

SECTION – 1

QUANTITATIVE ABILITY

- A consignment of 20 picture tubes contains 5 defectives. Two tubes are selected one after the other at random. The probability that both are defective assuming that the first tube is not replaced before drawing the second, would be:

[1] $\frac{1}{16}$ [2] $\frac{1}{19}$ [3] $\frac{1}{4}$ [4] None of the above.
- A property tax increase was proposed by a municipal corporation and it was observed that 40% of the property owners favoured it while 80% of the non-owners of property favoured it. If 70% of the voters are property owners, what is the probability that a voter selected at random would be the one favouring the increase?

[1] 0.52 [2] 0.80 [3] 0.40 [4] Data inadequate
- A service complaint centre receives, on an average 2 telephone calls every 15 minutes. The change that 3 calls be received in a 30 minute interval, would be around

[1] 19% [2] 1.9% [3] 2.5% [4] None of these
- A manufacturer of batteries wishes to give a guarantee for the free replacement of the batteries whose life is less than a certain time period. If he desires to replace no more than 5% of the batteries, what should be the guarantee period (it has to be lesser than the mean life) if the lives of batteries are normally distributed with a mean of 1200 hours and standard deviation of 100 hours. (Note: For 95% population, normal variate = 1.645)

[1] 1035.5 hours [2] 2845 hours [3] 1195 hours [4] Data inadequate
- An electronic device makes a beep after 60 sec. Another device makes a beep after every 62 sec. They beeped together at 10 a.m. The next time, when they would beep together at the earliest is:

[1] 10.30 a.m. [2] 10.31 a.m. [3] 10.59 a.m. [4] 11 a.m.
- If $\frac{a}{b} = \frac{4}{5}$ and $\frac{b}{c} = \frac{15}{16}$, then $\frac{c^2 - a^2}{c^2 + a^2}$ would be

[1] $\frac{1}{7}$ [2] $\frac{7}{25}$ [3] $\frac{3}{4}$ [4] None of these
- The expression $\left[\frac{\sqrt{7} + \sqrt{5}}{\sqrt{7} - \sqrt{5}} + \frac{\sqrt{7} - \sqrt{5}}{\sqrt{7} + \sqrt{5}} \right]$ is equal to

[1] $2(\sqrt{7} + \sqrt{5})$ [2] $2(\sqrt{7} - \sqrt{5})$ [3] 2 [4] 12
- If $\frac{a}{3} = \frac{b}{4} = \frac{c}{7}$, the value of $\frac{a+b+c}{c}$ is

[1] 7 [2] 2 [3] $\frac{1}{2}$ [4] $\frac{1}{7}$
- The price of LPG increases by 20%. By what percent must a family reduce the consumption of LPG, so that the expenditure on gas is the same as before?

[1] 83.33 [2] 80 [3] 20 [4] 16.66

10. In a market research project, 20% opted for 'Nirma' detergent whereas 60% opted for 'surf blue' detergent. The remaining individuals were not certain. If the difference between those who opted for 'surf blue' and those who were uncertain was 720, how many respondents were covered in the survey?
 [1] 1800 [2] 1440 [3] 3600 [4] Data is inadequate
11. The value of $\sqrt[4]{(625)^3}$ is:
 [1] 25 [2] 125 [3] $\sqrt[3]{1875}$ [4] None of these
12. $\left[1 + \frac{1}{1 + \frac{1}{1 + \frac{1}{3}}} \right] \div 1\frac{4}{7}$ is equal to
 [1] $1\frac{1}{3}$ [2] $1\frac{1}{4}$ [3] $1\frac{1}{7}$ [4] 1
13. If 40% of the Delhites read Times of India, 50% read The Hindustan Times and 10% read both the papers, what percent of the people read neither newspaper?
 [1] 10% [2] 15% [3] 20% [4] 5%
14. A sales executive's commission is 5% on all sales upto Rs. 10,000 and 4% on all sales exceeding this. He remits Rs. 31,100 to his parent company after deducting his commission. His sales was worth:
 [1] Rs. 35,000 [2] Rs. 36,100 [3] Rs. 35,100 [4] Rs. 32,500
15. If $z = \frac{x^2}{y}$ and x, y both are increased in value by 10% then the value of z:
 [1] Remains unchanged [2] Increases by 10% [3] Increases by 11% [4] Increases by 20%
16. If a exceeds b by x%, then which one of following equation is correct:
 [1] $a - b = \frac{x}{100}$ [2] $b = a + 100x$ [3] $a = \frac{bx}{100 + x}$ [4] $a = b + \frac{bx}{100}$
17. If the price of a DVD player is increased by 25%, then by what percentage the new price be reduced to bring it down to the original level?
 [1] 15% [2] 20% [3] 25% [4] 30%
18. Prof. Chatterjee bought a car and got 15% of its original price as dealer's discount. He then sold it with 20% profit on his purchase price. What percentage profit did he get on the original price?
 [1] 2% [2] 12% [3] 5% [4] 17%
19. A retailer allows a trade discount of 20% and a cash discount of 6.25% on the marked price of the products and gets a net profit of 20% on the cost. By how much above the cost, should the products be labelled for sale?
 [1] 40% [2] 50% [3] 60% [4] 70%
20. If $a : b = b : c$, then $a^4 : b^4$ would equal to:
 [1] $ac : b^2$ [2] $a^2 : c^2$ [3] $c^2 : a^2$ [4] $b^2 : ac$

