MEMBERS AREA

'RC DAILY DOSE'

Volume 35

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Passage – 1

A comprehensive survey of the United States, at the end of the Civil War, would reveal a state of society which bears little resemblance to that of today. Almost all those commonplace fundamentals of existence, the things that contribute to our body comfort while they vex us with economic and political problems, had not yet made their appearance. The America of Civil War days was a country without transcontinental railroads, without telephones, without European cables, or wireless stations, or automobiles, or electric lights, or sky-scrapers, or million-dollar hotels, or trolley cars, or a thousand other contrivances that today supply the conveniences and comforts of what we call our American civilization. The cities of that period, with their unsewered and unpaved streets, their dingy, flickering gaslights, their ambling horse-cars, and their hideous slums, seemed appropriate settings for the unformed social life and the rough-and-ready political methods of American democracy. The railroads, with their fragile iron rails, their little wheezy locomotives, their wooden bridges, their unheated coaches, and their kerosene lamps, fairly typified the prevailing frontier business and economic organization. But only by talking with the business leaders of that time could we have understood the changes that have taken place in fifty years. For the most part we speak a business language which our fathers and grandfathers would not have comprehended. The word "trust" had not become a part of their vocabulary; "restraint of trade" was a phrase which only the antiquarian lawyer could have interpreted; "interlocking directorates," "holding companies," "subsidiaries," "underwriting syndicates," and "community of interest"—all this jargon of modern business would have signified nothing to our immediate ancestors. Our nation of 1865 was a nation of farmers, city artisans, and industrious, independent businessmen, and small-scale manufacturers. Millionaires, though they were not unknown, did not swarm all over the land. Luxury, though it had made great progress in the latter years of the war, had not become the American standard of well-being. The industrial story of the United States in the last fifty years is the story of the most amazing economic transformation that the world has ever known; a change which is fitly typified in the evolution of the independent oil driller of western Pennsylvania into the Standard Oil Company, and of the ancient open air forge on the banks of the Allegheny into the United States Steel Corporation.

The slow, unceasing ages had been accumulating a priceless inheritance for the American people. Nearly all of their natural resources, in 1865, were still lying fallow, and even undiscovered in many instances. Americans had begun, it is true, to exploit their more obvious, external wealth, their forests and their land; the first had made them one of the world's two greatest shipbuilding nations, while the second had furnished a large part of the resources that had enabled the Federal Government to fight what was, up to that time, the greatest war in history. But the extensive prairie plains whose settlement was to follow the railroad extensions of the sixties and the seventies—Kansas, Nebraska, Iowa, Oklahoma, Minnesota, the Dakotas—had been only slightly penetrated. This region, with a rainfall not too abundant and not too scanty, with a cultivable soil extending from eight inches to twenty feet under the ground, with hardly a rock in its whole extent, with scarcely a tree, except where it bordered on the streams, has been pronounced by competent scientists the finest farming country to which man has ever set the plow. Our mineral wealth was likewise lying everywhere ready to the uses of the new generation. The United States now supplies the world with half its copper, but in 1865 it was importing a considerable part of its own supply. It was not till 1859 that the first "oil gusher" of western Pennsylvania opened up an entirely new source of wealth. Though we had the largest coal deposits known to geologists, we were bringing large supplies of this indispensable necessity from Nova Scotia. It has been said that coal and iron are the two mineral products that have chiefly affected modern civilization. Certainly the nations that have made the greatest progress industrially and commercially—England, Germany, America—are the three that possess these minerals in largest amount. From sixty to seventy per cent of all the known coal deposits in the world were located in our national domain. Nature had given no other nation anything even remotely comparable to the four hundred and eighty square miles of anthracite in western Pennsylvania and West Virginia. Enormous fields of bitumen lay in those Appalachian ranges extending from Pennsylvania to Alabama, in Michigan, in the Rocky Mountains, and in the Pacific regions. In speaking of our iron, it is necessary to use terms that are even more extravagant. From colonial times, Americans had worked the iron ore plentifully scattered along the Atlantic coast, but the greatest field of all, that in Minnesota, had not been scratched. From the settlement of the country up to 1869, it had mined only 50,000,000 tons of iron ore, while up to 1910, we had produced 685,000,000 tons. The streams and waterfalls that, in the next sixty years, were to furnish the power that would light our cities, propel our street-cars, drive our transcontinental trains across the mountains, and perform numerous domestic services, were running their useless courses to the sea.

