

Test 1

READING 1 hour

PART ONE

Questions 1–7

- Look at the statements below and the article about the development of future business leaders on the opposite page.
- Which section of the article (**A**, **B**, **C** or **D**) does each statement (**1–7**) refer to?
- For each statement (**1–7**), mark one letter (**A**, **B**, **C** or **D**) on your Answer Sheet.
- You will need to use some of these letters more than once.

Example:

0 A new organisation has been formed to assist firms in developing high-flyers.

0	A	B	C	D
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 1 Managers need to take action to convince high-flyers of their value to the firm.
- 2 Organisations need to look beyond the high-flyers they are currently developing.
- 3 There is a concern that firms investing in training for high-flyers may not gain the benefits themselves.
- 4 Managers need expert assistance from within their own firms in developing high-flyers.
- 5 Firms currently identify high-flyers without the support of a guidance strategy.
- 6 Managers are frequently too busy to deal with the development of high-flyers.
- 7 Firms who work hard on their reputation as an employer will interest high-flyers.

The Stars of the Future

- A** Existing management research does not tell us much about how to find and develop high-flyers, those people who have the potential to reach the top of an organisation. As a result, organisations are left to formulate their own systems. A more effective overall policy for developing future leaders is needed, which is why the London Business School has launched the Tomorrow's Leaders Research Group (TLRG). The group contains representatives from 20 firms, and meets regularly to discuss the leadership development of the organisations' high-flyers.
- B** TLRG recognises just how significant line managers are in the process of leadership development. Unfortunately, with today's flat organisations, where managers have functional as well as managerial responsibilities, people development all too often falls victim to heavy workloads. One manager in the research group was unconvinced by the logic of sending his best people away on development courses, 'only to see them poached by another department or, worse still, another firm'. This fear of losing high-flyers runs deep in the organisations that make up the research group.
- C** TLRG argues that the task of management is not necessarily about employee retention, but about creating 'attraction centres'. 'We must help line managers to realise that if their companies are known as ones that develop their people, they will have a greater appeal to high-flyers,' said one advisor. Furthermore, selecting people for, say, a leadership development programme is a sign of commitment from management to an individual. Loyalty can then be more easily demanded in return.
- D** TLRG has concluded that a company's HR specialists need to take action and engage with line managers individually about their role in the development of high-flyers. Indeed, in order to benefit fully from training high-flyers as the senior managers of the future, firms must actually address the development of all managers who will be supporting the high-flyers. Without this, managers will not be in a position to give appropriate advice. And when eventually the high-flyers do move on, new ones will be needed to replace them. The next challenge will be to find a new generation of high-flyers.

Test 1

PART TWO

Questions 8–12

- Read the article below about possible reasons for acquiring a company.
- Choose the best sentence from the opposite page to fill each of the gaps.
- For each gap (8–12), mark one letter (A–G) on your Answer Sheet.
- Do not use any letter more than once.
- There is an example at the beginning (0).

ACQUISITION

When should a company consider acquisition as a way forward?

There are many circumstances in which a company may wish to take over another organisation through an acquisition.

The need to keep up with a changing environment often dominates thinking about acquisitions. One compelling reason to develop by acquisition is the speed with which it allows the company to enter new product or market areas. (0) This is particularly true of e-commerce.

The strength of competitors may influence a company to choose acquisition as a way forward. In markets that are static and where market shares of companies are reasonably steady, it can be difficult for a company to break into the market, since its presence may create excess capacity. (8)

The same arguments also apply when an established supplier in an industry acquires a competitor. This may either be to gain the competitor's market share or, in some cases, to shut down its capacity in order to restore a situation where supply and demand are more balanced.

There may be financial motives for acquisition. If the share value of a company is high, the motive may be to spot and acquire a firm with a low share value. (9) An extreme example is asset stripping, where the main motive for the acquisition is short-term

gain by buying up undervalued assets and selling them on bit by bit.

There may also be resource considerations. There may be a lack of resources or skills to compete successfully, so they must be acquired. (10) It may also be that it has knowledge of a particular type of production system, business process or market need. In an international context, acquisition is often a means of gaining market knowledge.

Sometimes there are reasons of cost efficiency which make acquisition look attractive. A cost efficiency could arise from the fact that an established company may already be very experienced and have achieved efficiencies which another company would find difficult to achieve quickly by internal means. (11) In consumer goods industries, cost efficiency is usually the reason for an acquisition.

Acquisition can also be driven by the expectations of key shareholders. Shareholders usually expect to see continuing growth, and acquisition may be a quick way to deliver this growth. But there are considerable dangers that an acquisition can lower share price rather than increase it. (12) This is more likely when the decision to acquire is speculative as opposed to strategic. There are some shareholders who favour acquisition simply to bring a short-term boost to share value.