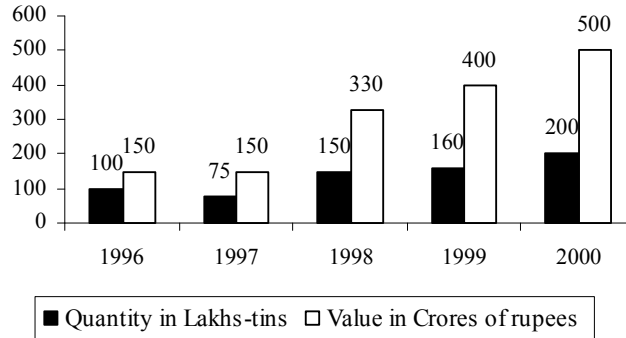
21. If $x : y = 3 : 4$ then $(2x + 3y) : (3y - 2x)$ would be equal to:
 [1] 2 : 1 [2] 3 : 2 [3] 3 : 1 [4] 21 : 1
22. If $\log_2[\log_3(\log_2 x)] = 1$, then x is equal to:
 [1] 512 [2] 128 [3] 12 [4] zero
23. If $\log \frac{a}{b} + \log \frac{b}{a} = \log(a + b)$, then
 [1] $a + b = 1$ [2] $a - b = 1$ [3] $a^2 - b^2 = 1$ [4] $a = b$
24. If $\log_5(x^2 + x) - \log_5(x + 1) = 2$, then the value of x is
 [1] 5 [2] 32 [3] 25 [4] 10
25. If each side of a square is increased by 50%, the ratio of the area of resulting square to the area of the given square is:
 [1] 5 : 4 [2] 9 : 4 [3] 4 : 5 [4] 4 : 9
26. A triangle of area $9y \text{ cm}^2$ has been drawn such that its area is equal to the area of an equilateral triangle of side 6 cm. The value of 'y' would be:
 [1] $\sqrt{2}$ [2] $\sqrt{3}$ [3] 2 [4] 3
27. If 'x' is the length of a median of an equilateral triangle, then its area is:
 [1] x^2 [2] $\frac{1}{2}x^2$ [3] $\frac{x^2\sqrt{3}}{2}$ [4] $\frac{x^2\sqrt{3}}{3}$
28. A toothed wheel of diameter 50 cm is attached to a smaller wheel of diameter 30 cm. How many revolutions will the smaller wheel make when the larger one makes 15 revolutions?
 [1] 18 [2] 20 [3] 25 [4] 30
29. Three cubes of iron whose edges are 6 cm, 8 cm and 10 cm respectively are melted and formed into a single cube. The edge of the new cube formed is:
 [1] 12 cm [2] 14 cm [3] 16 cm [4] 18 cm
30. If the areas of three adjacent faces of a cuboid are x, y, z respectively, then volume of the cuboid is:
 [1] xyz [2] $2xyz$ [3] \sqrt{xyz} [4] $3\sqrt{xyz}$
31. Sound travels at 330 metres a second. How many kilometres away is a thundercloud when its sound follows the flash after 10 seconds?
 [1] 3.30 [2] 33 [3] 0.33 [4] 3.33
32. FMS wants to execute tiling work for one of its teaching halls 60 m long and 40 m wide with a square tile of 0.4 m side. If each tile costs Rs. 5, the total cost of tiles would be:
 [1] Rs. 60,000 [2] Rs. 65,000 [3] Rs. 75,000 [4] Rs. 12,000
33. Rs. 2000 amount to Rs. 2600 in 5 years at simple interest. If the interest rate were increased by 3%, it would amount to how much?
 [1] Rs. 2900 [2] Rs. 3200 [3] Rs. 3600 [4] None of these
34. An amount of Rs. 100,000 is invested in two types of shares. The first yields an interest of 9% per annum and the second yields 11% per annum. If the total interest at the end of one year is 9.75%, then the amount invested in each share respectively is:
 [1] Rs. 72,500, Rs. 27,500 [2] Rs. 62,500, Rs. 37,500
 [3] Rs. 52,500, Rs. 47,500 [4] Rs. 82,500, Rs. 17,500

35. Poorva Express destined for Howrah starts from New Delhi at the speed of 50 kmph. After one hour, Howrah Rajdhani starts from the same station for Howrah at the speed of 70 kmph. Taking basic geography into account, Rajdhani Express would catch up with Poorva Express in the following segment:

- [1] Tundla – Kanpur [2] Kanpur – Mughalsarai
[3] Mughalsarai – Dhanbad [4] Dhanbad – Howrah

Directions (Qs. 36 to 39): Study the following graph and answer the questions 36 – 39.

Export of processed food tins from a Company

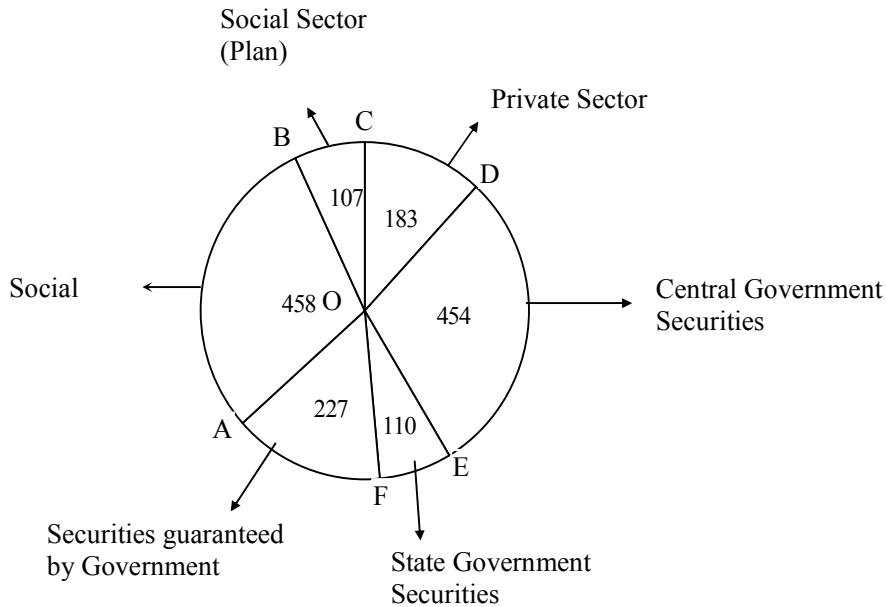


36. In which year, the value per tin was minimum?
[1] 1996 [2] 1997 [3] 1999 [4] 2000
37. What was the approximate percent increase in export value from 1996 to 2000?
[1] 350 [2] 330.3 [3] 433.3 [4] None of these
38. What was the percentage drop in export quantity from 1996 to 1997?
[1] 75 [2] 30 [3] 25 [4] None of these
39. If in 1999, the processed food tins were exported at the same rate per tin as that in 1998, what would be the value (in crores of rupees) of export in 1999?
[1] 400 [2] 375 [3] 352 [4] 330
40. How much does a watch lose per day, if its hands coincide every 64 minutes?
[1] 96 min [2] 90 min [3] $36\frac{5}{11}$ min [4] $32\frac{8}{11}$ min
41. The value of $\frac{1}{\sqrt{9}-\sqrt{8}} - \frac{1}{\sqrt{8}-\sqrt{7}} + \frac{1}{\sqrt{7}-\sqrt{6}} - \frac{1}{\sqrt{6}-\sqrt{5}} + \frac{1}{\sqrt{5}-\sqrt{4}}$ is equal to:
[1] Zero [2] 1 [3] 5 [4] $\frac{1}{3}$
42. The expression $(2 + \sqrt{2}) + \frac{1}{2 + \sqrt{2}} + \frac{1}{\sqrt{2} - 2}$ equals:
[1] 2 [2] $2\sqrt{2}$ [3] $2 - \sqrt{2}$ [4] $2 + \sqrt{2}$
43. If $a = \sqrt{3 + \sqrt{3 + \sqrt{3 + \dots}}}$, then which of the following is true?
[1] $2 < a < 3$ [2] $a > 3$ [3] $3 < a < 4$ [4] $a = 3$

44. If, $1.5x = 0.04y$, then value of $\frac{y-x}{y+x}$ is
 [1] $\frac{730}{77}$ [2] $\frac{73}{77}$ [3] $\frac{7.3}{77}$ [4] None of these
45. A sum of money placed at compound interest doubles itself in 5 years. It would amount eight times in
 [1] 10 years [2] 12 years [3] 15 years [4] 20 years

Directions (Qs. 46 to 50): Study the pie chart as follows and answer the questions 46 – 50.

Gross investments of LIC in different sectors in a certain year (in crores of rupees)



46. The percentage of gross investments in State Government Securities is:
 [1] 7.1% [2] 7.8% [3] 8.6% [4] 9.2%
47. The magnitude of $\angle AOC$ is nearly:
 [1] 130° [2] 160° [3] 180° [4] None of these
48. The investment in social sector (plan and non plan) is _____ than the investment Government Securities (Central and State) by _____
 [1] more, 4 crore [2] more, 1 crore [3] more, 111 crore [4] less, 106 crore
49. The investment in private sector is higher than the investment in State Government Securities by what percent?
 [1] 66 [2] 54 [3] 46 [4] 40
50. The ratio of the area of circle to the right of COF to the area of circle to the left of it is:
 [1] 1 [2] 0.92 [3] 0.94 [4] 0.96

SECTION – 2

ANALYTICAL & LOGICAL REASONING

Directions (Qs. 51 to 55): In the questions given below establish the relationship between the two words. Then from the given options select one, which has the same relationship as of the given two words.