Industrial America is a product of the decades succeeding the Civil War; yet even in 1865 we were a large manufacturing nation. The leading characteristic of our industries, as compared with present conditions, was that they were individualized. Nearly all had outgrown the household stage, the factory system had gained a foothold in nearly every line, even the corporation had made its appearance, yet small-scale production prevailed in practically every field. In the decade preceding the War, vans were still making regular trips through New England and the Middle States, leaving at farmhouses, bundles of straw plait, which the members of the household fashioned into hats. The farmers' wives and daughters still supplemented the family income by working on goods for city dealers in ready-made clothing. We can still see in Massachusetts rural towns, the little shoe shops in which the predecessors of the existing factory workers soled and heeled the shoes which shod our armies in the early days of the Civil War. Every city and town had its own slaughter house; New York had more than two hundred; what is now Fifth Avenue was frequently encumbered by large droves of cattle, and great stockyards occupied territory which is now used for beautiful clubs, railroad stations, hotels, and the highest class of retail establishments.

In this period before the Civil War, comparatively small single owners, or frequently copartnerships, controlled practically every industrial field. Individual proprietors, not uncommonly powerful families, which were almost feudal in character, owned the great cotton and woolen mills of New England. Separate proprietors, likewise, controlled the iron and steel factories of New York State and Pennsylvania. Indeed it was not until the War, that corporations entered the iron industry, now regarded as the field above all others adapted to this kind of organization. The manufacture of sewing machines, firearms, and agricultural implements started on a great scale in the Civil War; still, the prevailing unit was the private owner or the partnership. In many manufacturing lines, the joint stock company had become the prevailing organization, but even in these fields the element that so characterizes our own age, that of combination, was exerting practically no influence.

Competition was the order of the day: the industrial warfare of the sixties was a free-for-all. A mere reference to the status of manufactures in which the trust is now the all-prevailing fact will make the contrast clear. In 1865, thousands of independent companies were drilling oil in Pennsylvania and there were more than two hundred which were refining the product. Nearly four hundred and fifty operators were mining coal, not even dimly foreseeing the day, when their business would become a great railroad monopoly. The two hundred companies that were making mowers and reapers, seventy-five of them located in New York State, had formed no mental picture of the future International Harvester Company. One of our first large industrial combinations was that which in the early seventies absorbed the manufacturers of salt; yet the close of the Civil War found fifty competing companies making salt in the Saginaw Valley of Michigan. In the same State, about fifty distinct ownerships controlled the copper mines, while in Nevada, the Comstock Lode had more than one hundred proprietors. The modern trust movement has now absorbed even our lumber and mineral lands, but in 1865, these rich resources were parceled out among a multiplicity of owners. No business has offered greater opportunities to the modern promoter of combinations than our street railways. In 1865, most of our large cities had their leisurely horse-car systems, yet practically every avenue had its independent line. New York had thirty separate companies engaged in the business of local transportation. Indeed the Civil War period developed only one corporation that could be described as a "trust" in the modern sense. This was the Western Union Telegraph Company. Incredible as it may seem, more than fifty companies, ten years before the Civil War, were engaged in the business of transmitting telegraphic messages. These companies had built their telegraph lines precisely as the railroads had laid their tracks; that is, independent lines were constructed connecting two given points. It was inevitable, of course, that all these scattered lines should come under a single control, for the public convenience could not be served otherwise. This combination was effected a few years before the War, when the Western Union Telegraph Company, after a long and fierce contest, succeeded in absorbing all its competitors. Similar forces were bringing together certain continuous lines of railways, but the creation of huge trunk systems had not yet taken place. How far our industrial era is removed from that of fifty years ago is apparent when we recall that the proposed capitalization of $15,000,000, caused by the merging of the Boston and Worcester and the Western railroads, was widely denounced as "monstrous" and as a corrupting force that would destroy our Republican institutions. Naturally this small-scale ownership was reflected in the distribution of wealth. The "swollen fortunes" of that period rested upon the same foundation that had given stability for centuries to the aristocracies of Europe. Social preeminence in large cities rested almost entirely upon the ownership of land. The Astors, the Goelets, the Rhinelanders, the Beekmans, the Brevoorts, and practically all the mighty families that ruled the old Knickerbocker aristocracy in New York were huge land proprietors. Their fortunes thus had precisely the same foundation as that of the Prussian Junkers today. But their accumulations compared only faintly with the fortunes that are commonplace now. How many "millionaires" there were fifty years ago, we do not precisely know. The only definite information we have is a pamphlet published in 1855 by Moses Yale Beach, proprietor of the New York Sun, on the "Wealthy Men of New York." This records the names of nineteen citizens who, in the estimation of well-qualified judges, possessed more than a million dollars each. The richest man in the list was William B. Astor, whose estate is estimated at $6,000,000. The next richest man was Stephen Whitney, also a large landowner, whose fortune is listed at $5,000,000. Then comes James Lenox, again a land proprietor, with $3,000,000. The man who was to accumulate the first monstrous American fortune, Cornelius Vanderbilt, is accredited with a paltry $1,500,000. Mr. Beach's little pamphlet sheds the utmost light upon the economic era preceding the Civil War. It really pictures an industrial organization that belongs as much to ancient history as the empire of the Caesars. His study lists about one thousand of New York's "wealthy citizens." Yet the fact that a man qualified for entrance into this Valhalla who had $100,000 to his credit and that nine-tenths of those so chosen possessed only that amount shows the progress concentrated riches have made in sixty years. How many New Yorkers of today would look upon a man with $100,000 as "wealthy" ?

