending order. In practice the process of assessing overall risk can be difficult, and balancing resources used to mitigate between risks with a high probability of occurrence but lower loss versus a risk with high loss but lower probability of occurrence can often be mishandled.

Risk management also faces difficulties in allocating resources. This is the idea of opportunity cost. Resources spent on risk management could have been spent on more profitable activities. Again, ideal risk management minimizes spending (or manpower or other resources) and also minimizes the negative effects of risks.

Risk management should:

- create value – resources expended to mitigate risk should be less than the consequence of inaction, or the gain should exceed the pain,

- be an integral part of organizational processes,
- be part of decision making,
- explicitly address uncertainty and assumptions,
- be systematic and structured,
- be based on the best available information,
- be tailorable,
- take human factors into account,
- be transparent and inclusive,
- be dynamic, iterative and responsive to change,
- be capable of continual improvement and enhancement,
- be continually or periodically re-assessed.

IV. Explain the following phrases: to be an integral part of smth, to be systematic and structured, to be transparent and inclusive, to be iterative and responsive to change, to be capable of enhancement, to address uncertainty and assumptions, to be part of decision making. Say which of them can be applied to you. Prove your opinion.

V. Answer the following questions. 1. Where can the risks come from? 2. What do the strategies to manage risk typically include? 3. Describe the prioritization process in ideal risk management. What usually happens in practice? 4. How does risk management concern resource allocation? 5. What features should ideal risk management possess?

VI. Render the text given above. Use the questions from exercise V as the plan.

VII. Organize a press-conference. One of the students pretends to be the top risk manager; the other students asking him questions about his job.

VIII. Read and translate the text given below.

Risk management and its process. Part 2

The process of risk management consists of several steps. The first one – establishing the context – involves:

- a) identification of risk in a selected domain of interest;
- b) planning the remainder of the process;
- c) mapping out the social scope of risk management, the identity and objectives of stakeholders, the basis upon which risks will be evaluated, constraints;
- d) defining a framework for the activity and an agenda for identification;
- e) developing an analysis of risks involved in the process;
- f) mitigation or solution of risks using available technological, human and organizational resources.

After establishing the context, the next step in the process of managing risk is to identify potential risks. Risks are about events that, when triggered, cause problems. Hence, risk identification can start with the source of problems, or with the problem itself. The chosen method of identifying risks may depend on culture, industry practice and compliance. The identification methods are formed by templates or the development of templates for identifying source, problem or event. Common risk identification methods are: objectives-based risk identification, scenario-based risk identification, taxonomy-based risk identification, common-risk checking, risk charting.

Once risks have been identified, they must then be assessed as to their potential severity of impact (generally a negative impact, such as damage or loss) and to the probability of occurrence. These quantities can be either simple to measure, in the case of the value of a lost

building, or impossible to know for sure in the case of the probability of an unlikely event occurring. Therefore, in the assessment process it is critical to make the best educated decisions in order to properly prioritize the implementation of the risk management plan.

Once risks have been identified and assessed, all techniques to manage the risk fall into one or more of these four major categories:

- avoidance (eliminate, withdraw from or not become involved);
- reduction (optimize – mitigate);
- sharing (transfer – outsource or insure);
- retention (accept and budget).

Ideal use of these strategies may not be possible. Some of them may involve trade-offs that are not acceptable to the organization or person making the risk management decisions.

IX. Find the equivalents for the following words and word combinations: to consist of, to map out, to define, to mitigate, objective, assessment, to optimize, to share, retention, probability, value, solution, scope, step, to transfer, to manage, to avoid.

X. Answer the following questions. 1. What does the establishing the context include? 2. What are the potential risks? 3. What do the chosen methods of identifying risks depend on? 4. What are the common risk identification methods? 5. Is it easy to assess the potential impact of the risks? 6. What are the techniques of risk management?

XI. Retell the text given above. Use the questions from exercise IX as the plan.

XII. Find additional information about: risk identification methods (objectives-based risk identification, scenario-based risk identification, taxonomy-based risk identification, common-risk checking, risk charting), risk assessment and potential risk treatment (risk avoidance, risk reduction, risk sharing, risk retention) techniques. Present them in the form of reports. Organize the conference and choose the best report (through discussion).

References

1. Arefyeva, O. Environmental Factors Determining Economic Security of Businesses and Its Elements / O. Arefyeva // Problems and Perspectives in Management. – Kyiv. – 2004. – №2. – P. 205-210.
2. Hacker, Jacob S. Economic Security at Risk. Findings from the economic security index / Jacob S. Hacker. – New York, Rockefeller Foundation. 2010. – 32 p.
3. Kiplinger, K. Eight Keys to Financial Security / K. Kiplinger. – [Электронный ресурс] – Загл. с экрана. Код доступа: <http://www.kiplinger.com/features/archives/2006/12/knightkeys.html>