51. Mania is to Craze as Phobia is to...
 [1] Desires [2] Hobbies [3] Want [4] Fear
52. _____ is to Dumb as Light is to Blind.
 [1] Voice [2] Language [3] Speech [4] Tongue
53. Physicist is to Mathematics as _____ is to Anatomy.
 [1] Botany [2] Botanist [3] Body [4] Biologist
54. Love is to Hate as Friend is to _____
 [1] Trust [2] Companion [3] Enemy [4] Despise
55. Flower is to Petal is _____ is to Arm.
 [1] Hand [2] Weapon [3] Law [4] Body

Directions (Qs. 56 to 59): Ashok Mehta has three children, Usha, Ramchander and Sunil. Sunil. married Rita, the eldest daughter of Mr. and Mrs. Mathur. The Mathurs married their youngest daughter to the eldest son of Mr. and Mrs. Saxena, and they had two children named Sanjay and Sunita. The Mathurs have two more children, Rakesh and Bindu, both elder to Shanti. Sonu and Surinder are sons of Sunil and Rita. Lata is the daughter of Sanjay.

56. What is the surname of Lata ?
 [1] Saxena [2] Mathur [3] Sanjay [4] Mehta
57. How is Sonu related to the father of Rita?
 [1] Grandson [2] Son-in-law [3] Son [4] Cousin
58. What is the surname of Sonu?
 [1] Saxena [2] Mathur [3] Mehta [4] Sunil
59. How is Mrs. Mathur related to Sunil?
 [1] Aunt [2] Mother-in-law
 [3] Mother [4] Sister-in-law

Directions (Qs. 60 & 61): Raman was driving in New Town, where all roads ran either north-south or east-west forming a grid. Roads were at a distance of 1 km from each other in parallel.

60. Raman started at the inter-section of streets no. 7 and 8. He drove three km north, three km west, and four km south. Which further route could bring him back to his starting point?
 I. 3 km east, then 2 km south II. 1 km north, then 3 km east
 III. 1 km north, then 2 km west
 [1] I only [2] II only [3] I and II only [4] II and III only
61. After driving as stated in 1 above, Raman did not return to his starting point, but instead drove 4 km east and 1 km north. How far is from his starting point?
 [1] 5 km [2] 4 km [3] 1 km [4] 7 km

62. Sita and Ram both start from a point towards north and walk 10 km. Sita turns to her left and Ram turns to his right. Sita waits for some time and then walks another 5 km in the same direction in which she turned. On the other hand Ram walks only 3 km. Sita then turns towards her left and Ram turns towards his right. Both now walk 15 km forward. How far is Sita from Ram now?
 [1] 15 km [2] 10 km [3] 8 km [4] 12 km
63. Sonia travels 7 km eastwards and then turns right and travels 3 km and further turns right and travels 13 km. How far is Sonia now from the starting point?
 [1] 6 km [2] 7 km [3] 16 km [4] None of these
64. Kavita walks 3 km northward and then she turns left and moves 2 km. She again turns left and goes 3 km and turns to her right and starts walking straight. In which direction is she walking now?
 [1] West [2] South [3] North-west [4] None of these

Directions (Qs. 65 to 68): Mr. and Mrs. Sharma have two children Asha and Shashi. Shashi married Radha, daughter of Mrs. Mahajan. Suresh, son of Mrs. Mahajan marries Rita, Sonu and Rocky are born to Suresh and Rita. Uma and Sudha are the daughters of Shashi and Radha.

65. What is the surname of Sonu?
 [1] Mahajan [2] Sharma [3] Shashi [4] None of these
66. How is Suresh related to Sudha?
 [1] Brother [2] Maternal uncle [3] Uncle [4] Cousin
67. What is Sudha's relation to Asha?
 [1] Sister [2] Niece [3] Aunt [4] Daughter
68. How is Sonu related to Mr. Mahajan?
 [1] Son-in-law [2] Grandson [3] Son [4] None of these

Directions (Qs. 69 to 71): Each of the following problems has a question and two statements which are labeled (a) and (b). Use the data given in (a) and (b) together with other available information (such as the numbers in a day, the definition of clockwise, mathematical facts, etc.) to decide whether the statements are sufficient to answer the question.

- [1] if you can get the answer from (a) alone but not from (b) alone;
 [2] if you can get the answer from (b) alone but not from (a) alone;
 [3] if you can get the answer from (a) and (b) together, although neither statement by itself suffices;
 [4] if statement (a) alone suffices are statement (b) alone suffices

69. What is the value of $x + y$?
 (a) $x - y = 4$ (b) $3x + 3y = 4$
70. Did the XYZ Corporation have higher sales in 1968 or in 1969?
 (a) In 1968 sales were twice the average (arithmetic mean) of the sales in 1968, 1969 and 1970
 (b) In 1970, the sales were three times those in 1969
71. k is an integer. Is k divisible by 127?
 (a) k is divisible by 4 (b) k is divisible by 3

Directions (Qs.72 to 76): There is a blank space in each question in which only one of the four alternatives given under the question satisfies the same relationship as is found between the two terms on the other side of the sign (:). Find the correct alternative to refill in the blank space:

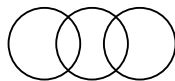
72. MAROZIM : MIZORAM :: _____ : PASCAL
 [1] DDRSAM [2] LASCAP [3] PUANJB [4] LACSAP

73. FOCUS : GPDBT :: LOTUS : _____.
 [1] MQUVI [2] MQRSV [3] MPUVT [4] SUTOL
74. DELHI : CDKGH :: PATIALA : _____.
 [1] ALAITAP [2] QBUJBMB [3] QSIHZKZ [4] OZSHZKZ
75. PHONE : RJQPG :: QUOTE : _____.
 [1] ERPVP [2] RVJG [3] RVPSF [4] SWQVG
76. QJMPU : PILOT :: _____ : WOLLS
 [1] SLOW [2] VNNNR [3] XPPMT [4] XPPNR
77. If 'PRIMARY' is coded as 'QSJNBSZ' how do you code 'FARMER' ?
 [1] HCTOGT [2] GBSNFS [3] GBTNFS [4] HDTOGT
78. How will you code 'TRACTER' now?
 [1] USBDUET [2] VSBDRFS [3] VTCEVFT [4] USBDUFS
79. If 'BAT' = 6, 'CRICKET' = 14 and 'BALL' = 8, then 'FIELDING' = ?
 [1] 14 [2] 12 [3] 30 [4] 16
80. 'CYCLE' = 8, 'BUS' = 4, and "MOPED" = 8, then 'TRUCK'=?
 [1] 0 [2] 4 [3] 6 [4] 8
81. 'DRIVER' = 12, 'PEDESTRIAN' = 20, 'ACCIDENT' = 16, then 'TAXI' =?
 [1] 4 [2] 8 [3] 16 [4] 12

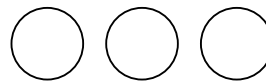
Directions (Qs. 82 to 84): In the following questions select the pair, which is different from the other three.