1. *A suitable title for the passage would be :*
   (1) American Civil War (2) Industrial America at the End of the Civil War
   (3) American Industrialisation (4) Capitalism - Development in 18th Century

2. *The passage has been written approximately how many years after the American Civil War ?*
   (1) Within 10 years (2) After 50 years (3) After 100 years (4) Indeterminate

3. *According to the passage, railroads with their fragile iron rails and unheated coaches typified :*
   (1) lack of conveniences and comforts of American way of life.
   (2) rough-and-ready political methods of American democracy.
   (3) prevailing business and economic organisation.
   (4) None of the above.

4. *A synonym to the term 'Valhalla' as used in the passage would be :*
   (1) Place of glorification (2) Place of massacre (3) Consecrated grounds (4) None of the above

5. *The passage has advanced as a reason for the development of the first "trust" :*
   (1) consolidation of businesses during the Civil War. (2) American megalomania.
   (3) concerns of public convenience. (4) "inability" of millionaires to pump in any money.

6. *About the America of 1865, which of the following is most unlikely not untrue ?*
   (1) There were about two hundred oil refiners.
   (2) Two hundred companies were making mowers and reapers.
   (3) Thirty companies were engaged in local transportation in New York.
   (4) But there was only one oil producer.

7. *According to the passage, in the period before the Civil War :*
   (1) "trust" corporations existed in large numbers.
   (2) Joint stock company had not become the prevailing organisation.
   (3) corporations had taken to Iron & Steel with gusto.
   (4) single owners or co-partnerships practically controlled every industrial field.

8. *All of the following were the characteristics of American economy in 1865, except that :*
   (1) the corporations had started to produce on global scale.
   (2) America was a large manufacturing nation.
   (3) industries were individualised.
   (4) factory system had gained foothold in nearly every line.

9. *The examples of England, America and Germany have been quoted in the passage :*
   (1) to give examples of great imperialist nations.
   (2) as a models of progress for other countries to follow.
   (3) as examples of countries affected by Civil Wars.
   (4) to substantiate the role of coal and iron in the development of nations.

