

[www.ptindia.com](http://www.ptindia.com)  
**MEMBERS AREA**

**'RC DAILY DOSE'**  
**Volume 22**

**Instructions :** The **RC Daily Dose** is a set of 20 excellent RC practice questions, with detailed solutions. Normally every day, one such set will be uploaded into the MEMBERS AREA. These are PDF files and can be saved on your computer. Enjoy!

**PASSAGE – 1**

Unfortunately, our heritage from the industrial age dictates that standardisation and depersonalisation of individuals does work. Consequently, most firms are so inbred that you sometimes expect the next person to show up with a huge head, red curly hair, and an extra eye in the middle of the forehead. We should not expect too much innovation at a company where 95 percent of the employees look and think exactly the same. And if people want to change, they only want to become even more like the boss. In the inbred firm, repetition dominates at the expense of renewal, and the exploitation of givens crowds out the creation of novelty. Innovation, on the contrary, is contingent on variation, and on individuals who refuse to take part in the! look-and-act-alike competition. True, you can say a lot of things about people such as Richard Branson, Anita Roddick, Ross Perot, Luciano Benetton, and Bill Gates, but you can't say they are normal. Normal people do normal things, with normal results. And one thing is for sure, the average has never won, and it never will.

The main difference in a surplus society is that the average is getting an addition of some 3000 million people in other parts of the world, a large number of start up companies, and a plethora of new customer offerings, and they all want to share the new wealth. And guess what -a lot of these people are no longer only good at producing plastic flowers and cheap toys. Economies such as those of Taiwan or Hong Kong are already knowledge based, where more than 65 percent of gross domestic product is generated by service-related activities. On the west coast of the USA, some of the more prestigious universities, such as Stanford, Berkeley, and UCLA, are using a quota system to limit the number of students from southeast Asia. Competing on grades, many Americans would not stand a chance. A country like Singapore, which author William Gibson once described as "Disneyland with death penalty," spends 25 percent of its GDP on research, development, and education. It does not take a genius to figure out who they are sentencing right now.

In what ways can you create temporary monopolies in the age of abundance? To answer this question, we need to look at the historical evolution of the bases of competitive advantage. In the beginning, competitive advantage was primarily derived from location. It was the access to raw materials that provided the specific advantages necessary to create and exploit temporary monopolies. The successful company of the 19th century profited from access to oil, forests, mines, etc. Families such as the Rockefellers became incredibly rich. However, the capitalist economy is ruthless. Soon, free markets for raw materials made it increasingly difficult to use location as the single source of competitive advantage.

As this happened, technology and innovation, together with the access to capital, became the new differentiator. The key to competitiveness was creating more value out of the same input. At the turn of the century, the business community was thus dominated by a number of well-known capitalists, a few entrepreneurs, and their innovations -Thomas Alva Edison, Alfred Nobel, Otto Diesel, the separator, the automobile, and the ball-bearing. Competitive edge was based on ingenuity. However, once again the market struck back. Products were imitated and patents were sold or acquired. When these innovations were turned into everybody's property, competitive advantage could no longer be based on a former technological monopoly.

Consequently, we entered the organisational age. In the USA, pioneers such as Alfred Sloan and Henry DuPont designed the multidivisional firm, an architecture which later came to dominate the structure of most large, complex firms. The new organisation allowed a continuous upgrading of previous technological advantages. Progressively, throughout the latter half of the 20th century, consequent types of organisational innovations have given rise to new temporary monopolies; JIT, BPR, MBO, MBWA, Kanban, matrix management, outsourcing, downsizing, lean production, etc. The list could go on ad infinitum.

Gone are the days of the bureaucratic firm that Max Weber outlined almost a century ago. Jack Welch at General Electric even characterises the hierarchical firm as an organisation that has its face towards the CEO and its back toward the customer. Today, if you belong to the in-crowd, your organisation is supposed to look like a blueberry pancake, a fishnet, a shamrock, gazelles, or even boiling spaghetti. Most modern firms still base their competitiveness on developing organisational solutions that enable them to uphold a fruitful balance between exploiting givens and creating novelty. However, as we see it, there is reason to believe that this source of competitive advantage is also soon to be overshadowed.