82. [1] Chair – Furniture [2] Shirt – Garment
 [3] Necklace – Jewellery [4] Bogie – Engine
83. [1] Crayon – Paper [2] Pencil – Lead
 [3] Pen – Ink [4] Brush – Paint
84. [1] Finger – Thimble [2] Head – Cap
 [3] Waist – Tiara [4] Foot – Shoe

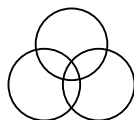
Directions (Qs. 85 to 91): For each of the following questions you are to choose a diagram that best illuminates the relationship among three given classes better than any other diagram offered.



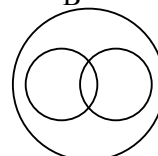
A



B



C



D

85. Cricket Fans, Uncles, Aunts
[1] A [2] B [3] C [4] D
86. Cars, Cycles, Motorcycles
[1] A [2] B [3] C [4] D
87. Detectives, Spies, Men with beard
[1] A [2] B [3] C [4] D
88. Dancers, Players, Humans
[1] A [2] B [3] C [4] D
89. Rabbits, Pets, Dogs
[1] A [2] B [3] C [4] D
90. Criminals, Murderers, Thieves
[1] A [2] B [3] C [4] D
91. Basements, Discos, Bars
[1] A [2] B [3] C [4] D

Directions (Qs. 92 to 95): In each question given below there are two statements labeled as Assertion (A) and the other labelled as Reason (R). Of these statements which one of the following is correct?

- (a) Both A and R are true and R is the correct explanation of A.
(b) Both A and R are true but R is not the correct explanation of A.
(c) A is true but R is false
(d) A is false but R is true
92. Assertion (A): Eggs of mosquitoes being very light in weight, float on water and water bodies.
Reason (R): Surface tension of water balances the weight of eggs.
[1] (a) [2] (b) [3] (c) [4] (d)
93. Assertion (A): Transformer is useful for stepping up or stepping down voltages.
Reason (R): Transformer is a device used in DC circuits.
[1] (a) [2] (b) [3] (c) [4] (d)
94. Assertion (A): A beaker filled with water at 4°C overflows if the temperature is increase decreased.
Reason (R): Density of water is maximum at 4°C.
[1] (a) [2] (b) [3] (c) [4] (d)
95. Assertion (A): The emergence of economic globalism does not imply the decline of social ideology.
Reason (R): The ideology of socialism believes in universalism and globalism.
[1] (a) [2] (b) [3] (c) [4] (d)

Directions (Qs. 96 to 100): In each question below are given two statements followed by two conclusions numbered I and II. You have to take the two given statements to be true even if they seem to be at variance from commonly known facts and then decide which of the given conclusions logically follows from the two given statements, disregarding commonly known facts. Read both the statements and give answer

- [1] if only conclusion I follows [2] if only conclusion II follows
[3] if either I or II follows [4] if neither I nor II follows

96. **Statements**
I: Some artworks are paintings. II: All paintings are master pieces.
Conclusions:
I: All masterpieces are paintings. II: Some masterpieces are artworks.

97. **Statements**
I: Some men are genius. II: No brother is genius.
Conclusions:
I: some brothers are men. II: Some brothers are not men.
98. **Statements**
I: All pants are skirts. II: No shirt is a skirt.
Conclusions:
I: no engine is a plane. II: No tyre is a plane.
99. **Statements**
I: All planes are tyres. II: All tyres are engines.
Conclusions:
I: No engine is a plane. II: No tyre is a plane.
100. **Statements**
I: Some cartoons are funny. II: Some cartoons are silly.
Conclusions:
I: All funny are cartoons. II: Some silly are cartoons.

SECTION – 3

ENGLISH USAGE

Directions (Qs. 101 to 104): Each question consists of a word printed in capital letters, followed by four numbered words. Choose the numbered word that is most nearly same in meaning to the word in capital letters.

101. **FETTER**
[1] Restore [2] Chain [3] Lavish [4] Squander
102. **CAVIL**
[1] to make fun of [2] to find fault [3] to insult [4] to whine
103. **EXCULPATE**
[1] to fashion a piece of statuary [2] to involve in crime
[3] to cut out [4] to free from blame
104. **RESCIND**
[1] to admit error [2] to retreat from position
[3] to repeal or abrogate [4] to apologize

Directions (Qs. 105 to 108): Each question consists of a word printed in capital letters, followed by four numbered words. Choose the numbered word that is most nearly opposite in meaning to the word in capital letters.

105. **AMBLE**
[1] Insufficient [2] Incapable [3] Dream [4] Run
106. **GALLOP**
[1] Curse [2] Canter [3] Deny [4] Agree
107. **FESTER**
[1] Celebrate [2] Mourn [3] Graduate [4] Heal

108. **DISTANCE**
 [1] Disapproval [2] Disaster [3] Harmony [4] Disparity

Directions (Qs. 109 to 112): In each question a sentence or part of a sentence, followed by four numbered words or phrases is given. Choose the numbered word or phrase, which conveys the same meaning as the sentence in question.

109. Pantheism is
 [1] belief in one God [2] belief that God is in nature
 [3] skepticism about God [4] belief in many Gods
110. Xenophobia is the fear of
 [1] Heights [2] Open spaces [3] foreigners [4] Crowd
111. A dabbler in the arts is called a (an)
 [1] martinet [2] dilettante [3] virago [4] iconoclast
112. The scientific study of birds is called
 [1] entomology [2] ornithology [3] biology [4] zoology

Directions (Qs. 113 to 115): In each of the questions four pairs of numbered words follow a pair of words printed in capital letters. Choose the numbered pair of words that expresses same relationship as the given pair in capital letters.

113. **INTERLUDE : REST**
 [1] Vacation : Work [2] Retirement : Retreat
 [3] Sabbatical : Freedom [4] Intermission : respite
114. **RACISM : APARTHEID**
 [1] Sexism : Chauvinism [2] Parochialism : Linguism
 [3] Nationalism : Identity [4] Communalism : Religion
115. **SECULAR : SPIRITUAL**
 [1] Amoral : Moral [2] Wet : Dank
 [3] Noisome : Hostile [4] Praise : Embarrassment
116. **SINISTER : HARM**
 [1] Malignant : Humor [2] Horrifying : Trepidation
 [3] Ominous : News [4] Benevolent : Bountiful

Directions (Qs. 117 to 120): Each of the questions consists of sentences which has one blank each indicating that something has been omitted. Beneath each sentence are four alternative words or set of words labelled [1] through [4]. Choose the word or set of words that when inserted in the sentence, best fits the meaning of the sentence as a whole.

117. He was apparently a minor military _____ who did not wear a uniform.
 [1] Officer [2] Sepoy [3] Corps [4] Attaché
118. Ancient Greek art is frequently described as timeless, partly because of its mathematically precise _____ proportions.
 [1] even [2] desirable [3] inventive [4] classic
119. One of the _____ of the contemporary global system is that despite all the technologies that shrink distances and help create millions of contacts between individuals of different societies, the forces of political fragmentation, separateness and local loyalties are all too strong and even increasing.
 [1] paradoxes [2] advantages [3] ironies [4] ambiguities

120. Parenting has undergone redefinition in recent years, yet child psychologists believe that the basic parent role is essentially _____.
- [1] unique [2] altered [3] unchanged [4] protection

Directions (Qs. 121 to 125): Given below are sentences that may or may not have errors. Mark [1] if there is only one error. Mark [2] if there are two errors. Mark [3] if there are three errors. Mark [4] if there are no errors.