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Excerpt

[More information](#)*Reading***Example:**

0	A	B	C	D	E	F	G
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- A** The necessary development and organisational learning would be too slow.
- B** In the same way, an organisation can increase manufacturing opportunities.
- C** Indeed, this is one of the major reasons for the more speculative acquisitions that take place.
- D** It may be that the parent company may not have sufficient understanding of the acquired business, and this could remove value.
- E** For example, a company may be taken over for its research and development expertise.
- F** If, however, the company enters by acquisition, the risk of reaction from industry rivals is reduced.
- G** In some cases, a market is changing so fast that acquisition becomes the only way of successfully breaking into it.

Test 1

PART THREE

Questions 13–18

- Read the article below about changing attitudes to creativity in the workplace, and the questions on the opposite page.
- For each question (13–18), mark one letter (A, B, C or D) on your Answer Sheet.

CREATIVITY IN THE WORKPLACE

Nowadays, many UK companies are striving to be more creative. But according to a recent survey of senior managers, the lack of a can-do mentality amongst employees and an aversion to risk is hindering British business. Many think there is too much focus on delivering results quickly, which leaves insufficient time to think creatively. Some complain that a lack of coherent vision on creativity prevents their organisation from being more innovative.

Yet while senior managers may regret the lack of creativity, they must take much of the blame for creating the situation. Until recently, successive generations of management ignored innovative ideas from employees. Indeed, new ways of thinking were often regarded as an unwanted distraction, and original thinkers received little support. Despite the fact that many organisations are now taking steps to re-orient the business culture to promote creativity, it is not surprising, given this background, that a creative environment is hard to establish.

Another related issue is raised by Katrina Murray, a partner in a management consultancy: 'While many senior managers still complain about the lack of support for creativity in their organisations, they also fail to appreciate the contribution that they themselves can make. In some companies, there is a perception that only managers at board level can influence the company culture.' Murray feels that such organisations are unlikely to change. For her, 'creative organisations are made up of individuals who believe they can dictate their own future. Companies need to be able to spot these individuals and gently encourage them to lead the way.'

It is also necessary for senior managers to re-examine their role. According to Alex Sadowski, an American professor of management science,

'promoting creativity means re-evaluating most of what we know about management. It means organisations must be prepared to invest in ideas without being sure of the return on that investment.' Katrina Murray agrees with this view. 'Businesses are expert at the measured approach, which involves analysis and risk avoidance. But there is another approach, which involves intuition and not always looking at the bottom line. What is hard is establishing a working environment in which both these approaches can function simultaneously.'

Nevertheless, there are some pleasing indicators of progress in this area. Many of the senior managers interviewed in the survey say their organisations have adopted a number of strategies to encourage individuals to channel their creativity. Among these are giving open and honest feedback, allowing employees the freedom to measure their performance against more flexible goals, and higher toleration levels of failure. Senior managers also recognise that the way an organisation is led and managed is critical to building a creative environment and that they themselves have an important role to play.

But there are some experts who believe an even more fundamental change is needed. Tom Robertson, a professor of creative education, believes that the lack of creativity in companies is a problem that originated in schools and universities. The solution, he says, lies in more enlightened educational policies. 'There are already signs of this, but creativity is still concentrated in certain sectors, such as pharmaceuticals, advertising and the media. These sectors have always valued creativity, but the real challenge will be to shift some of these sectors' practices into more traditional manufacturing and service companies.'

Reading

- 13** Many senior managers feel that organisations have difficulties innovating because of
- A** a poor level of skills among employees.
 - B** an emphasis on rapid achievement.
 - C** an increased risk associated with change.
 - D** an insistence on a standard company philosophy.
- 14** According to the writer, many organisations today are
- A** finding it easier to introduce a creative approach.
 - B** having problems understanding innovation as a concept.
 - C** actively developing the conditions for a creative approach.
 - D** resisting innovative staff suggestions.
- 15** In the third paragraph, Katrina Murray expresses the view that
- A** top management must dictate the pace of change.
 - B** some employees lack a commitment to change.
 - C** most organisations are incapable of bringing about effective change.
 - D** some senior managers underestimate the role they can play in achieving change.
- 16** Alex Sadowski and Katrina Murray agree that to be truly innovative, organisations must
- A** invest in the right managers.
 - B** place less emphasis on financial considerations.
 - C** have a double focus to their policies.
 - D** adopt an approach with clearly defined stages.
- 17** According to the survey, which of the following strategies has been introduced to encourage creativity?
- A** a greater acceptance of error
 - B** financial rewards for higher levels of creativity
 - C** the introduction of specific performance targets
 - D** the promotion of creative individuals to senior posts
- 18** Tom Robertson believes that, in the future, it will be difficult to achieve
- A** an educational system that encourages creativity.
 - B** a combination of practices that promote creativity.
 - C** the spread of creativity to a range of businesses.
 - D** a greater respect for creativity in pharmaceutical companies.