Right now, international consulting companies are conducting arbitrage on diffusing identical organisational solutions around the world. McKinsey & Company, Andersen Consulting, Boston Consulting Group, and Cap Gemini to name but a few, all contribute to the current global homogenisation of organisational solutions. A cadre of MBA students from all continents read the same books, learn the same recipes, and go to work for competing firms. These people contribute to more rapid imitation and similar solutions. Moreover, the introduction of IT, to enable increased customisation, co-ordination, communication, etc., will certainly give a number of companies some initial advantages. However, as nearly all firms become virtual and wired, we foresee that information technology will act as a homogenising force, making company structures even more similar.

Naturally, given variations in values and institutional settings in different parts of the world, certain differences will probably never disappear. Still, it is worth noting that even something as accepted as lifetime employment in Japan appears to be giving way to arrangements involving more flexibility. Currently, as much as 25 percent of the Japanese workforce is made up of part-timers and temps. Nevertheless, as a consequence of increasing global organisational homogenisation, we predict that it will become increasingly difficult to base temporary monopolies on purely organisational innovations.

So what do we do if competitiveness can no longer be based on location, technological innovation, or the structuring of our organisation? In our view, it is time to start exploiting the last taboo -to build competitiveness around and on something we all know exists but which is seldom discussed in business situations. We must start basing our temporary monopolies on emotions and imagination. Exploiting the last taboo means departing from the tradition that people are to be treated as just another factor of production, a human resource. It is our experience, and, we suspect, yours too, that few people enjoy being treated as human resources: they want to be seen as individuals.

1. *Which of the following would best align with the viewpoint of the author, as stated in the passage ?*
  - (1) Temporary monopolies cannot be created in the age of abundance.
  - (2) Sources of competitive advantage are the same and do not vary with the passage of time.
  - (3) Temporary monopolies should be based on emotion and imagination.
  - (4) The simple source of competitive advantage has been the key determinant to the organisational success.
2. *All of the following are true with respect to the passage, except that :*
  - (1) in the inbred firm, repetition dominates at the expense of renewal.
  - (2) the economies of Taiwan and Hong Kong are already knowledge-based.
  - (3) innovation is based on variation and on individuals, who do not hesitate to traverse the beaten path.
  - (4) location, as a source of competitive advantage, got a further boost with the creation of free markets for raw materials.
3. *Which of the following, according to the passage, was the cause of the destruction of the monopoly based on former technology ?*
  - (1) R & D wing of an organisation was given more weightage, resulting in technologically innovative productive products flooding the markets.
  - (2) Imitation of products and sale of patents were on the increase.
  - (3) Fall in the demand for the products manufactured took place.
  - (4) A awareness campaign to educate and counsel the consumers about the products proved to be inadequate.
4. *Location could not become the single source of competitive advantage, as made out by the passage, because :*
  - (1) of the creation of free markets for raw materials.
  - (2) of government legislation restricting the use of the location, making it conditional.
  - (3) of the depletion of the resources.
  - (4) of climatic changes.
5. *The central idea of the passage is that :*
  - (1) survival in a competitive atmosphere is not in one's hand and one should not be unduly disturbed about it.
  - (2) the introduction of IT, acting as a homogenising force, will make company structures even more similar.
  - (3) innovation leads to the growth of the company.
  - (4) the prosperity and the survival of an organisation is essentially the location of the single source of competitive advantage.
6. *Which of the following would go against the author's contention, as expressed in the passage ?*
  - (1) Normal people do normal things with normal results.
  - (2) Exploiting givens and creating novelty is to be fruitfully balanced.
  - (3) It is increasingly difficult to base temporary monopolies on purely organisational methods.
  - (4) None of the above.
7. *Temporary monopolies, as the passage avers, should be based on :*
  - (1) sound strategies and seasoned planning.
  - (2) emotions and imagination.
  - (3) quality of products manufactured.
  - (4) aggressive marketing.
8. *The passage has been handled in a manner which is :*
  - (1) rational.
  - (2) emotional.
  - (3) business-like.
  - (4) moralistic.
9. *A suitable title for the passage could be :*
  - (1) Change In Business Situations.
  - (2) Source Of Competitive Advantage - The Survival Factor.
  - (3) The Collapse Of Free Markets.
  - (3) Ingenuity—A Basis For Competitive Edge.