121. Magma levels within the volcano had arisen, although the number of earthquakes had rapidly decreased.
122. China and the European Union failed to conclude a trade agreement to allow Beijing from joining a World Trade Organization.
123. After the Pakistani's arrived, Ravi's family urged him to go to the Nepal border to scout the situation.
124. He is one of those few people who know everything in this matter.

Directions (Qs. 125 to 130): Each of the questions consists of a group of words labelled [1] through [4]. In each group of words below one word does not belong to the group. Choose one numbered word, which does not belong to that group.

125. [1] dachshund [2] spaniel [3] canine [4] Labrador
126. [1] rouge [2] glow [3] sparkle [4] blush
127. [1] calumny [2] arrest [3] effigy [4] fight
128. [1] abode [2] shelter [3] home [4] dwelling
129. [1] docile [2] well-behaved [3] servile [4] tractable
130. [1] scold [2] chastise [3] upbraid [4] warn

SECTION – 4

READING COMPREHENSION

Directions (Qs. 131 to 155): Read passage-1, and answer the questions given below the passage. Answers should be based on the author's views or inferences drawn from the given passage.

Passage-1

There are three areas to be considered – the method and locus of pay determination (where and how decisions about pay levels are taken); the criteria used to determine the level of pay increases; and finally the changing role of pay information sources. We begin by looking briefly at the relationship between internal pay structures and the external labour market, especially the concepts of hierarchy and market. We then consider the major forms of pay determination and the levels at which pay is fixed. The criteria affecting pay increases are then considered. Finally we consider the implications of these changes for the management of pay and for pay information systems. The concept of exchange is at the heart of the employment relationship. Every employment is made up of two elements - the wage-rate bargain (how much the employee is paid) and the effort-bargain (how much work is produced in return for the pay). Employees expect that their remuneration will reflect their contribution to the work and the employer expects to pay what is considered to be a fair price for the work done.

In reaching an agreed value for the work done, a number of work contingencies are considered. These, argues Mahoney, consist of performance contingencies, job contingencies and person contingencies. The first of these, performance contingency, is the simplest in that payment primarily relates to the output or outcome of the work – the more the employee produces, the more he or she is paid. The second, job contingency, relates primarily to the job held and the time worked. The third, person contingency, relates to the personal qualities of the individual employee, including the value of those tacit skills, which they bring to the organisation. There are also non-work contingencies, which come into play, such as certain employee benefits, which provide various forms of income security for the employee in cases of ill health or in retirement. These reflect more social need than work-based contingencies, argues Mahoney. Pay will relate to a combination of these contingencies and provide the base upon which differentials are created between different jobs or individuals. The relative worth of each job or individual employee is subject to various influences. These include both market value and the social value that is placed upon particular skills and duties - both of which can change over time. Achieving internal equity, or the fair distribution of remuneration within an organisation, is a major task for employers. The creation of a grading or pay structure provides the basis for differentials and also identifies what is expected in the way of job content for employees for different levels of pay. It does not, however, create the basis for pricing individual jobs. The pricing of jobs – as opposed to their internal evaluation or ranking – is usually done by some reference to the external labour market. This often involves some form of pay comparability with other organisations or occupational norms, or at least some reference to external economic indicators such as the cost of living or average earnings movements. External comparability has been central to pay theory and practice for two reasons. First, jobs have no demonstrable inherent value and hence employers gauge the value of a particular post by reference to external comparators. Second, the pay package is the only part of a job offer, which applicants can readily compare with other offers. Fay identifies three main approaches to external equity:

1. Setting recruitment rates at market level for entry-level jobs but then basing pay progression on internal career ladders (the internal labour market approach)
2. Setting across-the-board positioning to place an organisation's complete salary structure at some percentage of the market rate (e.g. many companies claim to be 'upper quartile' companies)
3. Where collective bargaining is present there may be industry-wide agreed minimum rates that apply to the organisation or there may be enterprise - or establishment-level bargaining over pay levels. In these cases negotiations will take place against comparator data on pay levels and pay increases in other industries and organisations, as well as other factors such as company profitability (ability to pay) and employee productivity. But the degree of bargaining power exerted by the union will also clearly affect ultimate levels of pay.

Pay levels are therefore determined through both internal and external factors. But there is a dynamic tension between the needs of the internal market for equity and fairness and the differential price at which labour can be purchased in the external labour market. The balance that organisations create between these two factors plays an important role in reward strategy. We look in more detail at the importance of internal and external comparisons, in particular the concept of markets versus hierarchies.

The design of pay systems relates primarily to the construction of a social order in which employees' remuneration is linked in some way or another to the perceived value of particular individuals, occupations or skill levels both within the organisation and in the external labour market. The issue of internal equity and the design of fair grading systems is covered separately but it is briefly worth considering here the choice of emphasis which employers make in determining pay - whether to stress the importance of internal equity or external relativities. Two differing approaches to managing the employment relationship have been identified - one based on hierarchical relationships (so-called internal labour markets) and one based on concepts of commercial contracts within a market (external labour markets). In the classical model of the labour market, buyers and sellers of labour meet to transact their business on a completely open basis and pay rates are fixed for every job through the laws of demand and supply. But in reality, the labour market operates in much more complex ways. According to Kerr, there are numerous distinct labour markets determined by geographical, occupational and institutional factors. However, all labour markets are of two broad types: (a) the structure-less and (b) the structured. In the

former, there is no attachment except the wage agreed between the worker and the employer, while in the latter there are clear internal and external labour markets for particular jobs and occupations. As Doeringer comments:

The theoretical construct of the internal labour market, as introduced by Kerr, may be more precisely defined as an administrative unit within which the market functions of pricing, allocating and often training labour are performed. It is governed by a set of institutional rules, which delineate the boundaries of the internal market and determine its internal structure. These institutional or administrative hiring and work rules define the 'ports of entry' into the internal market, the relationships between jobs for purposes of internal mobility and the privileges, which accrue to workers within the internal market.

The structure of such internal markets is typified by three factors:

1. the degree of openness to the external labour market, as determined by the number and location of the ports of entry
2. the dimensions; both horizontal and vertical, of the methods of internal movement (e.g. promotion or downgrading)
3. the rules, which determine the priority in which workers will be distributed among jobs within the internal market.

Williamson draws on the work of Doeringer and Fiore and the work on human capital by Becker to highlight the value of internal systems. Like Doeringer and Fiore, Becker argued that incumbent employees who have received specific training become valuable resources to the firm and hence are offered a premium to discourage turnover. Williamson indicates that internal, long-term, flexible employment relationships avoid the transaction costs associated with the external 'contract' model, such as continuous recruitment costs, a continual renegotiation of the effort-bargain with workers and constant measurement and evaluation of performance in order to enforce the contract. While contracts may be long lasting and subject to an authority relationship, all employees are doing essentially is 'continuously meeting bids for their jobs in the spot market', akin to a system of subcontracting. The internal labour market, in contrast, achieves a fundamental transformation by shifting to a system where wage rates are attached mainly to jobs rather than workers. The incentives to behave opportunistically, which infect individual bargaining schemes, are correspondingly attenuated. The major method for rewarding performance in an internal market is not through incentive schemes, which would reimpose individual bargaining - a series of haggling encounters over the nature of the quid pro-quo but through promotion via the grading hierarchy.

According to Williamson:

Reliance on internal promotion has affirmative incentive properties because workers can anticipate that differential talent and degrees of cooperativeness will be rewarded. Consequently, although the attachment of wages to jobs rather than to individuals may result in an imperfect correspondence between wages and marginal productivity at ports of entry, productivity differentials will be recognised over a time and a more perfect correspondence can be expected for higher-level assignment in the internal labour market job hierarchy.