10. *All of the following are correct in relation to the prairie plains mentioned in the passage, except that :*
   (1) they had experienced some industrial development by the beginning of the Civil War.
   (2) the settlement of the prairie plains followed railroad extensions.
   (3) the region has been pronounced the finest farming country.
   (4) None of the above.

Passage – 2

Although management's effectiveness may be what drives the service sector's productivity, we are still a long way from seeing improvements in the sector at the level of the macroeconomy. That is not only because of the sector's size but also, and more important, because it can be notoriously difficult to manage. One way to appreciate this complexity is to compare the management challenges in the service sector with those in the manufacturing sector.

The first important difference between the two sectors is that services encompass a much wider range of activities than traditional manufacturing does. Economists and many managers have tried to treat service as an undifferentiated amalgam. However, although medical care, investment management, retail distribution, private education, telecommunications, dry cleaning and check processing may all be service activities, they present very different productivity challenges.

A necessary first step for managers is to identify the distinct activities performed in their companies and deal with each in an appropriately tailored way. An approach that has been fruitful in our research is to distinguish among transaction processing activities like data processing which, with appropriate technology, can be effectively organized into large, highly automated work environments, distribution activities (wholesale and retail) that involve local interconnected operations with significant economies of scale; small scale, dispersed manufacturing like activities (such as dry cleaning and hamburger making); and higher level activities that involve direct human interaction and superior analytical capabilities (such as medical care, investment banking, and law). Because the productivity improvement strategies appropriate to each type of activity are quite different, it is essential to identify these separate functions–which often are embedded in the same company, if progress is to be made in improving productivity.

The second difference between the sectors is that service jobs are inherently multifunctional in ways that manufacturing jobs often are not. The role of fast food workers is an obvious case in point. Their responsibilities often include production (making the fast food), retail service (delivery to customers), customer service (making, sure that customers have an enjoyable experience), and transaction processing (accepting payment and making change). Under some circumstances, it also may involve stock management and simple building maintenance. Measuring, monitoring, and improving an individuals' performance are therefore complex tasks As a result, efforts at improving organizational performance require careful attention to what employees actually do and how their activities could be streamlined. This complexity can thwart efforts to improve efficiency because employees resistant to change often claim that changes will impair their ability to do their work.

To address this level of complexity, managers need to consider a full range of management practices. Best practice analysis within an organization with many similar units (as is often the case in services) can be a good start for managers because efficient units provide useful information about management techniques and performance targets. At the same time, comparisons across organizations can help companies avoid repeating past mistakes. Process analysis too, is often a useful tool because it can uncover ways in which service workers can interact with customers. The continual analysis and feedback of quality management techniques ensure that the full range of critical functions continue to be improved. Our studies indicate that the proper application of this set of tools can yield enormous performance gains in services just as they have in manufacturing.

The third difference is that, whereas manufacturing capacity can be spread out across time through physical inventory, service capacity is relatively fixed and cannot rely on inventory to store capacity. Compared with manufacturing, service operations are more rigid involving a basic level of capacity that must be set in anticipation of demand (for example, the number of phone lines, switches, or stores). Furthermore, it is difficult to tell at times whether a service business has the appropriate amount of capacity, since there are no 'stockouts' or inventory accumulations to use as gauges. Therefore, service sector managers who want to improve productivity not only must maximize capacity utilization but also must struggle to determine just what that capacity needs to be.

Consider the differences in workforce planning in the two sectors. In manufacturing, excess capacity leads to an accumulation of inventory, which in turn leads to temporary or, if necessary, permanent layoffs. In the longer run, new hiring often stops automatically, as laid off workers wait to fill their old jobs. In services, because operations are spread out, signs of excess capacity are more subtle, and staffing adjustments are more convulsive and uneven. During slowdowns in business, service companies react in one of two ways: They eliminate work without laying off the corresponding workers and hence are left with excess staff. Or, in frustration at not having achieved projected workforce reductions. They eliminate both jobs and employees without ensuring that the people who go correspond closely to the work that is being eliminated. As a result many of the workers continue on as consultants or contract employees, defeating the original objectives.

