

No. of Questions: 20 (from 21 to 40)

Time allowed: 30 Minutes

Questions on Page Nos: 5 To 10

Negative markings: Yes

Question 21-27: Select the best option.

German lessons

**Many countries want a *Mittelstand* like Germany's. It is not so easy to copy.**

GERMANY'S mid-sized manufacturers, collectively known as the *Mittelstand*, are often praised as a group for providing the backbone of the world's fourth-largest economy. Individually, they are world leaders in hiding their light under a bushel. They tend to be family-owned, tucked away in small towns and familiar only to the businesses that buy their specialised machinery and components. "We are not digging for gold," says Joachim Kreuzburg, the boss of Sartorius, a maker of laboratory equipment. "We are selling shovels to the gold-diggers." Increasingly, though, Germany's hidden champions are enjoying a measure of international celebrity. Officials and businesspeople from the world over are making pilgrimages to Germany to learn from the *Mittelständler*, much as they flocked to Japan in the 1970s to study Toyota. Mario Ohoven, president of the BVMW, a trade body for the *Mittelstand*, says that wherever he goes these days, he is pressed to explain the secrets of his members' success. Recent suitors include Iran and Egypt. (1)

Germany's economic strength in recent years is the most obvious reason why other countries want to emulate it. But the *Mittelstand* also appears to offer a solution to some of the biggest worries haunting the capitalist system. One is about inclusiveness: some countries worry that too much economic activity is becoming concentrated in a small number of giant companies and in a few megacities. Another is youth unemployment: millions of young people remain idle while bosses complain of skill shortages. Winfried Weber, a professor of management at the University of Mannheim, explains that the combination of medium-sized companies with deep local roots and a strong apprenticeship system means that in Germany only 7.8% of those aged 25 or under are unemployed, compared with 22.1% in Sweden and 54% in Spain. *Mittelstand* firms inspire extraordinary loyalty in their workers: on average only 2.7% of them leave each year, compared with the 30% turnover at some big American companies. (2)

Of the stream of pilgrims who come to study Germany's mid-sized marvels, the most devoted are from South Korea. Moon Kook-hyun, has argued for years that his country is too dependent on a handful of giant conglomerates, the *chaebol*, and must focus on improving its small and medium-sized family firms. He is so passionate about his cause that he set aside his business career to serve in parliament and, in 2007, to run for president. He got only 5.7% of the vote. But his message that companies do not have to be big to be world-class is resonating. South Korea's current president, Park Geun-hye, recently took a group of would-be *Mittelständler* to visit their role models in Germany. South Korea has also set up German-style *Meister* schools, to teach bright youngsters to become masters of a technical trade. (3)

Mr Moon is now taking his crusade to China. Every year he lectures to thousands of heads of Chinese family firms that Germany has more than 1,000 companies that have been in the same family for generations but can compete with the world's best. Again, his message is hitting home, and China is also now sending delegations to Germany. However, some of its canny capitalists have concluded that the best way to understand the *Mittelstand* firms is to own one. Among those recently bought by the Chinese are Putzmeister, a maker of concrete pumps, and Preh, which makes various electronic innards for cars. (4)

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**ALL ANSWERS MUST BE GIVEN ON THE ANSWER SHEET BY CROSSING THE CORRESPONDING LETTER**

Before announcing the triumph of the *Mittelstand*, it is worth bearing two things in mind. The first is that business models can never be transported lock, stock and barrel. The German system depends on delicate relationships between schools and companies, and capital and labour. It is hard to see this being reconstituted in South Korea, with its adversarial industrial relations, or the United States, with its enthusiasm for labour mobility. The British have been trying to learn from the German apprenticeship model since the late 19th century, with limited success. (5)

The second is that the *Mittelstand* is changing rapidly: just as the world is trying to learn from its companies, they are busy learning from the world. The Freudenberg Group, a maker of filters, seals and lubricants, has been owned by the Freudenberg family for eight generations. But its chief executive, Mohsen Sohi, is an American who spent his first 20 years in Iran. *Mittelstand* firms are realising that they can no longer just stay in small-town Germany. To stay competitive they need to produce their goods globally and service them wherever their customers are—and to help them with this, they are hiring growing numbers of foreigners. Sennheiser, which makes headphones and microphones, recently passed to a new generation of Sennheisers, Andreas and Daniel, who stress the importance of “being global in everything we do”. They want to learn from “innovative customers” around the world: the Japanese are particularly demanding when it comes to sound, and Americans when it comes to fashion. (6)