In the USA the development of this internalised system of employee management, in which seniority became the most important criterion governing employment, dates from after the First World War. It was a product of both trade union demands for equity and the development of modern personnel management systems that sought to rationalise policies and improve the ability for long-term planning. It is interesting to note that in Britain, most British employers did not build strong internal labour systems, but relied more on market mechanisms for obtaining labour, fixing its price, and disposing of workers as supply and demand dictated. Historically, only a few large British manufacturing firms (the finance and the public sector) developed more extensive internal systems, but from the 1930s there was a growing shift towards more internalised, bureaucratic labour management systems. Overall, though, internalised systems are still much less common in Britain than in the USA, Germany or Japan.

The development of internalised employment systems was characterised by a shift away from individualised incentives such as piecework and towards payment systems that were based less on individual output, such as measured day work. In internalised systems, each job had a narrowly specified description and jobs were allocated to grades via elaborate job evaluation schemes. Union pressure also helped tie pay rates to job titles and seniority rather than individual attributes. So what has happened in recent years? According to Arrow smith and Sisson, while the shift towards more enterprise-based employment systems is clear, the implications are not. One view is that the arrival of HRM is leading to greater internalisation. But there is also evidence of a shift towards more marketisation of the employment relationship in both the USA and the UK. This implies decreasing collective regulation of the employment relationship and increased scope for managerial discretion in framing the individual worker's terms and conditions (rather than necessarily a return to market forces as the major method of determining pay. In pay determination terms, this has meant increasing individualisation of pay, especially the growth of individual performance-related pay, widening pay dispersion, increased variability of income for employees, and more insecurity of income.

There is also evidence that some organisations have increasingly sought to insulate themselves from external decision taking. In pay determination terms, in the UK there has clearly been a shift away from multiemployer arrangements towards more specifically enterprise - or establishment-based systems, which by their very nature are more internalised. This would infer a greater degree of internal control over pay. As Walsh comments: 'It is now commonplace within the human resource management literature that decentralised bargaining, performance-related pay and individualised remuneration schemes consolidate and extend earlier moves by companies towards internal labour markets.' But this pattern can be interpreted differently. Bargaining fragmentation and the shift towards individualism, argues Walsh, have weakened many of the organisational principles underpinning internal labour markets and the consequences for employers may be negative and costly. Reflecting back upon Williamson's observations about the nature of employment relations, and particularly pay, in internal labour markets, Walsh argues that recent developments in pay systems may have weakened the non-individualistic wage bargaining attributes of internal labour markets. By making pay more contingent and more 'person' based, the problems associated with 'contract' relations are re-introduced. As Arrow smith and Sisson comment, many of the implications of marketisation are the antithesis of the internalisation model.

There is therefore a conundrum in this picture of greater organisational control and independence of approach to remuneration on the one hand and greater emphasis on individualisation of the employment relationship on the other. This conundrum is illustrated in the US 'New Pay' literature. The New Pay literature emphasises the need to shift from 'internal', job-related pay structures to 'external', person-related pay. It also argues that pay levels should be determined according to business circumstances ('ability to pay', 'affordability'), and on an individual rather than a collective basis. The market is seen as the ultimate arbiter in fixing pay levels for individual employees. For example, Lawler says that: 'the new pay argues in favour of a pay-design process that starts with business strategy and organisational design. It argues against an assumption that certain best practices must be incorporated into a company's approach to pay. 'He also argues that organisations must abandon concepts of 'rate for the job' in favour of rewards based on the individual employee's value in the external market. Lawler states that: 'paying people according to their value in the market pays. After all, it is people who move from job to job and from company to company'. Furthermore, internal comparisons for setting wages 'run the great risk of producing pay rates that are not competitive and they focus the attention of individuals away from where it should be: on their competitors'.

131. Which of the following is a true statement?

- [1] Job contingency is the simplest among the work contingencies to be considered
- [2] Job contingency relates to the job held
- [3] Job contingency has nothing to do with the time spent on work
- [4] Job contingency has nothing to do with the job held

132. According to the passage,
[1] Person contingency has nothing to do with the personal qualities of the employee
[2] Person contingency has no bearing on the value of the hidden skills of the employee
[3] Personal qualities belong to the area of person contingency
[4] None of the above
133. Non-work contingencies include
[1] Over-time payment [2] Performance bonus
[3] Health benefits [4] None of the above
134. The worth of individual employee is influenced by various factors, except
[1] market value [2] social value
[3] personal skills [4] None of the above
135. Which of the following is not a true statement?
[1] Achieving internal equity is a difficult task for the employer
[2] Achieving internal equity is not an easy task for the employer
[3] Maintaining a fair distribution of pay is an easy task for the employer
[4] None of the above
136. Which of the following is not an area included for discussion in the passage?
[1] Locus of pay determination
[2] Criteria for determining level of pay increases
[3] Changing role of pay information sources
[4] None of the above
137. The concept of pay hierarchy
[1] is related to a relationship between internal pay structures and external labour market
[2] is not based on relationship between internal pay structures and external labour market
[3] is based exclusively on external labour market
[4] None of the above
138. Which of the following does not form part of employment relationship?
[1] Wage rate bargaining [2] Effort bargaining
[3] Random checking [4] None of the above
139. According to the passage
[1] Employees expect that their pay should be far higher than the market rate
[2] Employees expect that their pay should exceed their contribution
[3] Employer expects to pay a fair wage
[4] Employer expects to pay much less than the market rate
140. Which of the following is not a true statement?
[1] Performance contingency is the simplest among the work contingencies to be considered
[2] Payment primarily should reflect the outcome of the work
[3] Payment need not reflect the output
[4] None of the above
141. The basis for pay differentials is provided by
[1] pay structure [2] job content
[3] pricing individual jobs [4] None of the above
142. Which of the following is a true statement?
[1] The creation of grading creates the basis for pricing individual jobs
[2] The pricing of individual jobs is done by reference to external labour market
[3] Internal job ranking is done by external labour market
[4] The pricing of individual jobs is not done by reference to external labour market

143. Which of the following is a true statement?
[1] Reference to external labour market is not as important as other factors in pay theory
[2] Reference to external labour market is one of most important factors in pay theory
[3] All jobs have their own inherent value irrespective of the external realities
[4] None of the above
144. Which of the following is not an approach to external equity?
[1] Setting recruitment rates at market level
[2] Setting the salary structure at a percentage of the market rate
[3] Taking into account company profitability and employee productivity
[4] None of the above
145. To develop a good remuneration strategy,
[1] it is important to find a balance between the internal and external factors
[2] finding a balance between the internal and external factors is not so important
[3] only external factors need to be considered
[4] only internal factors play a crucial role
146. According to the passage
[1] Britain was the first country to use seniority for managing employees.
[2] Many large British manufacturing companies used seniority for managing employees
[3] USA was the first country to use seniority for managing employees.
[4] Seniority is still more popular in Britain than in other countries
147. Which of the following is not a true statement?
[1] Marketisation of employment relationship has increased in the USA in recent years
[2] Marketisation of employment relationship has increased in Britain in recent years
[3] Collective regulation of employment relationship has increased in recent years
[4] Collective regulation of employment relationship has decreased in the USA in recent years
148. Which of the following statements cannot be derived from the passage?
[1] Decentralised bargaining has increased in recent years
[2] Centralised bargaining has increased in recent years
[3] Bargaining has become fragmented in recent years
[4] Individualised pay schemes have become more common in recent years
149. Which of the following is not related to the design of pay systems?
[1] Linking employee's pay with the perceived value of the individual
[2] Linking employee's pay with the perceived value of the occupation
[3] Linking employee's pay with the perceived value of particular skills
[4] Linking employee's pay with the perceived aspirations of the individual
150. According to the passage
[1] The approaches identified to manage employment relationship have not been too different
[2] The reality of labour market is not too different from the classical model of the labour market
[3] In reality pay rates are fixed purely on the laws of supply and demand
[4] In reality many factors over and above the laws of supply and demand are taken into account to fix the pay rates.
151. Which of the following is not a true statement?
[1] In the structure-less market the only important factor to fix the wage is agreement between the employer and the employee
[2] In the structured market the only important factor to fix the wage is agreement between the employer and the employee
[3] In the structured market there are factors in the internal and external labour market which will play a role to fix wages
[4] In the structure-less market there are factors in the internal and external labour market which will play a role to fix wages