10. *The conclusion that can be derived from the passage is that :*
- (1) creating temporary monopolies in an age of abundance is easy.
  - (2) knowledge and information is the basis for competitive edge.
  - (3) emotion and imagination are the basis for competitiveness.
  - (4) the days of the bureaucratic firm will come in the near future.

## PASSAGE – 2

In addition to one's values and beliefs, the overall personality of the individual will influence how information is gathered, interpreted, and acted upon. A popular categorisation in the management field is the Myers Briggs personality test. This is concerned with several aspects of personality, including an individual's preference for gathering information and how decisions are made. The test highlights how an individual can gather data through their senses in a factual, data-driven way, or thorough intuitive processes. It also highlights the extent to which we make decisions either through logical, rational processes or based on feelings and principles.

An understanding of categorisations like this can assist in creating leaders within organisations who may cope better with future challenges. As part of an exercise designed to create a more flexible, adaptive organisation, Royal Dutch Shell organised for its top 100 managers to take this test. The results were particularly revealing, showing that 86 percent of its top people were "thinkers", i.e. people who make decisions based on logic and objective analysis. At the very top of the organisation, on the six-man management committee, 60 percent were on the opposite scale, i.e. "feelers" who had a pre disposition towards making decisions based on values and subjective evaluation. Such tests are not the panacea, but we predict that individuals who attempt to better understand the differences in people's thinking patterns and how this may affect their problem-solving and decision-making styles will be more able to exploit the advances of the future.

This is particularly true in discussing creativity. An aspect of cognitive style, which is implicitly incorporated in the Myers Briggs personality test, is the division between right and left-brain thinking. For some years, this classification has been used to distinguish between two different clusters of cognitive activity. In a nutshell, the division is between an analytical capacity and an intuitive one. The left side of the brain is concerned with analytical processes and specialises in verbal and mathematical functions. The right side intuitively information from a variety of inputs and is concerned with visual imagery, creative synthesis, intuition, fantasy, and associative processes.

Depending on which hemisphere of the brain is dominant, people differ in the way they process information. Historically, managers have been encouraged to use rational or left-brain thinking processes. The logical, analytical approach to problem solving is often seen as the correct one. Nowadays, right brain activities are increasingly being promoted as the kind of thought processes needed, particularly at senior level. Henry Mintzberg has long been one of the most influential proponents of this idea, arguing that right hemisphere activities should be used to think through strategic management problems. Indeed, creativity would seem to be one of the musts for the millennium. Increasingly, the most successful companies take innovation and creativity very seriously, which appears to help their business results quite significantly. In Fortune's 1997 list of America's most admired companies, virtually all of those awarded high marks for innovation had had a significant impact on their industry and in the process, produced impressive increases in earnings and market capitalization.

London Business School Professor Gary Hamel places a big emphasis on creativity, imagination, and any other right-brain process which helps managers think outside the box and break the rules. He argues that intense competition is the norm in many industries and, increasingly, the best way to compete is to totally rethink traditional industry boundaries and strategic gameplans. Organisations are being exhorted to compete on the basis of their core competencies which, in Hamel's view, is essentially a creative task. In his mind it involves "getting down to the very essence of who we are and what it is we're capable of." Those wishing to compete for the future must realise "it is shaped not by prophets but by heretics, seeing unconventionally into the past."

But will the future really be characterised by the flow of such creative juices throughout organisations? We are not convinced. People build many different kinds of walls that can prevent them and others from scrutinising their thought processes. In the managerial world, ego, not wanting to be seen to be wrong, the belief that managers must know what's going on, are all factors which have the potential to limit people's thinking -and prevent them from acting even when the evidence for change is overwhelming.