Test 1

PART FOUR

Questions 19–33

- Read the article below about doing business online.
- Choose the best word or phrase to fill each gap from **A, B, C** or **D** on the opposite page.
- For each question (**19–33**), mark one letter (**A, B, C** or **D**) on your Answer Sheet.
- There is an example at the beginning (**0**).

The Secret of Success for Online Businesses

The secret of success in electronic commerce (**0**)**B**..... in placing a new emphasis on a well-established area. That area is customer service, which is now the only point of (**19**) between a business and the buying public.

There are a number of factors in a real-world shop that (**20**) people's perceptions of a business: these (**21**) the location and the appearance of the premises, the quality and the pricing of the merchandise or services, and the behaviour of the staff.

However, if a company is trying to make a good impression with online customers, most of these factors do not (**22**) a part. In the (**23**) of these factors, the way customers are (**24**) when they have a reason to call has a fundamental effect on a company's ability to retain them as customers. Even more than regular telephone or in-person customers, web customers are impatient, easily frustrated and always conscious that they have other places where they can (**25**) their business. Preventing them from doing that means meeting them on their own (**26**) and providing them with what they want.

This necessity, in (**27**) , means that companies that sell over the net must get back-end functions right. Imposing (**28**) requirements on customers will not work; a business that (**29**) on customers emailing for assistance instead of using the phone, for example, will lose repeat custom.

If the phone is used, it must be answered (**30**) , and the staff should look for ways of helping even the most awkward customers (**31**) , as is more usual, trying to find some (**32**) to blame the customer for any problem.

An important, final point is that it is vital that all addresses, web links and phone numbers work properly and efficiently. This ought to (**33**) without saying. Experience, however, shows that it does not.

Example:

A stays

B lies

C exists

D stems

0	A <input type="checkbox"/>	B <input checked="" type="checkbox"/>	C <input type="checkbox"/>	D <input type="checkbox"/>
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- 19 A relationship B association C meeting D contact
- 20 A force B determine C decide D fix
- 21 A enclose B consist C include D contain
- 22 A get B run C play D have
- 23 A absence B lack C need D scarcity
- 24 A cared B treated C dealt D considered
- 25 A deliver B bring C move D take
- 26 A policies B standards C terms D conditions
- 27 A turn B sequence C line D order
- 28 A dense B rigid C deep D solid
- 29 A demands B insists C expects D instructs
- 30 A punctually B precisely C promptly D presently
- 31 A apart from B other than C except for D rather than
- 32 A case B excuse C fault D purpose
- 33 A do B make C go D come

Test 1

PART FIVE

Questions 34–45

- Read the advice below about meetings with clients.
- In most of the lines (34–45), there is one extra word. It either is grammatically incorrect or does not fit in with the meaning of the text. Some lines, however, are correct.
- If a line is correct, write **CORRECT** on your Answer Sheet.
- If there is an extra word in the line, write **the extra word** in CAPITAL LETTERS on your Answer Sheet.
- The exercise begins with two examples (0 and 00).

Examples:	0	C	O	R	R	E	C	T	
	00	W	I	T	H				

Client Meetings

0 Regular meetings with clients are important to a healthy collaboration. They
 00 may be set up by the client, for example to review with the progress of current
 34 projects, to give new instructions that may have lead to a contract variation
 35 or to discuss any concerns. The client meeting which can also be arranged
 36 by you or another member of your company to attract from new business, to
 37 address a problem unless that needs to be solved or to give an update or status
 38 report on current business ventures. Your part is in these meetings will dictate
 39 the kind of information you need and how you should prepare for them. If you
 40 will be responding to questions put by your client, the material you present
 41 should deal in specifically with the request that was made. The meeting should not
 42 only move off the agenda without the permission of the person you are meeting.
 43 If you have prepared properly, you should be able to anticipate both questions and
 44 to respond properly. If you are put on the spot and asked for details you do not
 45 have, respond honestly – do not speak about matters as you are not familiar with.

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Excerpt

[More information](#)*Writing***WRITING** 45 minutes**PART ONE**

- You are organising a meeting to discuss possible cuts to your department's budget.
- Write an **email** to all staff in your department:
 - giving them the date of the meeting
 - explaining why some cuts have to be made
 - saying why it is important for all staff to attend.
- Write **40–50** words.

To...	All staff
CC...	
Subject:	Budget cuts – meeting
<div style="border: 1px solid gray; height: 150px; width: 100%;"></div>	