152. Which of the following is not a typical factor of the internal labour market?
- [1] openness to the external labour market
 - [2] methods of internal movement
 - [3] rules for distribution of workers within the internal market
 - [4] None of the above
153. Which of the following is a true statement?
- [1] incumbent employees who received specific training become valuable resources
 - [2] incumbent employees who received specific training do not become valuable resources
 - [3] additional pay should not be offered to incumbent employees who received specific training
 - [4] employees who received training and offered additional pay will leave the organization
154. According to the passage
- [1] Internal, long term, flexible employment relationship is cheaper
 - [2] External contract labour employment is cheaper
 - [3] There is no transaction cost associated with employment of external labour
 - [4] There is high transaction cost associated with employment of internal labour
155. Which of the following is not a true statement?
- [1] Incentive schemes is not a good method to reward performance in an internal labour market
 - [2] Promotion through the grading system is not a good method to reward performance in an internal labour market
 - [3] Promotion is a better method than incentive schemes to reward performance
 - [4] None of the above

Directions (Qs. 156 to 163): Read passage-2, and answer the questions given below the passage. Answers should be based on the author's views or inferences drawn from the given passage.

Passage-2

The Porter and PIMS models are two of the most widely taught for use by strategic planners in their assessment of the potential for use by managers in their decision making on the most appropriate strategy for a business unit. One problem with them is that they offer conflicting advice to practitioners. One draws from economic theory and the other from empirical data and so perhaps it is naive to expect them to be totally compatible. But they share a weakness that they both encourage a top down approach to the long-term management of a business. Implied in both is the idea that a specialist function within a business can produce a strategic plan that will change the direction of a business unit and lead it towards greater profitability. Two trends make the top down approach less easy to believe in for the management of contemporary business. First the modern business is often complex to manage top down. No one person has the intellectual ability to grasp the totality and detail of the modern corporation. The first statement is likely to be controversial, the second less so. The value added in a modern society is coming more and more from the service that is provided to and chased by customers and less and less from the physical product that is provided. McDonald's sell products but we regard the company as a part of service sector. Ford sells cars but we require assurance about the aftercare that goes with the vehicle. Not only is the service sector now the dominant sector in most developed economies but companies who might have regarded themselves as manufacturers a decade ago now argue that service to customers is more important to business success than product. Product has become part of the cost of entry into many markets and not the reason why people patronise a particular firm. 'Anyone can make product' has become a valid maxim and more and more of 'making' is being outsourced to specialists in low cost economies. Unless the technical content of the product is significantly different or there is some other aspect of it that is patentable or registerable then the product alone is not enough to compete.

In a service company one issue with the PIMS paradigm is that the concept quality is less easy to define for a service than for a physical product. The customer's actions form part of the service process, the product is created in interaction between the supplier and buyer and the quality that is perceived will be shaped in part by the actions of the customer. Service quality has been defined as: 'meeting or exceeding

customer expectations'. Customer expectations and the service experience cannot be managed with the precision that can be expected in a manufacturing process. Because of the differences between a product and a service business, different models have been devised to guide strategy in the service sector. The SERVQUAL model was introduced in the 1980s to offer a structured way to measure service quality and to explain the gaps that can exist between what customers expect and what senior management try to provide. Its authors identified a number of dimensions to service quality but the task of deciding how to interpret them in the context of a specific business is left to the user. We believe strongly in the relevance of a gap between the internal and external view, but we will challenge the way such gaps are assessed.

Zeithaml et al also argue that there are a number of dimensions of service quality, access (Can the customer obtain the service easily?); credibility (Can you trust the company?); knowledge (Does the supplier understand the customer's needs?); reliability (Is the service dependable and consistent?); security (Is the service free from risk?); competence (How knowledgeable and skilled are staff?); communication (Is the service well explained?); courtesy (Are staff considerate and polite?); responsiveness (Are staff quick to respond?); and the tangibles associated with the service (buildings, uniforms). The first five relate to outcomes from the service provided and the second five to the delivery process. Dimensions such as trust, reliability, and competence are reflected in studies of reputation.

Reflecting again the growth in both the services sector and the need to evolve new models to support the strategic analysis of service dominated organizations, a number of similar ideas have emerged connecting profitability to the satisfaction of customers. Many see employee satisfaction as making a critical contribution to customer satisfaction. Prominent among these is the service profit chain. Here the links between what managers do inside the organization in developing internal service quality (workplace design, job design, rewards and recognition) are argued to drive employee satisfaction. Satisfied employees are retained longer and are more productive.

This in turn drives an external view of satisfaction, in other words customers get served better. This being so customers are more satisfied, more loyal, patronize more often and so sales and profits rise. Similar ideas can be found in other models as well developed by Barber, and Rucci. The common idea is that management can drive performance by ensuring that certain links in a chain are in place. Empirical tests of the service profit chain effect as a whole or even the individual links are not easy to find but the ideas that external and internal satisfaction are positively co-related and that one causes the other are intuitively attractive. However this is one of the aspects of contemporary strategic thought that we will challenge. The European Foundation for Quality Management and the British Quality Foundation subscribe to the Business Excellence Model. Yet again there is an emphasis on the linkages between employee (people) satisfaction and customer satisfaction and business performance.

156. Which of the following is a true statement?
- [1] Service sector is now the dominant sector in very few developed economies.
 - [2] Ford is a company in the service sector.
 - [3] Service to customers is more important than product.
 - [4] "Anyone can make a product" is not a valid maxim.
157. Product alone is not enough to compete, unless
- [1] The product is significantly different
 - [2] Some aspect of the product is patentable
 - [3] Both of the above
 - [4] None of the above
158. Which of the following is not a true statement?
- [1] Quality is difficult to define for a service than a product
 - [2] The service process is shaped by the customer's actions
 - [3] Customer expectations and the service experience can be managed precisely
 - [4] It is easy to define / measure the quality of a service

159. Which of the following does not relate to outcomes from the service provided?
[1] Credibility [2] Security [3] Reliability [4] Responsiveness
160. According to the author of the passage,
[1] Porter encourages a top-down approach to long-term management of business
[2] Porter believes that a specialist function can produce a strategic plan
[3] Both of the above
[4] None of the above
161. According to the author of the passage,
[1] Modern business cannot be managed well with a top-down approach
[2] Modern business is too complex to be grasped by a single individual
[3] Both of the above
[4] None of the above
162. Which of the following does not relate to the delivery process?
[1] Courtesy [2] Communication [3] Competence [4] Access
163. Which of the following is not a true statement?
[1] Employee satisfaction has a bearing on customer satisfaction
[2] Customer satisfaction has a direct bearing on employee satisfaction
[3] Developing internal quality leads to employee satisfaction
[4] None of the above

Directions (Qs. 164 to 175): Read passage-3, and answer the questions given below the passage. Answers should be based on the author's views or inferences drawn from the given passage.