Organisations that are in the top league for creativity (i.e. Coca-Cola, Merck, and Microsoft) understand these limitations and actively cultivate organisational cultures that support people taking risks, and even failing, in order to help generate new ideas. Nor do they try to limit creativity to the R&D departments. Instead they argue that creativity should be demonstrated throughout the organisation and in how everyone goes about their work. They also understand that it is not just about generating ideas, it is about making sure they get implemented. Organisations that can manage individual differences successfully and create climates where intellectual strengths can be exploited to the full may well be the ones which prosper in future.

11. *All of the following are true with respect to the passage, except that :*
- (1) organisations that believe in creativity support people taking risks, in order to generate new ideas.
  - (2) creativity is to be limited to the R & D department.
  - (3) mere generation of ideas is not enough, their implementation is what matters.
  - (4) exploitation of the intellectual strengths to the full and successful handling of the individual differences lead to the well being of the organisation.

12. *As per the passage, the left side of the brain is concerned with :*
- (1) analytical ability.
  - (2) leftist ideas.
  - (3) creativity.
  - (4) charity.
13. *As per the passage, Myers Briggs test :*
- (1) is the extent to which decisions are made.
  - (2) is the highlight on data accumulation method, resorted to by an individual.
  - (3) manner of the decision making by the individual.
  - (4) All of the above.
14. *As per the passage, the difference in the way people process information depends on :*
- (1) the available technology.
  - (2) their education, training and exposure.
  - (3) dominant hemisphere of the brain.
  - (4) the requirements of the organisation.
15. *According to the passage, the impediments in the scrutiny of the thought process of an individual are :*
- (1) one's own ego.
  - (2) the intolerant attitude when one's wrongs are pointed.
  - (3) the belief that it does not pay in being rational and deviant from set thinking.
  - (4) All except (3).
16. *All of the following are false with respect to the passage, except that :*
- (1) the left side of the brain is concerned with visual imagery, fantasy, intuition and creative synthesis.
  - (2) the right side of the brain concerns with analytical abilities, verbal and mathematical functions.
  - (3) the situations, experiences and the environment sharpen the decision making abilities.
  - (4) None of the above.
17. *As per the passage, Gary Hamel gives importance to :*
- (1) the worker's productivity level as the determinant for the overall progress of the organisation.
  - (2) creativity, imagination and unconventional thinking.
  - (3) constant upgradation of knowledge.
  - (4) safeguard of employees' interests and welfare.
18. *The passage has been dealt with, in a manner, which is :*
- (1) one-sided.
  - (2) controversial.
  - (3) balanced.
  - (4) too general.
19. *A suitable title for the passage is :*
- (1) Logic Is The Way To Solve Problems.
  - (2) Creativity And Imagination Help Manager See Places.
  - (3) Adaptability To The Organisational Culture Is The Employees' Progress.
  - (4) Myers Briggs Personality Test- A Decider.
20. *An apt conclusion that can be derived from the passage is :*
- (1) creativity and intuition score over logic and analysis.
  - (2) risks arising out of innovation should be avoided.
  - (3) successful ironing out of individual differences and full exploitation of intellectual strengths are pointers of the success for an organisation.
  - (4) feelings and emotions are influential factors affecting the decision making process.