Careful workforce planning is much more important for productivity improvement in services than it is in manufacturing. Such planning must be a part of any reengineering, quality management, or other technique driven approach to performance improvement. It also should be noted that this type of planning can reduce or eliminate the likelihood of the kinds of careless layoffs that have received so much negative press of late. The fourth difference is in the nature of competition in the two sectors. Manufacturing output is transportable, and economies of scale are either global or nonexistent. Competition among manufacturers is correspondingly global, and that has important consequences. Manufacturing companies do not enjoy local niches sheltered from the full force of foreign competition. In the 1970s, the weaknesses in U.S. manufacturing were ruthlessly exposed, and weak companies were threatened with extinction. That was perhaps the greatest single factor in the U.S. manufacturing revival. Efficiency gains at individual companies were rapidly translated into gains in the industry and the overall economy.

The situation is in marked contrast to that in the service industries, where competition is predominantly local. Services are usually not transportable- think of hospitals, restaurant and stores - and some larger service organizations (such as Wal-Mart Stores and Target in discount retailing) have achieved economies of scale that ensure protected local market positions. The local nature of many service businesses diminish the invigorating force of competition and may cause efficiency gains at the company level to dissipate at industrywide and economywide levels. For example, improved retail efficiency will not always translate into lower prices or higher quality at the local level. Instead, such improvements may simply spur entry by new competitors with access to the operating efficiencies involved. Their entry, in turn, may not drive down prices or drive up the quality of service; instead, it may divide the existing sales in the market more finely among local competitors. Fixed costs are then spread out over a smaller sales base at each company, which largely offsets the original efficiency gains. Thus at the industry level, there may be little consequent productivity gain.

11. *The inherent difference in manufacturing and service planning is :*
    (1) perennial excessive unemployed staff in former.
    (2) perennial excessive unemployed staff in the latter.
    (3) productivity advancement is significant for the latter.
    (4) projected profits are incongruous to the actual in former.

12. *What could be the appropriate title for the passage ?*
    (1) Exploitation of Capabilities to its Maximum.
    (2) Understanding the Service Business and Challenges.
    (3) Improvement in the Service Sector.
    (4) Some Recommendations for Service Management.

13. *The author's professional inclination is obvious from the passage.*
    (1) True (2) False (3) Irrelevant (4) None of the above

14. *The differentiating activities in service sector, if dealt with separately, can :*
    (1) encourage bad managers. (2) demote productivity.
    (3) boost profits in the market. (4) improve management's adequacy.

15. *The role of "fast food" workers proves the basic point that :*
    (1) generally employees resist, changes.
    (2) assembling of employees' work is required.
    (3) efficient customer relations and building reliability is crucial.
    (4) direction needs to be given to employees always.

16. *Which of the following is/are true ?*
    A. Service companies are generally local.
    B. Competition in manufacturing sector is at international level.
    C. Workforce planning is different for manufacturing and service sectors.
    (1) only A (2) only A and B (3) only A and C (4) All of the above

17. *Following are tools applicable for encouraging service performance except for :*
    (1) a healthy interactive process between workers and consumer.
    (2) a full analysis of useful techniques from proficient units.
    (3) the reduction of a fixed annual productivity capacity.
    (4) a comparative analysis of various organizations.

18. *The concluding lines of the passage state that :*
    (1) efficiency gains are not always stable.
    (2) Wal-Mart stores have established fixed loyalty in the market.
    (3) increased competition may not always drive down prices.
    (4) All of the above.

19. *Services sector differ from Manufacturing sector in the sense that :*
    A. Services are more multifunctional.
    B. Services cannot rely upon inventory to store capacity.
    C. Excess capacity is subtle in services.
    D. Services are more broadbased.
    (1) A, B, and C (2) A, C, and D (3) Only D (4) All four

20. *The approach of the author, in handling the passage, is :*
    (1) biased. (2) scanty and superficial.
    (3) objective and unbiased. (4) technical and ambiguous.