Passage-3

Companies now issue social, environmental and other reports auditing their performance over the previous year as a corporate citizen. Such actions are relevant to any work on corporate reputation and so it is worth noting the debate around the issue of business ethics, as this has been a controversial one. Some argue that the primary role of a firm is to return profit to its shareholders; that it has no business being a corporate citizen other than staying within the law. We have strong evidence that companies cannot now afford to take such a view. Free market economists still argue that any suggestions that business should do more than comply with the letter of the law are flawed, because they run counter to the economic role of business in society, that of producing goods and services at a profit and under competition. Others argue that business needs to look beyond profit and towards its responsibilities as a member of society. In between are the views of those who suggest that business should identify those social issues that have the most impact upon them and manage these so as to improve their market image. We believe quite simply that firms cannot afford to ignore their roles as corporate citizens and we offer evidence that shareholders should insist for their own financial benefit that their companies become seen as good corporate citizens.

Books on marketing and business strategy tend to have a number of ideas in common. The most important is that being different in a positive way in a market can be good for business. Where the customer cannot see any points of difference, then he or she has little option but to compare prices. Many customers will do this anyway, but it is more difficult to make a comparison if products and services appear to be different. If the customer cannot compare prices and performance clinically, then some value judgment must occur where the customer tries to balance less objective factors against differences in price, but the customer will be less sensitive to price. Creating positive points of difference in the product or in the mind of the customer is one way of achieving above average profitability. For business units aiming for niche markets differentiation involves targeting the needs and wants of a relatively small group of customers. In strategy books this is called focus and in marketing books, segmentation. One feature of segmentation is that the majority of potential customers in a marketplace will probably dislike

or see as irrelevant an offering that appears highly relevant to others. Mass-market products have to appeal more widely, but they need to appear to differ from any other similar mass-market competitors. In many mass consumer product markets the accepted way to differentiate is to advertise. One brand of cigarette, beer, washing powder or chocolate bar appears distinctive is not because any objective test can demonstrate difference but because advertisements create a different image. Differentiation can be a key to success in services marketing but we will challenge the relevance of advertising to a service business as the best way to create difference in the way a service is perceived.

There are only two ways to ensure that price competition is not a danger to the firm. Either the business unit can maintain a position of cost leadership or it can maintain a position of non-price differentiation. Cost leadership is one of the easier of strategies to follow as it can be measured, but there can only be one cost leader in any market segment. Other competitors will need to adopt one or more non-price dimensions on which to create a unique point of difference. Once this is achieved, the business unit can also look to reduce the costs of its operations to lower price or increase profitability, but the price/differentiation choice is a fundamental one for any business unit. Sometimes costs will reduce through experience, sometimes through finding different ways of achieving the same end. This does not alter the fact that unless the business unit can reduce its costs to below those of its competitors, then its strategy cannot be one of cost leadership. As there can be only one winner in each sector for this strategic game, it follows that most companies will be trying to discover a non-price point of difference.

In a service organization the nature of a service makes it more difficult to achieve differentiation. Services can be copied more easily than can products. They are then difficult to defend through patenting or through claims - of intellectual property rights. One method to achieving differentiation, without necessarily creating a real difference in the product or service on offer, is by creating an image for being different, and the most common way of doing this is by branding. Branding is a highly relevant topic and will be covered later as having an important influence on our approach. It is possible to achieve cost leadership in a service business, but again only a minority can expect to use this approach successfully. The majority of companies have to find another way; however we do not believe that service businesses can manage their image through advertising. We believe that there has to be something more tangible than that, in short that the service experience has to be really different. One of the implications of the strategy models that were introduced into business practice in the 1980s was that strategy was something that could indeed be thought of as a management function. Hire yourself some bright MBA graduates and create a strategic planning department. The role of such a department would be to analyse the markets of each business unit and write an appropriate corporate strategy for each and every one. Those of us who have tried this approach know only too well that there is a difference between a strategy and strategizing, the process of managing strategy. There are two phases in any planning process; the first involves analysis and the creation of options. The second involves the selection of an option and its implementation. In a hierarchical culture, one where employees are looking to be told what to do, this two stage process will work well.

164. According to the passage,
- [1] There is no debate on business ethics
 - [2] The debate on business ethics has been controversial
 - [3] Corporate reputation has been controversial
 - [4] So far nobody has undertaken auditing of corporate citizen
165. According to the author of the passage
- [1] The primary role of a firm is to return profit to its shareholders
 - [2] A firm is not expected to be a corporate citizen
 - [3] Any suggestion that business should do more than comply with the law is flawed
 - [4] Companies have to be good corporate citizens
166. Which of the following statements will not be accepted by free market economists?
- [1] Business needs to look beyond profit
 - [2] Business should do no more than make profit
 - [3] Business should do no more than follow the laws
 - [4] Business has no business being a corporate citizen

167. According to the passage
- [1] Being different in a positive way is not the most important thing for good business
 - [2] Being different in a positive way is most important for good business
 - [3] Customers will not compare prices when they see products are different
 - [4] None of the above
168. Which of the following is not a true statement?
- [1] There is nothing common in the literature on marketing and strategy
 - [2] Niche markets are created to cater to small segments of customers
 - [3] Majority of customers may dislike a product / service which appeal to others
 - [4] Mass products appear relevant to majority of customers
169. The role of advertisement is
- [1] To differentiate in mass consumer product markets
 - [2] To create a different image for the product
 - [3] Both of the above
 - [4] None of the above
170. According to the author of the passage
- [1] Differentiation is most important to success in service marketing
 - [2] Advertising is most relevant to a service business to create difference
 - [3] Advertising can create differentiation in the way service is perceived
 - [4] A brand is different from others because they are objectively different
171. Which of the following can ensure healthy price competition?
- [1] Maintain a position of cost leadership
 - [2] Maintain a non-price differentiation
 - [3] Both of the above
 - [4] None of the above
172. According to the passage
- [1] Maintaining leadership through cost is not a strategy
 - [2] Maintaining cost leadership is easier said than done
 - [3] Maintaining cost leadership is easier than others
 - [4] None of the above
173. Which of the following is a true statement?
- [1] It is not difficult to achieve differentiation in a service
 - [2] Services are more difficult to copy
 - [3] It is easy to defend differentiation of a service through intellectual property rights
 - [4] It is not easy to create differentiation in a service
174. Which of the following is not a true statement?
- [1] It is possible to achieve cost leadership in a service business
 - [2] It is possible for most companies to achieve cost leadership in a service business
 - [3] It is possible only for a minority to achieve cost leadership in a service business
 - [4] It is not possible for most companies to achieve cost leadership in a service business
175. According to the author
- [1] There is no difference between strategy and strategizing
 - [2] There is no difference between planning and implementation
 - [3] Analysis and implementation are two phases of planning process
 - [4] Creation of options and choice of options mean the same thing