## Detailed Solutions

1. **Ans.(3).** Options (1) and (2) are refuted the passage, for the passage is about the temporary monopoly and ways of its creation, as also the change in the sources of competitive advantage, down the ages. Option (4) finds no place in the passage, whereas option (3) is stated in the last paragraph of the passage. Option (3) is to be ticked as the apt one.
2. **Ans.(4).** Each of the options (1), (2) and (3) find a place in the passage. The first and second paragraphs make a mention of them. Option (4) falls apart, as the opposite of this find its place in the last line of the third paragraph. Hence option (4) is the desired one, although options (1), (2) and (3) are correct.
3. **Ans.(2).** The fourth paragraph in the passage states and upholds option (2). It was the duplication of products and sale of patents which made the competition intense and destroyed the monopoly ascribed to former technology. Options (1), (3) and (4) are not proper and can be discarded.
4. **Ans.(1).** Options (2), (3) and (4) are out of place and can be sidelined, as the passage does not state them. Option (1) is the suitable one, for the passage, in the last line of the third paragraph, states it.
5. **Ans.(4).** Options (1) and (3) are not the idea of the passage. Option (2) is partially correct and does not represent the central idea of the passage. Option (4) is the correct one, for the passage, throughout, has elaborated the different source of competitive advantage over the period.
6. **Ans.(4).** Each of the options (1), (2) and (3) find their place in the passage. The first, sixth and eighth paragraphs state and uphold them. Hence none of the options go against the viewpoints of the author, as brought out in the passage. Hence option (4) would be the sought one.
7. **Ans.(2).** The last paragraph says it all. Having traced the changes in competitiveness down the years and found out the causes, the author is of the opinion that people should not be thought of as another factor of production, a resource, but thought of as individuals. Option (2) best subscribes to this and is the appropriate one. The remaining options are incorrect.
8. **Ans.(1).** The author has described the passage in a manner in which developments and changes have been reasoned out. Option (1) is the correct one. Options (2), (3) and (4) are not correct, for the passage does not reflect them.
9. **Ans.(2).** The passage has stated the evolution of the different sources of competitive advantage, forming part of temporary monopoly. Option (2) best represents the theme of the passage and is the suitable title for it. The remaining options (1), (2) and (4) are not the titles for the passage, as the passage does not state or imply them.
10. **Ans.(3).** Option (3) is the correct conclusion that can be derived from the passage. The passage states it in clear cut terms in the last paragraph. Options (1) and (4) are incorrect as the passage does not say or imply them. Option (2) is mentioned in the passage. It is partially correct as it is replaced by more novel ideas. It pales out before option (3).
11. **Ans.(2).** Options (1), (3) and (4) find their place in the last paragraph. Option (2) is negated by the same paragraph by stating that creativity should not be confined only to R & D department but should be reflected in the work throughout the organisation. Option (2) is the one sought.
12. **Ans.(1).** The third paragraph states that the functions of the right side and left-side of the brain. Option (1) is the correct one. The left side of the brain concerns with analytical ability. The remaining options (2), (3) and (4) are not apt and can be eliminated.
13. **Ans.(4).** Each of the options (1) and (2) and (3) find their place in the passage. The opening paragraph states them. Hence option (4), their combination, is the perfect one.
14. **Ans.(3).** Options (1), (2) and (4) are figments of imagination, as they find no place in the passage. Option (3) is in place, as the opening line of the fourth paragraph suggests.
15. **Ans.(4).** Options (1) and (2) find their place in the penultimate paragraph. Option (3) is not true since it is not related to the passage. Options (1) and (2) are sought, however, it is option (4), a combination of options (1) and (2), which deserve the tick.
16. **Ans.(4).** Each of the options (1), (2) and (3) is false. Options (1) and (2) have their opposites stated in the third paragraph, whereas option (3) does not find any place in the passage. Hence option (4) is the appropriate one.
17. **Ans.(2).** The fifth paragraph comes out with the views of Gary Hamel. Great emphasis is placed on unconventional thinking bordering on creativity and imagination. Option (2) best conforms to this and is the appropriate one. Options (1), (3) and (4) are not implied or stated in the passage.
18. **Ans.(3).** The passage is neither one sided, controversial or too general. The approach is balanced, as all aspects of the issue have been fairly treated. Option (3) best depicts this and is the sought one. The remaining options are incorrect.
19. **Ans.(2).** The passage comes out with creativity, imagination and intuition to be the ingredients in the thoughts of managers which will enable them to see places. Option (2) best fits in as the suitable title for the passage. Option (1) finds its place in the passage but is superseded by option (2). Option (4) is also stated in the passage but does not qualify for it to be the best caption for the passage. Option (3) is totally wrong and is not related to the passage.
20. **Ans.(3).** The last line of the last paragraph says it all. Option (3) is the correct conclusion derivable from the passage. Differences of opinion, work culture and overall attitude are there among the employees. Also, intellectual strengths are also in abundance. Hence the skilful use of the intellectual strengths and the harmonisation of the differences in opinion and attitude is called for, for the organisational success. Option (1) is a false conclusion, for the passage does not imply it. Options (2) and (4) are incorrect, for the same are not stated in the passage.

### Answer Keys

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