

Soaring Dragons ANSWER KEY

Questions on text:

1. What are the key features of Asian versus Western businesses? Write points under each heading, using NO MORE than 5 words. (½ mark for each point)

	Asian businesses	Western businesses
(first three in early part of article)	<ul style="list-style-type: none"> ◆ (emphasis on) asset-trading ◆ family-owned ◆ no branding 	<ul style="list-style-type: none"> ◆ (emphasis on) sales/building a franchise ◆ shareholders (public co.) ◆ branding important
para 9 – end para 11.	◆ “back-end” operations	◆ “front-end” operations

2. The Giordano company is used as an example in the first three paragraphs. What is it being used as an example of?

An Asian company that’s more like a Western company (in its features)

3. Three powerful economic shocks have caused the changes described in the first three paragraphs of the article. List these shocks below in NO MORE THAN 5 words.

1997: Financial crisis (in Asia) [para. 3]

2001: (last year, 2001) collapse of export markets [para. 3]

Recently: China’s rapid industrialization [para 3]

4. The tiger economies’ advantages over other economies in the past few decades have been:

i. **(relatively) cheap labour** [para 4]

ii. **inflation caused asset-trading profits** [para 4]

5. What change has recently occurred which affects the first advantage (mentioned in Q.4)?

China’s labour costs now cheaper than anyone’s (the West’s or tigers’)[para 5]

6. What change has recently occurred which affects the second advantage (mentioned in Q.4)?

Deflation conditions means asset-trading no longer so profitable. [para 5]

7. Formosa Plastics and Henderson Land (paragraph 6) are examples of what phenomenon?

Companies who used to engage in asset-trading profitably who now have reduced in size/ profitability. [last 2 lines of para 5 together with para 6] **AND/OR -**



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Asian companies who have not changed with / adapted to the times.

8. What does 'It' refer to in paragraph 7? corporate re-engineering [para 7]

9. What recent changes to costs and revenue have occurred (paragraph 7). Use NO MORE than 5 words in each of your answers:

a) Cost More factories/ manufacturing in China [para 7]

b) Revenue: More / increased sales in China [para 7]

10. Summary of paragraphs 8 – 10. Fill in the gaps with NO MORE than 3 words:

Economic developments in China are causing a repositioning of the tiger economies in what is known as **the value chain**. As operational activities such as **trading, production** and **logistics** [2 out of 3 OK] increasingly take place in China, companies with headquarters in places such as Hong Kong and Taiwan, have become increasingly focused on aspects of business such as **marketing, design** and **innovation/ packaging**. [2 out of 4 OK] This, in turn, has an effect on these companies' positions in **third countries** or at home. As many of the tiger economies face tough competition from China, they are emphasizing 'intangibles', such as **goodwill/ trust/ quality / differentiation** [any of these]

11. What point is being made about China's economic environment, when (in paragraph 10) TSMC's chairman refers to what his company can offer in terms of intellectual property?

Intellectual property is not secure in PRC (in Taiwan it is). / OR PRC – No proper enforcement of copyright / patent law. [para 10]

12. 'Sources' in paragraph 11 is closest in meaning to: (circle correct answer)

- a. **produces** ✓ [‘sources’ used as a verb]
- b. origins
- c. finds

13. Explain in your own words the concept of ‘differentiation’ which is being embraced by companies in the ‘tiger’ economies:

Products are differentiated / distinguished from others by offering an image/ a lifestyle/ a brand hipness (etc.) / marketing to a segment. [para 12]

TEACHER'S NOTES

- ♦ **Time:** This lesson may be difficult to fit in 2 hrs – depending on strength of Ss.' reading skills – unless Ss. given a chance to take home text night before. This is **recommended** as Ss. don't like to 'waste time' reading in class. Ss. read text at home, preferably **with** questions so they have a purpose in reading. If Ss. have done most Q.s at home, lesson takes less than 2 hrs.
- ♦ If Ss. get text to take home, **do pre-reading tasks incl. vocab., in last 20 mins. of the lesson BEFORE they take it home that night.**
- ♦ Style is typical *The Economist*: a mixture of lexically and syntactically dense writing, together with idiomatic, at times vernacular, use of English. e.g. tiger economies used "to be bad at 'front-end' **stuff**, such as marketing".
- ♦ **Vocab.** and concepts do not rely on strong knowledge of business.

'Tiger' economies: term coined to describe flourishing economies of East Asia in 1980s, viz. Hong Kong, Singapore, Sth Korea, Taiwan. ('Tiger cub' economies (90's): Vietnam, Thailand, Malaysia.) Sometimes these are called 'dragon' economies too, but don't use this term as dragon is euphemism for China in this article. Don't explain 'tiger economies' in advance – part of pre-reading discussion Q.s.

The following terms in vocab. section are probably known to many students – or they at least have a concept of them in their own language once they look up dictionary.

inflation: A rise in the general (average) level of prices in the economy.
(So companies trading assets in a time of **inflation** (e.g. in 1970s and 80s) could make money without much strategy or effort.)

deflation: A fall in the general (average) level of prices in the economy.

revenue: income (not profit – this is calculated after losses taken into account)

turnover: the total amount of goods or services sold by a company during a particular period of time. (e.g. *The firm has an annual turnover of \$75m.*)

commodity: a product or raw material that can be bought and sold, especially between countries. (e.g. *Crude oil is the world's most important commodity.*)

franchise: formal permission given by a company to somebody (or another co.) that wants to sell its goods or services in a particular area. (e.g. MacDonalds is a franchise; some clothing co.s are franchised – individual operators open the stores which have the brand name and operating/marketing practices of the original store.)

differentiation (marketing concept - this term is not one of those Ss. asked to check in Vocab. section, as a clear example of it is given in the text.): a differentiated product is one which differs physically or in some other way from similar product produced by other firms – a product which is similar to, but not identical with and therefore, not a perfect



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substitute for other products; a product such that buyers are not indifferent to the seller from whom they purchase it so long as the price charged by all sellers is the same.