**Mix and match**

However, this does not mean that the pilgrims are visiting Germany in vain. It is a vivid example of the fact that manufacturers in rich, high-wage countries can prosper from globalisation if they invest in human capital and focus on sophisticated products. The West’s industrial companies learned from lean manufacturing without importing Japan’s system of managed capitalism. German companies such as Freudenberg are embracing globalisation without losing their roots: Mr Sohi has learned German and praises his company’s “*Mittelstand* spirit”. Management science has always progressed by picking up ideas from all over the world and remixing them into more productive combinations. Germany is assuming its rightful role as one of the world’s leading laboratories for this mixing. (7)

Q21. The Primary Purpose of the passage is to:

- A. Describe the *Mittelstand* approach.
- B. Discuss the success of *Mittelstand*.
- C. Suggest a replicable model for Far East countries.
- D. Recommend that *Mittelstand* approach is the only sustainable solution.

Q22. It can be inferred from the passage that:

- A. Localized human resources are essential for global success of a business.
- B. Emerging economies can benefit from local human resources.
- C. The *Mittelstand* would soon graduate to large business houses.
- D. Only Family business is going to thrive in future.

Q23. Which of the following assertions is supported by the information contained in the passage?

- A. *Mittelstand*’s success is due to the small size.
- B. *Mittelstand* approach can not be useful for underdeveloped economies.
- C. *Mittelstand*’s success owes to collaboration between business and school.
- D. *Mittelstand* has limited scope.

**ALL ANSWERS MUST BE GIVEN ON THE ANSWER SHEET BY CROSSING THE CORRESPONDING LETTER**

- Q24. 'Business models can never be transported lock, stock and barrel'. (Paragraph 5) implies that  
....
- Only European economies can replicate the German model.
  - Socioeconomic settings of the Britain are not conducive for the *Mittelstand*.
  - Economies using *Mittelstand*'s would need to improvise.
  - German nuances can not be guaranteed in any other economy.
- Q25. Paragraph 6 implies that:
- German *Mittelstand* are spearhead of business in future.
  - German *Mittelstand* have realized their limitations.
  - German *Mittelstand* would focus on international human capital.
  - German *Mittelstand* would learn from international clientele.
- Q26. The passage implies that:
- Local Lessons must have global implications.
  - Mittelstand* seems to ensure greater employee satisfaction.
  - Industrial giants have lost the battle.
  - Germany offers best bargains for mid-sized businesses.
- Q27. The passage does not state that:
- Germany has a proven track of midsize success.
  - German economy can not sustain large enterprise.
  - Big American companies might as well learn from German *Mittelstand*.
  - Management science owes to unification of ideas from diverse origins.

## Questions 28-29

Select the statement that must be true according to the given information.

At a Halloween party where people were asked to dress as an object that represented their professions, Quentin, Rachel, Sarah, Thomas and Ulysses were among the guests. The costumes included a flower, a pencil, a spoon, a camera and a thermometer. The profession included a photographer, a florist, a doctor, an accountant, and a chef.

- Quentin is an accountant.
- Neither Rachel nor Sarah was dressed as spoon.
- None of the men is a doctor.
- Thomas is dressed as a camera.
- Sarah is a florist.

Q28. Which person is dressed as a thermometer?

- Quentin
- Rachel
- Sarah
- Thomas

Q29. What is Ulysses' profession?

- photographer
- florist
- accountant
- chef

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## Questions 30-31

A recent study on professional football players showed that this new ointment helps relieve joint pain. My mother has arthritis, and I told her she should try it, but she says it probably won't help her.

Q30. What argument should the mother use to point out why the ointment probably will not help her arthritis?

- A. The ointment was expensive.
- B. Football players' joint pain is not the result of arthritis.
- C. She has already tried another ointment and it didn't work.
- D. Football players are generally younger than she is.

Q31. Which of the following, if true, would strengthen the speaker's argument?

- A. Football players injuries are rarely painful.
- B. The mother's arthritis only flares up in bad weather.
- C. The mother finds exercise helps her arthritis.
- D. Football players who are injured tend to develop arthritis.

## Questions 32-33

According to the last week's newspaper, doctors in large cities make more money than doctors in small towns or rural areas. It does not seem fair that just because a doctor's office is in a fancy building or at a fancy address, he or she can charge the patients more. Of course, some medical schools cost more than others, but basically all doctors spend a lot of money and a long time in school. There's no proof that the graduates of the more expensive schools practice in big cities and graduates of less expensive schools practice in small towns. All doctors should charge the same. Whether a patient goes to a doctor in a big city or small town, the cost should be the same.