Detailed Solutions

1. **Ans.(2).** The overall contents of the passage harp on the industrialization of America at the end of the civil war. Hence option (2) best represents the title for the passage. Option (1) is least representative of the contents of passage. Option (3) talks of American industrialization in general and is not what the passage represents. The passage does not talk of capitalism. Hence option (4) is inapt.
2. **Ans.(2).** Clearly, it is option (2). At numerous places, have references been made to the “last fifty years”. The latter half of the first paragraph provides an evidence of this. The remaining options are not apt.
3. **Ans.(3).** The first paragraph explicitly mentions that railroads with their fragile iron rails and other things represented the prevailing business and economic organization. Option (3) well represents this and is the one considered. The remaining options are incorrect.
4. **Ans.(1).** Option (1) would best approximate the meaning of the given word, as appearing in the passage. However, the given word means ‘a building used for honouring the illustrious’. In Norse mythology, it stands for ‘a palace in which the souls of slain heroes feasted for eternity’.
5. **Ans.(3).** The last paragraph comes out with the idea of 'trust' and the objective behind its formation. Option (3) is the apt one. The remaining options are not correct.
6. **Ans.(4).** The last paragraph negates option (4), making it absolute wrong. This is the option sought. The remaining options are in place.
7. **Ans.(4).** The end of the fourth paragraph states and upholds option (4). The remaining options are untrue. Option (1) is not found relating to the period before the civil war. Option (2) is refuted in the fourth paragraph. Option (3) is not stated.
8. **Ans.(1).** The third paragraph mentions all options except (1). Hence option (1) is the one sought.
9. **Ans.(4).** The second paragraph has come out with option (4) as the reason for which England, Germany and America have been quoted. These countries are developed on account of coal and iron ore in which they were rich. The remaining options are not correct.
10. **Ans.(1).** The second paragraph talks of the prairie plains. Options (2) and (3) find a place and are related to the prairie plains. Option (1) finds no mention in the passage, is not true and is the option sought.
11. **Ans.(3).** The last statement of the sixth paragraph implies option (3), which is the one sought. The remaining options are not correct.
12. **Ans.(2).** Option (2) is the most appropriate title as the difference of the service and the manufacturing sector is best explained through this. The remaining options are not approximate.
13. **Ans.(1).** The author could be a consultant or a strategist for the service sector. Hence option (1) is apt.
14. **Ans.(4).** The fifth paragraph gives a subtle hint of an improvement in the adequacy of the management. Option (4) adequately represents this. The remaining options are incorrect.
15. **Ans.(1).** The fourth paragraph elucidates on the need for careful attention for improving organizational performance. This is because of the resistance of employees to changes. Option (1) best depicts this. The remaining options are incorrect.
16. **Ans.(4).** Statement A is borne out in the first sentence of the last paragraph. Statement B is reflected in the penultimate paragraph. Statement C is reflected in the opening sentence of the third last paragraph. Hence option (4) is the sought one. The remaining options are incorrect.
17. **Ans.(3).** Options (1), (2) and (4) find a mention in the passage. Option (3) does not figure in and is the odd one out, which is also the sought one.
18. **Ans.(4).** Option (2) is explicitly stated in the last paragraph. Option (1) is implied by the third statement in the last paragraph. Option (3) is implied by the fourth, fifth and sixth statements in the last paragraph. Hence option (4), their combination, is the perfect pick.
19. **Ans.(2).** The first statement in the second paragraph reflects statement A. The sixth paragraph endorses statement C. Statement D is endorsed in the entire passage. Hence option (2), a combination of statements A, C and D, is the correct pick.
20. **Ans.(3).** Options (1), (2) and (4) are not correct, for the author has not given any indications of biasedness, superficiality, scantiness and ambiguity when handling the passage. Option (3) is the correct one, for the contents have been dealt with objectively and in an unbiased manner.

Answer Keys

1.(2) 2.(2) 3.(3) 4.(1) 5.(3) 6.(4) 7.(4) 8.(1) 9.(4) 10.(1)
11.(3) 12.(2) 13.(1) 14.(4) 15.(1) 16.(4) 17.(3) 18.(4) 19.(2) 20.(3)