Q32. A person seeking to refute the argument might argue that:

- A. All doctors charge too much money and should lower their fees.
- B. Medical practices are more expensive to maintain in large cities than in small towns.
- C. Doctors who owe student loan should charge more than other doctors.
- D. Medical care from small town doctors is better than medical care from large city doctors.

Q33. A major flaw in the argument is that the author assumes that:

- A. All doctors are specialists.
- B. All patients carry health insurance.
- C. All doctors have huge student loans.
- D. All doctors see the same number of patients.

## Questions 34-36

Each question presents you with three true statements: Fact 1, Fact 2, and Fact 3. Then you are given three more statements (Labeled I, II, III), and you must determine which of these, if any, is also a fact. Choose your answer based solely on the information given in the first three facts.

Q34.

**Fact 1 Halima has four children.**

**Fact 2 Two of the children have black eyes and two of the children have brown eyes.**

**Fact 3 Half of the children are girls.**

If the first three statements are facts, which of the following statements must also be a fact?

- I At least one girl has brown eyes.
  - II Two of the children are boys.
  - III The boys have black eyes.
- A. II only
  - B. I and III only
  - C. II and III only
  - D. None of the statements is a known fact.

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**ALL ANSWERS MUST BE GIVEN ON THE ANSWER SHEET BY CROSSING THE CORRESPONDING LETTER**

Q35.

**Fact 1 Pictures can tell a story.****Fact 2 All story books have pictures.****Fact 3 Some story books have words.**

If the first three statements are facts, which of the following statements must also be a fact?

- I Pictures can tell a story better than words can.
  - II The stories in storybooks are very simple.
  - III Some storybooks have both words and pictures.
- A. III only
  - B. I and III only
  - C. I and II only
  - D. None of the statements is a known fact.

Q36.

**Fact 1 Kareem has four vehicles.****Fact 2 Two of the vehicles are red.****Fact 3 One of the vehicles is a minivan.**

If the first three statements are facts, which of the following statements must also be a fact?

- I Karim has a red minivan.
  - II Karim has three cars.
  - III Karim's favourite colour is red.
- A. II only
  - B. I and III only
  - C. II and III only
  - D. None of the statements is a known fact.

Questions 37-38

Each paragraph below makes a specific argument. Identify the statement that is best supported by the information given in the passage.

Q37. Yoga has become a very popular type of exercise, but it may not be for everyone. Before you sign up for yoga class, you need to examine what is it you want from your fitness routine. If you're looking for a high-energy, fast-paced aerobic workout, yoga class might not be your best choice.

This paragraph best supports the statement that:

- A. Yoga is more popular than high impact aerobics.
- B. Before embarking upon a new exercise regimen, you should think about your needs and desires.
- C. Yoga is changing the world of fitness in many ways.
- D. Yoga benefits your body and mind.

Q38. There are no effective boundaries when it comes to pollutants. Studies have shown that toxic insecticides that have been banned in many countries are riding the winds from the countries where they remain legal. Compounds as DDT and toxaphene have been found in remote places like Yukon and other Arctic regions.

This paragraph best supports the statement that:

- A. Toxic insecticides such as DDT have not been banned throughout the world.
- B. More pollutants find their way into polar climates than they do into warmer areas.
- C. Studies have proven that many countries have ignored their antipollution laws.
- D. DDT and toxaphene are the two most toxic insecticides in the world.

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Questions 39-40

For each of the following, decide which statement is best supported by the passage.

- Q39. For too long, school cafeterias, in an effort to provide food they thought would be appetizing to young people, mimicked fast-food restaurants, serving items such as burgers and fries, pizza, hotdogs, and fried chicken. School districts nationwide are now addressing this trend by incorporating some simple and inexpensive options that will make cafeteria lunches healthier while still appealing to students.

This paragraph supports the statement that

- A. School cafeterias have always emphasized nutritional guidelines over any other considerations.
  - B. young people would rather eat in a school cafeteria than a local fast-food restaurant.
  - C. school lunch menus are becoming healthier due to major new initiatives on the part of the school districts.
  - D. its possible to make school lunches both healthier and appealing without spending a great deal of money and undertaking a radical transformation.
- Q40. During the last six years, the number of practicing physicians has increased by about 20%. During the same period, the number of healthcare managers has increased by more than 600%. The percentage mean that many doctors have lost the authority to make their own schedules, determine the fees that they charge, and decide on prescribed treatments.

This paragraph supports the statement that doctors

- A. resent the interference of healthcare managers.
- B. no longer have adequate trainings.
- C. care a great deal about their patients.
- D. are less independent than they used to be.

(This is the END of the MCQs part of the Test.)

Please wait for the third part of the test, which is about a CASE STUDY.